

Translation: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

TSE Code: 9697 ISIN: JP3218900003 SEDOL: 6173694 JP

June 6, 2006

To: Shareholders

Notice of Convocation of the 27th Ordinary General Meeting of Shareholders

We are pleased to inform you that the 27th Ordinary General Meeting of Shareholders of the Company will be held as described below. Your presence at the Meeting is cordially requested.

In the event you are unable to attend the aforesaid Meeting, please refer to "4. Guidance for exercise of voting rights" as set forth below.

(note)

Your vote is important. We will appreciate your participation in the meeting through providing instruction to your custodians, brokers, nominees, voting agents or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.

Yours faithfully,

CAPCOM Co., Ltd.
1-3, Uchihirano-machi 3-chome
Chuo-ku, Osaka

By: Kenzo Tsujimoto
President and
Representative Director

When you attend the meeting in person, please submit the Voting Right Exercise Form enclosed herewith to the receptionist at the place of the meeting.

Particulars

1. Date & Time: June 23, 2006 (Friday) 10:00 a.m.
2. Place: Osaka Castle Hotel, 6F Hall
1-1, Tenmabashikyomachi Chuo-ku, Osaka
3. Agenda:

Matters to be reported:

- 1 Report on the Business Report, Consolidated Balance Sheets, Consolidated Statements of Income, and Non-Consolidated Balance Sheets and Non-Consolidated Statements of Income for the 27th Fiscal Year (from April 1, 2005 to March 31, 2006); and
- 2 Report on the Results of Audit for Consolidated Financial Statements for the 27th Fiscal Year (from April 1, 2005 to March 31, 2006) by Accounting Auditors and the Board of Corporate Auditors.

Matters to be resolved:

- First proposal: Approval of Proposed Appropriation of Retained Earnings for the 27th fiscal year**
- Second proposal: Partial Amendments to the Articles of Incorporation of the Company**
- Third proposal: Election of One (1) Director**

4. Guidance for exercise of voting rights:
 - (1) As you are able to exercise voting rights in writing, please study the Reference Document Concerning the General Meeting of Shareholders stated below, and indicate your approval or disapproval of the Proposals listed on the Original Voting Right Exercise Form in Japanese , and kindly return to the Company the written Form after affixing your seal thereto. The Company would appreciate receiving the Original Voting Right Exercise Form in Japanese on or before 5:00 p.m. (J.S.T) of June 22, 2006 (Thursday) prior to the date of Ordinary General Meeting of Shareholders.
 - (2) In the event that a proxy attends the General Meeting, please submit the power of attorney, together with the Original Voting Right Exercise Form in Japanese, to the receptionist thereat. The qualification of the proxy is limited to another shareholder who holds voting rights of the Company.

(Notice)

In the event that any event occurs to amend the items to be presented in the Reference Document Concerning Exercise of Voting Right and financial statements, please be informed that the Company will publish the amended items on the Company's homepage (<http://www.capcom.co.jp/>).

Reference Document Concerning the General Meeting of Shareholders

Proposals and reference matters:

First proposal: Approval of Proposed Appropriation of Retained Earnings for the 27th fiscal year.

The details of the proposal are stated in the page 23 (English Translation: page 13) of the attached documents.

The Company considers returning profits to the shareholders is one of the most important management issues. Its fundamental dividend policy is to provide a stable and continued dividend to the shareholders.

Accordingly, the Company intends to exert efforts to increase internal reserves to strengthen the financial structure of the Company as well as to prepare for the future business development and changes in operating circumstances. The Company proposes that a year-end dividend be ¥10 per share, the same level of the previous fiscal year.

Since the interim dividend of ¥10 per share has been already paid, the annual dividend is ¥20 per share in total.

With respect to officers' bonuses for the fiscal year under review, taking into account, among other things, the business results for the fiscal year under review and the officers' bonuses paid in past years, the Company proposes to pay ¥60,000,000 in total (including ¥6,000,000 as bonuses to Corporate Auditors as a group) to eight (8) Directors and four (4) Corporate Auditors in office as at the end of the fiscal year under review.

Second proposal: Partial Amendments to the Articles of Incorporation of the Company

1. Reason for amendments:

- (1) Upon the completion of special liquidation procedures of Status Company, Limited, a subsidiary of the Company, a part of the purposes of business of the Company will be eliminated from Article 2 of the current Articles of Incorporation.
- (2) With respect to the method of public notice, in order to reduce cost for public notice on the newspaper and enhance publicity, the Company adopts electronic public notice system so that necessary changes will be made to the current Article 4 (Method of Public Notice) of the Articles of Incorporation.
- (3) For the purpose of responding to changes in the operating circumstances and enhancing management efficiency so as to make decision quickly, the number of Directors will be changed to "fifteen (15) or less" from "twenty (20) or less" as currently provided in Article 16 (Number of Directors) of the Articles of Incorporation.
- (4) As the "Corporate Law" (Law No. 86, 2005) came into force on May 1, 2006, the Company would like to make amendments to its Articles of Incorporation as follows:
 - ① The Company will newly provide for Article 4 (Organizations) to define the Company's organizations pursuant to Article 326, Paragraph 2 of the Corporate Law.
 - ② In order to provide for issue of share certificates pursuant to Article 214 of the Corporate Law, the Company will newly establish Article 7 (Issue of Share Certificates).
 - ③ New Article 16 (Deemed Provision via Internet of Reference Materials for the General Meeting of Shareholders) will be newly established. This will enable the Company to facilitate cost reduction by utilizing the measures that information disclosed via the Internet is deemed to be provided to shareholders with respect to a part of the reference materials for the general meeting of shareholders, according to the Corporate Law Enforcement Regulations and Accounting Statement Regulations.

- ④ The Company will newly establish Article 26 (Omission of Resolution of the Board of Directors) so that the Board of Directors may adopt timely resolutions in writing or electronically pursuant to the provisions of Article 370 of the Corporate Law.
- ⑤ The numbering of citations in the current Articles of Incorporation will be changed to the relevant number cited from the Corporate Law.
- ⑥ The terms of the former Commercial Code will be changed to the terms used in the Corporate Law and expressions will partially be changed and phrases will partially be modified.
- ⑦ The numbers of each Article of the Articles of Incorporation will be changed to reflect the aforesaid changes.

2. Details of amendments

(The amended words are underlined.)

Present Articles of Incorporation	Proposed amendment
CHAPTER I GENERAL PROVISIONS	CHAPTER I GENERAL PROVISIONS
(Trade Name) Article 1. The Company shall be called <i>Kabushiki Kaisha CAPCOM</i> and indicated as CAPCOM CO., LTD. in English.	(Trade Name) Article 1. (Same as present English translation.)
(Purpose of Business) Article 2. The purpose of the Company is to conduct the following businesses:	(Purpose of Business) Article 2. The purpose of the Company is to conduct the following businesses:
1. Planning, development, manufacture, sale, import and export and lease of electronic game machines, software and toys;	1. (Same as present English translation.)
2. Lease, management, dealing, mediation of real estate;	2. (Same as present English translation.)
3. Financial businesses;	3. (Same as present English translation.)
4. <u>Agency business for non-life insurance</u> ;	Deleted
5. Management of amusement park;	4. (Same as present English translation.)
6. Management of amusement arcades;	5. Ditto
7. Management of golf courses, tennis courts, billiard rooms and bowling alleys;	6. Ditto
8. Acquisition of intangible property rights, such as industrial property rights and copyrights, know-how and granting the use thereof ;	7. Ditto
9. Produce and sale of publications;	8. Ditto
10. Planning and producing of films such as movies and videos;	9. Ditto
11. Management of restaurants;	10. Ditto
12. Planning, development, manufacture and sale, leasing, rental and maintenance business of digital electronic equipment such as mobile phones (battery chargers);	11. Ditto
13. Management of music copyrights;	12. Ditto
14. Development of the use of music copyright products;	13. Ditto
15. Planning and creation of originals for CDs and videos, etc.;	14. Ditto
16. Publication of music books; and	15. Ditto
17. Any and all businesses relating to or incidental to any of the foregoing items.	16. Ditto

Present Articles of Incorporation	Proposed amendment
<p>(Location of Head Office) Article 3. The Company shall have its head office in Osaka City.</p> <p>(Newly established)</p> <p>(Method of Public Notice) Article 4. The public notices of the Company shall be given by publication in the <i>Nihon Keizai Shimbun</i>.</p>	<p>(Location of Head Office) Article 3. (Same as the present English translation.)</p> <p><u>(Organizations)</u> Article 4. <u>The Company shall establish the following organizations in addition to the general meeting of shareholders and the Directors.</u></p> <ol style="list-style-type: none"> <u>1. Board of Directors</u> <u>2. Corporate Auditors</u> <u>3. Board of Corporate Auditors</u> <u>4. Accounting Auditor(s)</u> <p>(Method of Public Notice) Article 5. The <u>method</u> to make public notices of the Company shall be <u>electronic public notice</u>. <u>Provided, however, that in the event that such public notice can not be made due to an accident or unavoidable reason, the public notice shall be given by publication in the <i>Nihon Keizai Shimbun</i>.</u></p>
<p>CHAPTER II SHARES</p>	<p>CHAPTER II SHARES</p>
<p><u>(Aggregate Number of Shares Authorized to be Issued)</u> Article 5. <u>The aggregate number of shares authorized to be issued by the Company shall be 150,000,000 shares. Provided, however, that in the event that any of shares is canceled, the number of shares authorized to be issued shall be reduced accordingly.</u></p>	<p><u>(Aggregate Number of Issuable Shares)</u> Article 6. <u>The aggregate number of shares that the Company may issue shall be 150,000,000 shares.</u></p>
<p>(Newly established)</p>	<p><u>(Issue of Share Certificates)</u> Article 7. <u>The Company shall issue certificates for its shares.</u></p>
<p>(Acquisition of the Company's Own Shares) Article 6. The Company may <u>purchase</u> its own shares by resolution of the Board of Directors, in accordance with the provisions of <u>Article 211-3, paragraph 1, item 2 of the Commercial Code</u>.</p>	<p>(Acquisition of the Company's Own Shares) Article 8. The Company may <u>acquire</u> its own shares by resolution of the Board of Directors <u>through transactions in the market, etc.</u>, in accordance with the provisions of <u>Article 165, Paragraph 2 of the Corporate Law</u>.</p>
<p>(Number of Shares of One Unit and Non-Issuance of Share Certificates for Shares Constituting Less Than One Unit) Article 7. The number of shares of one unit of shares of the Company shall be one hundred (100) shares. 2. The Company <u>shall not issue share certificates for shares constituting less than one unit of shares.</u></p>	<p>(Number of Shares of One Unit and Non-Issuance of Share Certificates for Shares Constituting Less Than One Unit) Article 9. The number of shares of one unit of shares of the Company shall be one hundred (100) shares. (Note to translation: Same as present English translation, though minor changes in Japanese wordings have been made.) 2. The Company <u>may not issue certificate for shares constituting less than one unit notwithstanding the provisions of Article 7.</u></p>

Present Articles of Incorporation	Proposed amendment
<p>(Request to the Company for selling shares constituting less than one unit) Article 8. A shareholder holding shares constituting less than one unit of the Company (including beneficial shareholders, the same shall be applied hereinafter) may request the Company to sell specified numbers of shares which shall constitute one unit of shares if combined with the shares constituting less than one unit already held by such shareholder (hereinafter referred to as the “Purchase Request for Additional Shares”). Provided, however, that, the foregoing provision shall not be applicable, if the Company does not hold sufficient number of treasury stock to be sold to such shareholder.</p> <p>2. The time on which and method in which the shareholder may request the Company to sell shares constituting less than one unit shall be governed by the Share Handling Regulations established by the Board of Directors.</p>	<p>(Request to the Company for selling shares constituting less than one unit) Article 10. A shareholder holding shares constituting less than one unit of the Company (including beneficial shareholders, the same shall be applied hereinafter) may request the Company to sell specified numbers of shares which shall constitute one unit of shares if combined with the shares constituting less than one unit already held by such shareholder (hereinafter referred to as the “Purchase Request for Additional Shares”). Provided, however, that, the foregoing provision shall not be applicable, if the Company does not hold sufficient number of treasury stock to be sold to such shareholder. (Note to translation Same as present English translation, though minor changes in Japanese wordings have been made.) 2. (Same as the current provisions.)</p>
<p>(Transfer Agent) Article 9. The Company shall have <u>a transfer agent with respect to its shares.</u></p> <p>2. <u>The transfer agent and its place of business shall be chosen by resolution of the Board of Directors.</u></p> <p>3. <u>The shareholders' register, the beneficial shareholders' register (hereinafter referred to as the “shareholders' register, etc.”) and the register of lost share certificates of the Company shall be kept at the place of business of the transfer agent, and the registration of transfer of shares, receipt of the beneficial shareholders' notice, preparation of beneficial shareholders' register, purchase and sale of shares constituting less than one unit by the Company, delivery of share certificates, registration of lost share certificates and other matters relating to shares shall be handled by the transfer agent, not by the Company.</u></p>	<p>(Administrator of Shareholder's Register) Article 11. The Company shall have <u>an administrator of the shareholders' register.</u></p> <p>2. <u>The administrator of shareholders' register and its place of business shall be chosen by resolution of the Board of Directors and public notice thereof shall be made.</u></p> <p>3. <u>The preparation and retention of the shareholders' register (including beneficial shareholders, the same shall be applied hereinafter), the register of stock acquisition rights and the register of lost share certificates of the Company, and other matters relating to shares and stock acquisition rights of the Company shall be entrusted to the administrator of shareholders' register, but not handled by the Company.</u></p>
<p>(Share Handling Regulations) Article 10. <u>Denominations of share certificates, registration of transfer of shares of the Company, receipt of the beneficial shareholders' notice, preparation of the beneficial shareholders' register, purchase and sale of shares constituting less than one unit by the Company, delivery of share certificates thereof, registration of lost share certificates and other matters concerning the handling of shares and handling fees shall be governed by the Share Handling Regulations established by the Board of Directors.</u></p>	<p>(Share Handling Regulations) Article 12. <u>Handling of shares or stock acquisition rights of the Company and fees thereof shall be governed by the Share Handling Regulations established by the Board of Directors, in addition to laws and regulations and the Articles of Incorporation.</u></p>

Present Articles of Incorporation	Proposed amendment
<p>(Record date)</p> <p>Article 11. <u>The Company shall deem those shareholders whose names have been entered or recorded in the shareholders' register as at March 31 of each year as the shareholders who may exercise shareholders' rights at the ordinary general meeting of shareholders held with respect to the fiscal year concerned.</u></p> <p>2. <u>Except for the preceding paragraph and otherwise provided for in the Articles of Incorporation, if necessary, the Company may set forth record date by resolution of the Board of Directors upon giving prior public notice.</u></p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p>	<p>(Deleted)</p> <p style="text-align: center;">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p>
<p>(Convocation)</p> <p>Article 12. Ordinary general meetings of shareholders shall be convened in June each year. Extraordinary general meeting of shareholders may be held from time to time when necessary.</p>	<p>(Convocation)</p> <p>Article 13. (Same as the current provisions)</p>
<p>(Newly established)</p>	<p><u>(Record Date for Ordinary General Meeting of Shareholders)</u> <u>Article 14</u> <u>The record date for ordinary general meeting of shareholders of the Company shall be March 31 each year.</u></p>
<p>(Convener and Chairman)</p> <p>Article 13. Except for otherwise provided for in laws and regulations, the President shall convene and preside over the general meetings of shareholders.</p> <p>2. In the event that the President is prevented from so acting, another Director shall act in his or her place in the order of preference previously fixed by the Board of Directors.</p>	<p>(Convener and Chairman)</p> <p>Article 15. (Same as the current provisions)</p>
<p>(Newly established)</p>	<p><u>(Disclosure via the Internet and Deemed Provision of Reference Materials for General Meeting of Shareholders)</u> <u>Article 16.</u> <u>When convening a general meeting of shareholders, it shall be deemed that the Company has provided shareholders with necessary information that should be described or presented in reference materials for the general meeting of shareholders, business reports, and non-consolidated and consolidated financial statements in the event that they are disclosed via the Internet in accordance with the Ministry of Justice Ordinance.</u></p>

Present Articles of Incorporation	Proposed amendment
<p>(Method of Resolution) Article <u>14</u>. Resolutions of general meetings of shareholders shall be adopted by a majority of the voting rights of the shareholders present, except as otherwise provided for in laws and regulations and the Articles of Incorporation.</p> <p>2. <u>Resolutions provided for in Article 343 of the Commercial Code of Japan</u> shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights owned by <u>all shareholders</u>.</p> <p>(Exercise of Voting Rights by Proxy) Article <u>15</u>. A shareholder may exercise his or her voting rights by proxy by authorizing <u>another</u> shareholder who holds voting rights of the Company as his or her proxy.</p> <p>2. The shareholder or proxy of the preceding paragraph is required to submit to the Company a document evidencing his/her representation at every general meeting of shareholders.</p>	<p>(Method of Resolution) Article <u>17</u>. Resolutions of general meetings of shareholders shall be adopted by a majority of the voting rights of the shareholders <u>entitled to exercise voting rights who are present at the general meeting of shareholders</u>, except where otherwise provided for in laws and regulations or the Articles of Incorporation.</p> <p>2. <u>Resolutions of general meetings of shareholders provided in Article 309, Paragraph 2 of the Corporate Law</u> shall be adopted by an affirmative vote of two-thirds (2/3) or more of the voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights <u>exercisable for such meeting</u>.</p> <p>(Exercise of Voting Rights by Proxy) Article <u>18</u>. A shareholder may exercise his or her voting rights by proxy by authorizing <u>one</u> shareholder who holds voting rights of the Company as his or her proxy.</p> <p>2. The shareholder or proxy of the preceding paragraph is required to submit to the Company a document evidencing his/her representation at every general meeting of shareholders. (Note to translation: Same as present English translation, though minor changes in Japanese wordings have been made.)</p>
<p>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>	<p>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</p>
<p>(Number of Directors) Article <u>16</u>. The number of Directors of the Company shall be <u>twenty (20)</u> or less.</p>	<p>(Number of Directors) Article <u>19</u>. The number of Directors of the Company shall be <u>fifteen (15)</u> or less.</p>
<p>(Method of Appointment of Directors) Article <u>17</u>. (Newly established)</p> <p>Resolution for appointment of Directors <u>of the Company</u> shall be adopted by an affirmative vote of the majority of voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights owned by <u>all shareholders</u>.</p> <p>2. <u>Appointment for Directors</u> shall not be by cumulative voting.</p>	<p>(Method of Appointment of Directors) Article <u>20</u>. <u>Directors of the Company shall be appointed by resolution of the general meeting of shareholders</u>.</p> <p>2. Resolution for appointment of Directors shall be adopted by an affirmative vote of the majority of voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights <u>exercisable for such meeting</u>.</p> <p>3. <u>Resolution for appointment of Directors</u> shall not be by cumulative voting.</p>

Present Articles of Incorporation	Proposed amendment
<p>(Term of Office of Directors) Article 18. The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders held with respect to the <u>last closing of accounts</u> within two (2) years after <u>their assumption of office</u>.</p> <p>2. The term of office of a Director elected pursuant to an increase in the number of Directors or fulfillment of a vacancy shall be coterminous with the remainder of the terms of office of the other Directors then in office.</p>	<p>(Term of Office of Directors) Article 21. The term of office of Directors shall expire at the close of the ordinary general meeting of shareholders held with respect to the <u>last business year that ends</u> within two (2) years after <u>their appointment</u>.</p> <p>2. (Same as the current provisions)</p>
<p>(Representative Directors) Article 19. <u>Director(s) to represent the Company shall be chosen by resolution of the Board of Directors.</u></p>	<p>(Representative Directors) Article 22. <u>By resolution of the Board of Directors, Representative Directors shall be chosen.</u></p>
<p>(Directors with Executive Power) Article 20. <u>By resolution</u> of the Board of Directors one President shall be appointed from among Directors and according to any necessity the Chairman, Executive Vice President, Senior Managing Director and Managing Director may be appointed in several numbers in each case.</p>	<p>(Directors with Executive Power) Article 23. <u>By resolution</u> of the Board of Directors one President shall be appointed from among Directors and according to any necessity the Chairman, Executive Vice President, Senior Managing Director and Managing Director may be appointed in several numbers in each case. (Note to translation: Same as present English translation, though minor changes in Japanese wordings have been made.)</p>
<p>(Convener and Chairman of the Board of Directors) Article 21. The President shall convene and preside over the meetings of the Board of Directors.</p> <p>2. In the event that the President is prevented from so acting, another Director shall act in his or her place in the order of preference previously fixed by the Board of Directors.</p>	<p>(Convener and Chairman of the Board of Directors) Article 24. (Same as the current provisions)</p>
<p>(Notice of Convocation of the Board of Directors) Article 22. A notice of convocation of the meeting of the Board of Directors shall be sent to each Director three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</p> <p>(Newly established)</p>	<p>(Notice of Convocation of the Board of Directors) Article 25. A notice of convocation of the meeting of the Board of Directors shall be sent to each Director <u>on or before</u> three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</p> <p>2. <u>In the event that all Directors and Corporate Auditors give unanimous consent, the meetings of the Board of Directors may be held without the formal convocation procedures.</u></p>
<p>(Newly established)</p>	<p>(Omission of Resolution of the Board of Directors) Article 26. <u>In the event that all the Directors consent to matters required to be resolved upon by the Board of Directors in writing or electronic record, the matters so required will be deemed resolved at the Board of Director; Provided, however, that the foregoing shall not be applicable in case that a Corporate Auditor(s) give objection thereto.</u></p>

Present Articles of Incorporation	Proposed amendment
<p>(Regulations of the Board of Directors) Article <u>23</u>. Any matter relating to the Board of Directors shall be governed by the Regulations of the Board of Directors established by the Board of Directors except as otherwise provided for in laws and regulations or the Articles of Incorporation.</p> <p>(Newly established)</p> <p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p> <p>(Number of Corporate Auditors) Article <u>24</u>. The number of Corporate Auditors of the Company shall be <u>four (4)</u> or less.</p> <p>Article <u>25</u>. (Newly established)</p> <p>Resolution for appointment of Corporate Auditors <u>of the Company</u> shall be adopted by an affirmative vote of the majority of the voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights owned by <u>all shareholders</u>.</p> <p>(Term of Office of Corporate Auditors) Article <u>26</u>. The term of office of Corporate Auditors shall expire at the close of the ordinary general meeting of shareholders held with respect to the <u>last closing of accounts</u> within four (4) years after <u>their assumption of office</u>.</p> <p>2. The term of office of Corporate Auditors elected to fill a vacancy shall be coterminous with the remainder of the term of office of the predecessor who has resigned.</p> <p>(Full-time Corporate Auditors) Article <u>27</u>. Full-time Corporate Auditors shall be chosen from <u>among the Corporate Auditors</u>.</p>	<p>(Regulations of the Board of Directors) Article <u>27</u>. (Same as the current provisions)</p> <p>(Remuneration, etc. for Directors) Article <u>28</u>. <u>The remuneration, bonuses and any other benefit on assets received from the Company in consideration of execution of the duties of the Director (hereinafter referred to as the "remuneration, etc.") shall be determined by resolution of a general meeting of shareholders.</u></p> <p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND THE BOARD OF CORPORATE AUDITORS</p> <p>(Number of Corporate Auditors) Article <u>29</u>. (Same as the current provisions.)</p> <p>(Method of Appointment of Corporate Auditors) Article <u>30</u>. <u>Corporate Auditors of the Company shall be appointed at a general meeting of shareholders.</u></p> <p>2. Resolution for appointment of Corporate Auditors shall be adopted by an affirmative vote of the majority of voting rights of shareholders present at the general meeting of shareholders, a quorum for which shall be the presence of shareholders with one-third (1/3) or more of the voting rights <u>exercisable for such meeting</u>.</p> <p>(Term of Office of Corporate Auditors) Article <u>31</u>. The term of office of Corporate Auditors shall expire at the close of the ordinary general meeting of shareholders held with respect to the <u>last business year that ends</u> within four (4) years after <u>their appointment</u>.</p> <p>2. (Same as the current provisions)</p> <p>(Full-time Corporate Auditors) Article <u>32</u>. Full-time Corporate Auditors shall be chosen <u>by resolution of the Board of Corporate Auditors</u>.</p>

Present Articles of Incorporation	Proposed amendment
<p>(Notice of Convocation of the Board of Corporate Auditors) Article <u>28.</u> A notice of convocation of the meeting of the Board of Corporate Auditors shall be sent to each Corporate Auditor three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened.</p> <p>(Newly established)</p>	<p>(Notice of Convocation of the Board of Corporate Auditors) Article <u>33.</u> A notice of convocation of the meeting of the Board of Corporate Auditors shall be sent to each Corporate Auditor <u>on or before</u> three (3) days prior to the date of such meeting. Provided, however, that in case of urgency, such period may be shortened. <u>2. When all Corporate Auditors give unanimous consent, the meetings of the Board of Corporate Auditors may be held without the formal convocation procedure.</u></p>
<p>(Regulations of the Board of Corporate Auditors) Article <u>29.</u> Any matter relating to the Board of Corporate Auditors shall be governed by laws and regulations, the Articles of Incorporation as well as the Regulations of the Board of Corporate Auditors established by the Board of Corporate Auditors.</p> <p>(Newly established)</p>	<p>(Regulations of the Board of Corporate Auditors) Article <u>34.</u> (Same as the current provisions)</p> <p>(Remuneration, etc., for Corporate Auditors) Article <u>35.</u> <u>The remuneration, etc. for Corporate Auditors shall be determined by resolution of a general meeting of shareholders.</u></p>
<p>CHAPTER VI Accounts</p>	<p>CHAPTER VI Accounts</p>
<p>(Business Term) Article <u>30.</u> The business <u>term</u> of the Company shall be one year commencing from April 1 of each year to March 31 of the following year. <u>The Company shall close its accounts at the end of each business term.</u></p>	<p>(Business Year) Article <u>36.</u> The business <u>year</u> of the Company shall be one (1) year commencing from April 1 of each year to March 31 of the following year.</p>
<p>(Dividends) Article <u>31.</u> <u>Dividends, when declared, shall be paid to the shareholders or registered pledgees whose names have been entered or recorded in the shareholders' register, etc. as of March 31 of each year.</u></p>	<p>(Year-end Dividends and Record Date) Article <u>37.</u> <u>By resolution of the Board of Directors, the Company shall pay dividends on retained earnings as year-end dividends to the shareholders or registered pledgees whose names have been entered or recorded in the shareholders' register, etc. on March 31 of each year as a record date.</u></p>
<p>(Interim Dividends) Article <u>32.</u> <u>By resolution of the Board of Directors, the Company may make a cash distribution (interim dividends) in accordance with the provisions of Article 293-5 of the Commercial Code to the shareholders or registered pledgees whose names have been entered or recorded in the last shareholders' register, etc. as of September 30 of each year.</u></p>	<p>(Interim Dividends and Record Date) Article <u>38.</u> <u>By resolution of the Board of Directors, the Company may pay interim dividends on retained earnings to the shareholders or registered pledgees on September 30 of each year as a record date.</u></p>

Present Articles of Incorporation	Proposed amendment
<p>(Period of Limitation) Article 33. In the event that payment of the <u>dividends and interim dividends</u> declared is not received after elapse of three (3) full years from the date of offer of payment, the Company shall be discharged from liability for payment of such dividends and interim dividends.</p> <p>(Period of Conversion of Convertible Bonds) Article 34. With respect to the shares issued upon conversion of convertible bonds, the first <u>dividends or interim dividends on such shares shall be paid as if the conversion took effect on April 1 for the conversion request made during the period from April 1 to September 30 and on October 1 for the conversion request made during the period from October 1 to March 31 of the following year.</u></p>	<p>(Period of Limitation of Dividends) Article 39. <u>In case of cash dividends</u>, where any dividend is not received after elapse of three (3) full years from the date of offer of payment, the Company shall be discharged from liability for payment of such dividends and interim dividends.</p> <p>(Deleted)</p>

Third proposal: Election of One (1) Director

The Company proposes to elect one (1) Director in order to further enforce and strengthen management of the Company.

The term of office for Director to be elected hereunder shall expire at the expiration of the office of the Directors currently in office pursuant to the provisions of the Articles of Incorporation of the Company.

A Candidate for Director is as follows:

Name (Date of Birth)	Resume Position, Duties in charge and status as other company's representatives, if any	Number of shares of the Company Held
Kazuhiko Abe (October 4, 1963)	<p>Apr. 1987: Entered into The Mitsubishi Bank, Limited (currently The Bank of Tokyo-Mitsubishi UFJ, Limited)</p> <p>July 1994: Deputy Manager of New York Branch, The Mitsubishi Bank, Limited</p> <p>Nov. 2000: Executive Officer, Hikari Tsushin Inc.</p> <p>Jan. 2002: Executive Officer, Intuit <i>Kabushiki Kaisha</i> (currently Yayoi Co., Ltd.)</p> <p>Mar. 2003 Entered the Company</p> <p>July 2003 General Manager of Management Planning Dept.</p> <p>Apr. 2004 Corporate Officer and General Manager of Management Planning Dept.</p> <p>Apr. 2006 Managing Corporate Officer, General Manager of Management Planning Dept. Head of Corporate Strategy and Affiliated Companies' Management Department</p>	0 share

(Note)

There are no special interests between the candidate and the Company.

- End -

PROPOSED APPROPRIATION OF RETAINED EARNINGS

(Yen)

<Unappropriation of Retained Earnings>	
Unappropriated retained earnings for the fiscal year under review	6,708,168,437
It is proposed that the following appropriation be effected:	
Dividends (¥10 per share)	549,647,280
Officers' Bonuses	60,000,000
(Bonuses to Corporate Auditors)	(6,000,000)
Retained earnings carried forward to the next term	6,098,521,157

(Yen)

<Unappropriation of Other Capital Surplus>	
Balance of other capital surplus	7,870,667,334
Deduction of common stock and additional paid-in capital	7,865,792,484
Gain on disposition of treasury stock	4,874,850
It is proposed that the following appropriation be effected:	
Other capital surplus carried forward to the next term	7,870,667,334
Deduction of common stock and additional paid-in capital	7,865,792,484
Gain on disposition of treasury stock	4,874,850

(Note) Interim dividends in the aggregate amount of ¥549,676,910 (¥10 per share) were paid on December 5, 2005.