

[**Translation:** Please note that the following purports to be a translation from the Japanese original Notice of Convocation of the 126th Annual General Meeting of Shareholders of Nisshin Steel Co., Ltd. prepared for the convenience of shareholders outside Japan with voting rights. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain expressions regarding voting procedures for domestic shareholders that are not applicable to the aforesaid shareholders are intentionally omitted or modified to avoid confusion.]

June 7, 2006

TSE #: 5407

SEDOL#: 6641641JP

ISIN#: JP3676000007

To the Shareholders:

**NOTICE OF CONVOCATION OF
THE 126th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 126th Annual General Meeting of Shareholders of Nisshin Steel Co., Ltd. (the “Company”) for the Fiscal Year ended March 31, 2006. The meeting will be held as described below.

Yours very truly,

Hideo Suzuki

President and Chief Executive Officer

Nisshin Steel Co., Ltd.

4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

If you are unable to attend the aforesaid meeting, please take necessary steps to exercise your voting rights by 5:00 p.m. of June 27, 2006 upon the following matters that can be reviewed in the attached “Reference Material Concerning Exercise of Voting Rights”. Your voting rights can be exercised either in writing sent by mail or via the Internet.

[In case of exercising voting rights by mail]

Please return the enclosed Voting Rights Exercise Form to the Company by kindly indicating your approval or disapproval for each matter for resolution.

[In case of exercising voting rights via the Internet]

When exercising your voting rights via the Internet, please access the designated website (<http://www.evotep.jp/>) from your home computers or mobile phones. Then, please follow the instruction appearing on the screen and indicate your approval or disapproval for each matter by using the exercise code and temporary password that are shown in the enclosed Voting Rights Exercise Form.

When exercising your voting rights via the Internet, please carefully read the “Cautionary Statement for Use of the Internet to Exercise Voting Rights”.(English translation is omitted.)

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PARTICULARS

1. **Date and Time of the Meeting:** 10:00 a.m. on June 28, 2006 (Wednesday)
2. **Place of the Meeting:** No.801 Conference Room of Tekko Kaikan
2-10, Nihombashi-Kayabacho 3-chome,
Chuo-ku, Tokyo
3. **Purpose of the Meeting:**
Matters for Reporting:
 - (1) The Report on the Balance Sheet as of March 31, 2006, the Business Report and the Statement of Income for the 126th Fiscal Year (April 1, 2005 to March 31, 2006) and the Share Buyback upon Resolution of the Board of Directors Under Authorization of the Articles of Incorporation;
 - (2) The Report on the Consolidated Balance Sheet as of March 31, 2006, the Consolidated Statement of Income for the 126th Fiscal Year (April 1, 2005 to March 31, 2006) and the Results of Audit of the Consolidated Financial Statements by Accounting Auditors and the Board of Corporate Auditors.

Matters for Resolution:

First Item of Business:	Approval of Proposal of Appropriation of Retained Earnings for the 126th Fiscal Year
Second Item of Business:	Partial Amendments to the Articles of Incorporation
Third Item of Business:	Election of Eight (8) Directors
Fourth Item of Business:	Election of One (1) Corporate Auditor
Fifth Item of Business:	Retiring Allowances to Retiring Directors
Sixth Item of Business:	Compensation to Corporate Auditors

Reference Materials of the Ordinary General Meeting of Shareholders

1. Total Number of Voting Rights 935,092

2. Matters to be resolved and referential information

First Item of Business:

Approval of Proposal of Appropriation of Profit of the 126 Fiscal Year

Details of this Item are set forth on page 24.

In connection with appropriation of profit, the Company's primary policy is to carry out a distribution policy suitable to consolidated business results, taking into consideration further reinforcement of financial structure, securing of internal reserve necessary for future business development to increase business value, and outlook of business results.

After comprehensive consideration of business results of the fiscal year under review, future economic conditions and business developments, etc., the Company would like to propose dividends of 3 yen per share, which is same as the previous interim dividends.

Second Item of Business: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

(1) By virtue of enactment of "the Corporation Law" (Law No. 86 of 2005), the Company would like to make amendments to the Articles of Incorporation as follows:

(i) The Company would like to make amendments related to newly introduced provisions which enable the Company (a) to limit the scope of rights for of the Corporation Law shares constituting less than one unit, (b) to deem that referential materials for shareholders' meeting are provided to shareholders when they are disclosed by means of the Internet, (c) to adopt resolutions of the Board of Directors in writing or via electronic measures, and (d) to determine distribution of surplus, etc. pursuant to the resolution of the Board of Directors;

(ii) Citations of the Commercial Code included in the current Articles of Incorporation will be replaced by the relevant provisions of the Corporation Law. The wordings of the Commercial Code will be replaced by the wordings used in the Corporation Law, the provisions which became unnecessary pursuant to the provisions of the Corporation Law will be deleted, and also any other necessary amendments to the descriptions and letters will be made;

(iii) With regard to the matters for which the related provisions are deemed to exist in the Articles of Incorporation by virtue of the "Law regarding the Development of Laws related to the Corporation Law" (Law No. 87 of 2005), the Company would like to add new provisions, to make

amendments, and to make adjustments of the wording related thereto.

(2) By virtue of change of the names of Directors with special titles in Japanese, the Company would like to make amendments to the Articles of Incorporation related thereto.

(3) As a result of the amendments set forth above, the numbering of provisions will be changed, and any other necessary amendments to the descriptions and letters will be made accordingly.

2. Proposal for amendments to the Articles of Incorporation

See page 14.

Third Item of Business: Election of Eight (8) Directors

The terms of office of all of eight (8) Directors will expire at the close of the Meeting. Therefore, it is proposed that eight (8) Directors be elected. The candidates are as follows:

No.	Name (Date of Birth)	Brief Personal Record and Representation of Other Companies		Number of Shares of the Company Owned
1	Toshihiko Ono (Sept. 25, 1941)	April 1964	Joined Yawata Iron & Steel Co., Ltd.	357,000
		April 1989	General Manager of General Administration Div. Nippon Steel Corporation Yawata Works	
		June 1991	General Manager, Corporate Planning Div.	
		June 1995	Director, General Superintendent of Sakai Works	
		April 1997	Director, General Manager of Osaka Sales Office	
		April 1999	Managing Director, General Manager of Structurals Group	
		April 2000	Managing Director, General Manager of Flat Products Div.	
		April 2001	Director	
		June 2001	Representative Director and Executive Vice-President, Nisshin Steel Co., Ltd.	
		April 2002	Representative Director and President & Chief Executive Officer	
		April 2006	Chairman of the Board of Directors (To Present)	

2	Hideo Suzuki (March 21, 1945)	April 1968 June 1993 June 1995 June 1997 June 1999 June 2003 April 2005 April 2006	Joined the Company General Manager of Affiliated Enterprises Dept. General Manager of Corporate Planning Dept. Director, General Manager of General Administration Dept. and General Manager of Corporate Planning Dept. Managing Director Director, Senior Managing Executive Officer Director, Vice-President & Executive Officer Representative Director and President & Chief Executive Officer (To Present)	65,000
3	Takashi Nagai (Jan. 23, 1947)	April 1970 June 1993 June 1997 June 1999 June 2001 June 2002 June 2003 April 2004 June 2004 April 2006	Joined the Company General Manager of Steel Sales Dept., Nagoya Branch General Manager of Stainless Steel Sales Dept. Director, General Manager of Stainless Steel Sales Dept., Joint Stainless Steel Business Div. Director, General Manager of Sales & Technology Administration Dept. and Deputy General Manager of Stainless Steel Business Div. Director, General Manager of Sales Administration Dept. Managing Executive Officer, General Manager of Overseas Business Dept. Managing Executive Officer Director and Managing Executive Officer Representative Director and Vice-President & Executive Officer (To Present)	59,000

4	Shigeaki Matsunaga (April 19, 1947)	April 1973	Joined the Company	75,000
		June 1995	General Manager of Production & Technology Administration Dept., Sakai Works	
		June 1999	General Manager of Marketing & Products Development Dept.	
		June 2001	Director, Flat-Rolled & Coated Steel Business Div. Works General Manager of Sakai Works	
		June 2003	Managing Executive Officer, Works General Manager of Sakai Works	
		April 2005	Managing Executive Officer, General Manager of Building Materials & Processing Business Div.	
		June 2005	Director and Managing Executive Officer	
		April 2006	Director and Vice-President & Executive Officer (To Present)	

5	Makoto Yada (Nov. 25, 1947)	April 1971	Joined the Company	27,000
		June 1995	General Manager for Special Assignment, Production & Sales Administration Center, Shunan Works	
		April 1996	General Manager of Production & Sales Administration Center, Shunan Works	
		June 1998	General Manager of Production & Technology Administration Dept.	
		June 1999	Executive Counselor, General Manager of Production & Technology Administration Dept.	
		June 2001	Director, General Manager of Flat-Rolled & Coated Steel Administration Dept., Flat-Rolled & Coated Steel Business Div.	
		June 2003	Managing Executive Officer, General Manager of Technology Administration Dept.	
		April 2004	Managing Executive Officer, General Manager of Technology Administration Dept. and General Manager of Business Process Innovation Dept.	
		April 2005	Managing Executive Officer	
		June 2005	Director and Managing Executive Officer	
April 2006	Director and Vice-President & Executive Officer (To Present)			

6	Fumio Oda (Nov. 3, 1948)	April 1971 Dec. 1996 June 1999 June 2000 June 2001 June 2003 April 2005	Joined the Company General Manager of Export Dept. General Manager of Overseas Business Dept. Joint Stainless Steel Business Div., General Manager of Stainless Steel Export Dept. General Manager of High-Tech & Electrical Appliance Materials Dept. General Manager of High-Tech & Electrical Appliance Materials Sales and General Manager of Export Dept., Flat-Rolled & Coated Steel Business Div. Executive Officer and General Manager of Osaka Branch Managing Executive Officer (To Present)	40,540
7	Yuji Kashihara (Jan. 6, 1949)	April 1971 June 1997 April 1999 June 2001 June 2002 April 2004 June 2005	Joined the Company General Manager of Human Resources Dept. General Manager of General Administration Dept. Director and General Manager of Human Resources & Industrial Relations Dept. Representative Director and President & Chief Executive Officer, Nisshin Information Service Corp. Managing Executive Officer Director and Managing Executive Officer (To Present)	63,000

8	Yoshikazu Tsuda (Dec. 27, 1950)	April 1974 June 1997 June 2001 June 2003 April 2005 April 2006	Joined the Company General Manager of Corporate Planning Dept. General Manager of Finance Dept. Executive Officer and General Manager of Finance Dept. Executive Officer Managing Executive Officer & Chief Financial Officer (To Present) (Situation Representing Other Corporate) NS Stainless Planning Co., Ltd.	52,000
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Note: There is no special interest between the Company and each of the said candidates.

Fourth Item of Business: Election of One (1) Corporate Auditor

To reinforce and to enhance auditing process of the Company, it is proposed that One (1) additional Corporate Auditor to be elected. Prior Consent of Corporate Auditing Committee to propose this item has been granted. The candidate is as follows:

Name (Date of Birth)	Brief Personal Record and Representation of Other Companies		Number of Shares of the Company Owned
Yoichiro Yamakawa (July 21, 1941)	April 1966	Attorney at Law	0
	April 1979	Partner of Koga, Yoshikawa, Yamakawa and Nakagawa Legal Office, (now, Koga General Legal Office) (To Present)	
	Sept. 1991	Guest Professor of University of Michigan Law School	
	Oct. 1992	Resigned from the Law School	
	June 2001	Director, Sumitomo Mitsui Banking Corporation	
	Dec. 2002	Director, Sumitomo Mitsui Financial Group (To Present)	
	June 2005	Director, Sumitomo Mitsui Banking Corporation (To Present)	
	July 2005	Director, Dai-ichi Mutual Life Insurance Company (To Present) (Situation Representing Other Corporate) Partner of Koga General Legal Office	

Fifth Item of Business: Retiring Allowances to Retiring Directors

The Company would like to pay 117,633,000 yen in total as retiring allowances to Messrs. Kazuo Hoshino and Hiroshi Hotta, two (2) of whom are retiring as Directors as of the close of the Meeting. In addition, the Company would like shareholders to entrust the Board of Directors with decisions as to the amount to be paid to each retiring Director and the timing and method of payment, etc. thereof.

The Company, as a part of its management reform, abolished retiring allowances to Directors and Corporate Auditors as of the close of the 123th Annual General Meeting of Shareholders held on

June 26, 2003. The above retiring allowances is to be paid to the above Directors to reward their services from the date on which they assumed the office of Directors to the close of the 123th Annual General Meeting of Shareholders, and the amount is calculated under the rules of the Company based upon the length of their term of office and duties.

Their business records are as follows;

Name	Brief Personal Record	
Kazuo Hoshino	June 1993	Director
	June 1996	Managing Director
	June 1999	Senior Managing Director
	June 2001	Vice President (Representative Director)
	April 2002	Chairman (Representative Director)
	April 2006	Director (To Present)
Hiroshi Hotta	June 2002	Managing Director
	June 2003	Director
		(To Present)

Sixth Item of Business: Compensation to Corporate Auditors

While it was resolved at the 123th Annual General Meeting of Shareholders held on June 26, 2003 that the total amount of compensation to Corporate Auditors should be within 108 million yen per annum, we would like to increase this amount to 135 million yen per annum, since the Company will increase the number of Corporate Auditors by one (1) for the purpose of further enhancing and reinforcing the Company's audit system and under the Company's standard the amount of compensation to Corporate Auditors is calculated based on the factors including the number of Corporate Auditors, business result of the Company and duties of Corporate Auditors.

While the current number of Corporate Auditors is four (4), it will become five (5) if the Fourth Item set forth above is approved.

2. Proposal for amendments to the Articles of Incorporation

Current Articles	Proposed Amendments
<p style="text-align: center;">CHAPTER 1. General Provision</p> <p>Article 1. Trade Name</p> <p>The Company shall be called “NISSHIN SEIKO KABUSHIKI KAISHA” which shall be expressed in English as “Nisshin Steel Co., Ltd.”</p>	<p style="text-align: center;">CHAPTER 1. General Provision</p> <p>Article 1. Trade Name</p> <p>The Company shall be called “NISSHIN SEIKO KABUSHIKI KAISHA”, which shall be expressed in English as “Nisshin Steel Co., Ltd.”</p>
<p>Article 2. Object</p> <p>The object of the Company shall be to engage in the following businesses:</p> <ol style="list-style-type: none"> (1) manufacturing, processing and marketing of steel; (2) manufacturing, processing and marketing of nonferrous metals; (3) designing and undertaking of construction of any description; (4) manufacturing, processing and marketing of construction materials; (5) designing, manufacturing, installation, maintenance, repair, marketing and leasing of metal processing machines, machine tools, conveyers, waste processing machines; (6) designing, manufacturing, installation, maintenance and repair of steel manufacturing plants; (7) development and marketing of data processing and telecommunication system and rendering of data processing service; (8) disposal and recycle of waste; (9) trade, lease and management of real estates and management of sports facilities; and (10) any and all matters incidental or related to the above. 	<p style="text-align: center;">(Same as the current provisions.)</p>

<p>Article 3. Location of Principal Office</p> <p>The Company shall have its principal office in Chiyoda-ku, Tokyo.</p>	<p>(Same as the current provisions.)</p>
<p>(Newly Provided)</p>	<p><u>Article 4. Organizations</u></p> <p>The Company shall have the following organizations in addition to the General Meeting of Shareholders and Director:</p> <ol style="list-style-type: none"> 1. the Board of Directors; 2. the Corporate Auditors; 3. the Board of Corporate Auditors; and 4. the Accounting Auditors.
<p>Article 4. Public Notice</p> <p>Public notices of the Company shall be made on the website. Provided, however, that in cases where accidents or other unavoidable circumstances prevent the use of the website, they shall be made in the <i>Nihon Keizai Shimbun</i>.</p>	<p>Article 5. Public Notice</p> <p>The method of the Company's public notices shall be electronic public notices. Provided, however, that in case where electronic public notices are unavailable due to accidents or other unavoidable circumstances, they shall be made in the <i>Nihon Keizai Shimbun</i>.</p>
<p>CHAPTER 2. Shares</p> <p>Article 5. Total Number of Shares to be Issued</p> <p>The total number of shares authorized to be issued by the Company shall be three billion nine hundred seventy-seven million nine hundred sixty-four thousand (3,977,964,000). Provided, however, that if retirement of shares has been effected, the number of the retired shares shall be deducted therefrom.</p>	<p>CHAPTER 2. Shares</p> <p>Article 6. Total Number of Shares That the Company May Issue</p> <p>The total number of shares that the Company may issue shall be three billion nine hundred seventy-seven million nine hundred sixty-four thousand (3,977,964,000).</p>
<p>(Newly Provided)</p>	<p>Article 7. Issue of Share Certificates</p> <p>The Company shall issue share certificates for its shares.</p>
<p>Article 6. Purchase of its own Shares</p> <p>The Company may, by a resolution of the Board of Directors, purchase its own shares in accordance with Article 211-3 paragraph 1 item 2 of the Commercial Code.</p>	<p>(To be deleted)</p>
<p>Article 7. Number of Shares Per Unit</p> <p>A unit of shares of the Company shall consist of one thousand (1,000) shares.</p>	<p>Article 8. Number of Share Constituting Unit</p> <p>The number of shares which constitutes a unit shall be one thousand (1,000).</p>
<p>Article 8. Non-issuance of share certificate</p>	<p>Article 9. Non-issuance of share certificate</p>

<p>pertaining to the shares less than one unit</p> <p><u>The Company will not issue the share certificate pertaining to the shares of less than the number of shares of one unit.</u></p>	<p>pertaining to the shares less than one unit</p> <p><u>Notwithstanding Article 7, it is possible for the Company not to issue share certificates pertaining to the shares less than one unit.</u></p>
<p>(Newly Provided)</p>	<p><u>Article 10. Rights of the holders of shares less than one unit</u></p> <p><u>A shareholder of the Company (including a beneficial shareholder, the same shall be applied hereinafter) may not exercise rights other than the following rights in connection with shares constituting less than one unit:</u></p> <ol style="list-style-type: none"> <u>1. the rights set forth in each Item of Article 189, Paragraph 2 of the Corporation Law;</u> <u>and</u> <u>2. the rights of allotment of offered shares or stock acquisition rights in proportion to the number of shares held by the shareholder.</u>
<p><u>Article 9. Transfer Agent</u></p> <p><u>The Company will appoint a transfer agent for handling transfers of shares and all matters relative to shares.</u></p> <p><u>The appointment of the transfer agent and the designation of the place where the transfer agent handles transfers of shares and all matters related to shares shall be determined by a resolution of the Board of Directors and shall be announced by public notice.</u></p> <p><u>The Register of Shareholders of the Company (hereinafter including the Register of Current Shareholders) shall be kept at the place where the transfer agent handles such matters, and registration of shares due to transfer, creation of pledge and indication of trust property, delivery of share certificates, registration of loss of share certificates, acceptance of notifications, purchase of shares less than one unit, preparation of the Register of Current Shareholders, acceptance of notifications of current shareholders and any</u></p>	<p><u>Article 11. Share Registrar</u></p> <p><u>The Company will appoint a share registrar.</u></p> <p>② <u>The appointment of the share registrar and designation of the place where the share registrar handles their business shall be determined by a resolution of the Board of Directors and shall be announced by public notice.</u></p> <p>③ <u>The preparation and retention of the Register of Shareholders of the Company (including the Register of Beneficial Shareholders, the same shall be applied hereinafter), the register of lost share certificates, the register of stock acquisition rights and other affairs relating to the Register of Shareholders, the register of lost share certificates and the register of stock acquisition rights shall be entrusted to the share registrar, but not handled by the Company.</u></p>

<p><u>other matters related to shares shall be handled by the transfer agent, and the Company will not handle such matters.</u></p>	
<p>Article 10. Share Handling Regulations</p> <p><u>Denomination of share certificates to be issued by the Company, registration of shares due to transfer, creation of pledge, indication of trust property, reissue of share certificates, registration of loss of share certificates, purchase of shares less than one unit, preparation of the Register of Current Shareholders, acceptance of notifications of current shareholders and any other matters concerning handling of shares and fees therefor shall be governed by the Share Handling Regulations decided by the Board of Directors.</u></p>	<p>Article 12. Share Handling Regulations</p> <p><u>The matters related to shares shall be governed, in addition to laws and regulations or the Articles of Incorporation, by the Share Handling Regulations established by the Board of Directors.</u></p>
<p><u>Article 11. Registration of Address, Name and Seal Impression</u></p> <p><u>A shareholder of the Company (hereinafter including a current shareholder) or a registered pledgee or his/her proxy must report, by way of a shareholder's register card, his/her address, name and seal impression to the transfer agent of the Company.</u></p> <p><u>A shareholder of the Company residing in a foreign country is required to designate his/her temporary address or his/her proxy for receiving notices in Japan and to report the same in compliance with the foregoing paragraph.</u></p> <p><u>The same shall apply in case of change in the matters registered according to the foregoing two paragraphs.</u></p>	<p>(To be deleted)</p>
<p><u>Article 12. Record Date</u></p> <p><u>The Company shall deem any shareholder whose name appears in the Register of Shareholders on each date of settlement to be the shareholder who is entitled to exercise his/her right at the Ordinary General Meeting of Shareholders for the settlement of accounts.</u></p>	<p>(To be deleted)</p>

<p><u>In addition to the foregoing paragraph, the Company may, by giving prior public notice, deem any shareholder or pledgee whose name appears in the Register of Shareholders on a specified date to be the shareholder or the pledgee who is entitled to exercise his/her right, whenever necessary.</u></p>	
<p style="text-align: center;">CHAPTER 3. General Meeting of Shareholders</p> <p>Article 13. <u>Convening of General Meeting of Shareholders</u></p> <p>The Ordinary General Meeting of Shareholders of the Company shall be convened in June of each year. An Extraordinary General Meeting of Shareholders may be convened whenever necessary.</p>	<p style="text-align: center;">CHAPTER 3. General Meeting of Shareholders</p> <p>Article 13. <u>Convocation</u></p> <p>An Ordinary General Meeting of Shareholders of the Company shall be convened in June of each year. An Extraordinary General Meeting of Shareholders may be convened whenever necessary.</p>
<p style="text-align: center;">(Newly Provided)</p>	<p><u>Article 14. Record Date of an Ordinary General Meeting of Shareholders</u></p> <p><u>Record date of the voting rights of an Ordinary General Meeting of Shareholders shall be March 31st of each year.</u></p>
<p><u>Article 14. Person to Convene General Meeting of Shareholders; Chairman of General Meeting</u></p> <p>The President and Chief Executive Officer shall convene a General Meeting of Shareholders and act as Chairman thereat.</p> <p>If the President and Chief Executive Officer is <u>unable</u> to so act, one of the other Directors shall take his/her place according to the order of Directors decided in advance by the Board of Directors.</p>	<p><u>Article 15. Person to Convene; Chairman of General Meeting of Shareholders</u></p> <p>The President and Chief Executive Officer shall convene a General Meeting of Shareholders and act as Chairman thereat.</p> <p>② If the President and Chief Executive Officer is <u>prevented</u> to act, one of other Directors shall take his/her place according to the order of Directors decided in advance by the Board of Directors.</p>
<p style="text-align: center;">(Newly Provided)</p>	<p><u>Article 16. Disclosure of Reference Materials of a General Meetings of Shareholders via Internet and Deemed Providing thereof</u></p> <p><u>In convening a General Meeting of Shareholders, the Company may deem information concerning matters required to be described or presented in the reference materials</u></p>

	<p><u>of the General Meeting of Shareholders, business reports, and financial statements and consolidated financial statements to be provided to shareholders of the Company if and when such information is disclosed in a manner using the Internet pursuant to the relevant laws and regulations.</u></p>
<p>Article 15. Quorum and Resolutions</p> <p>Unless otherwise stipulated by laws or regulations, or these Articles of Incorporation, all resolutions of the General Meeting of Shareholders shall be <u>adopted</u> by vote of a majority of the shareholders present thereat.</p> <p>The resolution provided for in <u>Article 343 of the Commercial Code</u> shall be adopted by two-thirds or more of the votes of the shareholders present who hold not less than one-third of the voting rights of <u>all the shareholders</u>.</p>	<p>Article 17. Quorum and Resolutions</p> <p>Unless otherwise stipulated by laws and regulations or the Articles of Incorporation, all resolutions of the General Meeting of Shareholders shall be <u>made</u> by votes of a majority of the shareholders present thereat.</p> <p>② The resolution provided in <u>Article 309, Paragraph 2 of the Corporation Law</u> shall be adopted by two-thirds or more of the votes of the shareholders present who hold not less than one-third of the voting rights of <u>shareholders who can exercise his/her voting right</u>.</p>
<p>Article 16. Exercise of Voting Right by Proxy</p> <p>A shareholder of the Company may exercise his/her voting right by designating <u>another</u> shareholder of the Company entitled to vote as his/her proxy. <u>Such a shareholder or his/her proxy shall submit a power of attorney to the Company.</u></p> <p style="text-align: center;">(Newly Provided)</p>	<p>Article 18. Exercise of Voting Right by Proxy</p> <p>A shareholder of the Company may exercise his/her voting right by designating <u>one (1)</u> shareholder of the Company entitled to vote as his/her proxy.</p> <p>② <u>In case of precedent Paragraph, a shareholder of the Company or his/her proxy must submit a power of attorney to the Company in each General Meeting of Shareholders.</u></p>
<p style="text-align: center;">CHAPTER 4. Directors and Board of Directors</p> <p>Article 17. Number of Directors</p> <p>The number of Directors of the Company shall not be more than ten (10).</p>	<p style="text-align: center;">CHAPTER 4. Directors and Board of Directors</p> <p>Article 19. Number of Directors</p> <p style="text-align: center;">(Same as the current provisions.)</p>
<p>Article 18. Election of Directors</p> <p>Directors shall be elected at a General Meeting of Shareholders at which the shareholders holding not less than one-third of the voting rights of all the shareholders are present.</p>	<p>Article 20. Election of Directors</p> <p>Directors shall be elected at a General Meeting of Shareholders.</p> <p>② <u>For electing Directors, the presence of shareholders with not less than one-third of the voting rights exercisable for such meeting is</u></p>

<p>No cumulative voting shall be allowed in election of Directors.</p>	<p><u>required.</u> <u>③</u> No cumulative voting shall be allowed in election of Directors.</p>
<p>Article 19. Term of Office of Directors The term of office of a Director shall be up to the termination of the Ordinary General Meeting of Shareholders <u>for the settlement of accounts of the last business year</u> within one (1) year after <u>his/her assumption of office.</u> <u>The term of office of a Director appointed to increase the number of Directors or appointed to fill a vacancy shall continue until the term of office of other Directors expires.</u></p>	<p>Article 21. Term of Office of Directors The term of office of a Director shall be up to the termination of the Ordinary General Meeting of Shareholders <u>held for the last business year that ends</u> within one (1) year after <u>he/she is elected.</u> <p style="text-align: center;">(To be deleted)</p> </p>
<p>Article 20. Representative Directors <u>Representative Directors shall be appointed by a resolution of the Board of Directors.</u></p>	<p>Article 22. Representative Directors <u>The Company may, by a resolution of the Board of Directors, elect Representative Directors.</u></p>
<p>Article 21. Directors with Special Titles The Company may, by a resolution of the Board of Directors, appoint one Chairman of the Board of Directors and one President and Chief Executive Officer.</p>	<p>Article 23. Directors with Special Titles (Same as the current provisions.)</p>
<p>Article 22. Remunerations and Retirement Allowances Remunerations <u>and retirement allowances of Directors</u> shall be decided at the General Meeting of Shareholders.</p>	<p>Article 24. Remunerations, etc. Remunerations, <u>bonus and any other proprietary interests received by Directors from the Company as consideration of their duties (hereinafter referred to as the “remunerations, etc.”)</u> shall be decided <u>by a resolution of the General Meeting of Shareholders.</u></p>
<p>Article 23. Convening of Meeting of Board of Directors Notice of convening of a Meeting of the Board of Directors shall be given to each Director and Auditor four (4) days prior to the date fixed for such meeting. Provided, however, that the above period may be shortened in case of emergency.</p>	<p>Article 25. Convocation of Meeting of Board of Directors Notice of convocation of a Meeting of the Board of Directors shall be given to each Director and Corporate Auditor <u>until</u> four (4) days prior to the date fixed for such meeting. Provided, however, that the above period may be shortened in case of emergency.</p>
<p style="text-align: center;">(Newly Provided)</p>	<p>Article 26. Method of Resolution of Board of Directors</p>

	<u>If the requirements provided in Article 370 of the Corporation Law are met, the Company shall deem as a resolution of the Board of Directors to be adopted.</u>
<p>Article 24. Regulations of Board of Directors</p> <p>Unless otherwise stipulated by laws or regulations, or these Articles of Incorporation, matters concerning the Board of Directors shall be governed by the Regulations of the Board of Directors decided by the Board of Directors.</p>	<p>Article 27. Regulations of Board of Directors</p> <p>(Same as the current provisions.)</p>
<p>Article 25. Release of Liability of Directors</p> <p>The Company may, in accordance with <u>Article 266 paragraph 12</u>, release Directors and former Directors, with the statutory limit, from the liability <u>concerning acts under Article 266 paragraph 1 item 5 of the Commercial Code</u> by the resolution of the Board of Directors.</p>	<p>Article 28. Release of Liability of Directors</p> <p>The Company may, in accordance with <u>Article 426, Paragraph 1 of the Corporation Law</u>, release Directors (including former Directors), within the statutory limit, from the <u>liability caused by nonfeasance of their duty</u> by a resolution of the Board of Directors.</p>
<p>CHAPTER 5. Auditors and Board of Auditors</p> <p>Article 26. Number of Auditors</p> <p>The number of Auditors of the Company shall not be more than five (5).</p>	<p>CHAPTER 5. Corporate Auditors and Board of Corporate Auditors</p> <p>Article 29. Number of Corporate Auditors</p> <p>(Same as the current provisions.)</p>
<p>Article 27. Election of Auditors</p> <p>Auditors shall be elected at a General Meeting of Shareholders <u>at which the shareholders holding not less than one-third of the voting rights of all the shareholders are present.</u></p>	<p>Article 30. Election of Corporate Auditors</p> <p>Corporate Auditors shall be elected at a General Meeting of Shareholders.</p> <p><u>② For electing Corporate Auditors, the presence of shareholders holding not less than one-third of the voting rights exercisable for such meeting shall be required.</u></p>
<p>Article 28. Term of Office of Auditors</p> <p>The term of office of an Auditor shall be up to the time of termination of the Ordinary General Meeting of Shareholders <u>for the settlement of accounts of the last business year within four (4) years after his/her assumption of office.</u></p> <p>The term of office of an Auditor appointed to fill a vacancy caused by retirement of an Auditor shall be until the term of office of the</p>	<p>Article 31. Term of Office of Corporate Auditors</p> <p>The term of office of an Corporate Auditor shall be up to the time of termination of the Ordinary General Meeting of Shareholders <u>held for the last business year that ends</u> within four (4) years after <u>he/she is elected.</u></p> <p><u>② The term of office of an Corporate Auditor appointed to fill a vacancy caused by retirement of an Corporate Auditor prior to the end of</u></p>

retired Auditor expires.	<u>his/her term of office</u> shall be until the term of office of the retired Corporate Auditor expires.
<p>Article 29. Full-time Auditor and Standing Auditor</p> <p>The Full-time Auditors shall be appointed <u>through cooptation by Auditors</u>, and the Standing Auditor may be appointed whenever necessary.</p>	<p>Article 32. Full-time Corporate Auditor and Standing Corporate Auditor</p> <p>Full-time Corporate Auditor(s) shall be appointed and, whenever necessary, the Standing Corporate Auditor may be appointed <u>by a resolution of Board of Corporate Auditors</u>.</p>
<p>Article 30. Remunerations and Retirement Allowances</p> <p>Remunerations <u>and retirement allowances of Auditors</u> shall be decided <u>at</u> the General Meeting of Shareholders.</p>	<p>Article 33. Remunerations, etc.</p> <p>Remunerations, <u>etc.</u> shall be decided <u>by a resolution of</u> the General Meeting of Shareholders.</p>
<p>Article 31. Convening of Meeting of Board of Auditors</p> <p>Notice of convening of a Meeting of the Board of Auditors shall be given to each Auditor four (4) days prior to the date fixed for such meeting. Provided, however, that the above period may be shortened in case of emergency.</p>	<p>Article 34. Convocation of Meeting of Board of Corporate Auditors</p> <p>Notice of convening of a Meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor <u>until</u> four (4) days prior to the date fixed for such meeting. Provided, however, that the above period may be shortened in case of emergency.</p>
<p>Article 32. Regulations of Board of Auditors</p> <p>Unless otherwise stipulated by laws or regulations, or these Articles of Incorporation, matters concerning the Board of Auditors shall be governed by the Regulations of the Board of Auditors decided by the Board of Auditors.</p>	<p>Article 35. Regulations of Board of Corporate Auditors</p> <p>(Same as the current provisions.)</p>
<p>Article 33. Release of Liability of Auditors</p> <p>The Company may, in accordance with <u>Article 280 paragraph 1</u>, release Auditors and former Auditors, with the statutory limit, from the liability by the resolution of the Board of Directors.</p>	<p>Article 36. Release of Liability of Corporate Auditors</p> <p>The Company may, in accordance with <u>Article 426, Paragraph 1 of the Corporation Law</u>, release Corporate Auditors (including former Corporate Auditors), within the statutory limit, from <u>the liability caused by nonfeasance of their duty</u> by a resolution of the Board of Directors.</p>
<p>CHAPTER 6. Accounting</p> <p>Article 34. Business Year and Date of Settlement of Accounts</p>	<p>CHAPTER 6. Accounting</p> <p>Article 37. Business Year</p> <p>The business year of the Company shall</p>

<p>The business year of the Company shall begin on April 1st of each year and end on March 31st of the following year, <u>and the date of settlement shall be the last day of each business year.</u></p>	<p>begin on April 1st of each year and end on March 31st of the following year.</p>
<p>(Newly Provided)</p>	<p><u>Article 38. Organization to Determine Distribution of Surplus, etc.</u></p> <p><u>The Company may, by a resolution of the Board of Directors, unless otherwise provided by laws and regulations, determine matters provided in each Item of Article 459, Paragraph 1 of the Corporation Law including distribution of surplus and share buyback.</u></p>
<p><u>Article 35. Dividends</u></p> <p><u>Dividends of the Company shall be, based on a resolution of the Ordinary General Meeting of Shareholders, paid to the shareholders or the pledgees whose names appear in the Register of Shareholders as of the date of settlement.</u></p> <p>(Newly Provided)</p>	<p><u>Article 39. Record Date of Distribution of Surplus</u></p> <p><u>Record date of year-end dividends of the Company shall be March 31st of each year.</u></p> <p>② <u>Record date of interim dividends of the Company shall be September 30th of each year.</u></p>
<p><u>Article 36. Interim Dividends</u></p> <p><u>The Company may, by a resolution of the Board of Directors, make cash distribution which means interim dividends as provided for in Article 293-5 of the Commercial Code to the shareholders or the pledgees whose names appear in the Register of Shareholders as of September 30th of each year.</u></p>	<p>(To be deleted)</p>
<p><u>Article 37. Period to Receive Dividends</u></p> <p>In case <u>dividends and interim dividends</u> fail to be received even after the lapse of full three (3) years from the commencement dates of payment thereof, the Company shall be discharged of the obligation <u>to pay such dividends and interim dividends.</u></p>	<p><u>Article 40. Period to Receive Distribution of Surplus</u></p> <p>In case <u>dividends in cash</u> are failed to be received after the lapse of full three (3) years from the commencement dates of payment thereof, the Company shall be discharged of such obligation.</p>

PROPOSED APPROPRIATION OF RETAINED EARNINGS

(Yen)

Item	Amount	
Unappropriated retained earnings:		48,123,099,048
Transfer from reserve for accelerated depreciation	220,888,135	
Transfer from reserve for fixed assets reduction	547,697,457	
Total		48,891,684,640
The above amounts are appropriated as follows:		
Dividends (¥3.00 per share)	2,816,287,092	
Reserve for accelerated depreciation	23,789,340	
Reserve for fixed assets reduction	530,871,912	
Special Reserve	20,000,000,000	
Retained earnings carried forward to the next fiscal year:		25,520,736,296

(Notes) Interim dividends of ¥2,816,443,752 (¥3.00 per share) were paid on November 30, 2005.