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(Securities Identification code number: 4183)

June 9, 2006

**Mitsui Chemicals, Inc.**  
5-2, Higashi-Shimbashi 1-chome,  
Minato-ku, Tokyo, Japan  
Kenji Fujiyoshi, President

**CONVOCATION NOTICE FOR  
THE 9TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 9th Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

In the event that you are unable to attend the meeting, you are kindly requested to examine the attached reference materials, indicate your preferences on the enclosed ballot, and return the completed ballot to us by 5:40 p.m. on June 26, 2006.

\*Please note there is no ballot attached to this translation.

1. Date: Tuesday, June 27, 2006 at 10:00 a.m.
2. Place: Zenshakyo• Nadao Hall, Lobby floor of Shin-Kasumigaseki Bldg.,  
3-2, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan

3. Agenda

- A. Reports
  1. Reports on the business report, consolidated balance sheet and consolidated statement of income, and reports of the independent auditors and corporate auditors on the results of audits of consolidated financial documents for the 9th fiscal year (April 1, 2005 to March 31, 2006)
  2. Reports of the balance sheet and statement of income for the 9th fiscal year (April 1, 2005 to March 31, 2006)
- B. Proposals
  - No. 1 Approval of the Proposed Appropriation of Retained Earnings for the 9th fiscal year
  - No. 2 Partial Amendment of the Articles of Incorporation
  - No. 3 Election of two (2) Directors
  - No. 4 Election of one (1) Corporate Auditor

End

\*Attendees are kindly requested to submit the enclosed ballot, completed, at the reception desk at the entrance to the meeting hall.

\*The Company provides the convocation notice on its website (<http://kabunushi.mitsui-chem.jp>). Any revisions made to the attached documents and shareholders' meeting reference materials will be posted on the Company's website.

## **REFERENCE MATERIALS**

### **Proposals and Reference Matters**

#### **No. 1: Approval of the Proposed Appropriation of Retained Earnings for the 9th fiscal year**

The contents of the proposal are as stated on page 21.

The Company's fundamental policy for appropriation of profits is to work to return profits to shareholders, bearing in mind the maintenance of stable dividends and consolidated results from a medium- and long-term perspective, and taking into general consideration returns to shareholders and internal reserves. In regard to internal reserves, the Company seeks to improve results by appropriating funds for investments with a focus on high-performance chemicals, high-growth markets and high-profit businesses.

For the year-end dividend applicable to the year ended March 31, 2006, giving overall consideration to the results for the term and the outlook for the operating environment, the Company proposes a dividend of ¥4.00 per share, the same as in the previous fiscal year. Combined with the interim dividend of ¥4.00 per share, this would result in total cash dividends for the term of ¥8.00 per share.

In addition, the Company proposes to allocate ¥71,380,000 for bonuses to the 17 Directors and ¥1,680,000 for bonuses to the two Corporate Auditors (including the portion from April 2005 for the six Directors and one Corporate Auditor who retired from their positions at the close of the 8<sup>th</sup> Ordinary General Meeting of Shareholders on June 28, 2005), based on the achievement status of performance targets for the whole company, while taking into consideration non-consolidated net income as well as unappropriated retained earnings at the end of the fiscal year and dividends.

#### **No. 2: Partial Amendment of the Articles of Incorporation**

##### **1. Reasons for the Amendments**

In connection with the enactment of the Corporation Law on May 1, 2006, amendments will be made as follows:

- (1) The following provisions will be newly established with respect to items that will be enabled by stipulating them in the Articles of Incorporation.
  - a. Rights of odd-lot shareholders (proposed amendment to Article 11)

To improve the efficiency of administration of odd-lot shareholders, this amendment will limit the rights that such shareholders may exercise, to the right to receive dividends from surplus, the right to receive free share distributions, etc.
  - b. Internet disclosure deemed provision of reference materials, etc., for the general meeting of shareholders (proposed amendment to Article 17)

In anticipation of the continued spread of the Internet in the future, this amendment will improve convenience for shareholders when a general meeting of shareholders is convened by allowing disclosure of reference materials and other documents for a general meeting of shareholders by a method using the Internet to be deemed provision of such information to shareholders.

- c. Entering into liability exemption contracts with outside auditors (proposed amendment to Article 32, paragraph 2)

This amendment will enable the Company to enter into contracts with outside auditors that limit their liability for damages so that outside auditors can adequately perform their expected roles and so that the Company can invite useful people as outside auditors.

- (2) Clauses in the Articles of Incorporation will be changed to the equivalent clauses of the Corporation Law.
- (3) Amendments will be made to change the terminology of the Commercial Code to the terminology used in the Corporation Law, change certain expressions, and alter wording.
- (4) Under the Law Concerning Establishment of Related Laws in Connection with the Enactment of the Corporation Law, amendments will be made to newly establish and amend clauses and make necessary changes in wording in regard to items deemed to include stipulations in the Articles of Incorporation related to the enactment of the Corporation Law.
- (5) Article numbers will be changed along with the establishment and deletions of clauses due to the above amendments.

**2. Contents of Amendments (Underlines indicate amendments.)**

Present Articles of Incorporation	Proposed Amendment
<b>CHAPTER I GENERAL PROVISIONS</b>	<b>CHAPTER I GENERAL PROVISIONS</b>
<p><b>Article 1. (Trade Name)</b>            The name of the Company shall be Mitsui Kagaku Kabushiki Kaisha.            It shall be rendered in English as Mitsui Chemicals, Inc.</p>	<p><b>Article 1. (Trade Name)</b>            (Unchanged)</p>

<p><b>Article 2. (Purpose)</b></p> <p>The purpose of the Company shall be to engage in the following business:</p> <p>2. 1 Manufacture, processing and sale of the following products:</p> <ol style="list-style-type: none"> <li>1) Ethylene, propylene, butylene and aromatic products and other petrochemical products;</li> <li>2) Inorganic industrial chemicals, organic industrial chemicals and gas products;</li> <li>3) High molecular compounds such as synthetic resin, synthetic fiber and synthetic rubber;</li> <li>4) Insecticides, germicides, herbicides and other agricultural chemicals;</li> <li>5) Medical supplies, non-medical supplies, cosmetics, medical supplies for animals, medical materials and medical devices;</li> <li>6) Catalysts;</li> <li>7) Dyestuffs, pigments, paints and solvents;</li> <li>8) Ammonium sulfate, urea, calcium phosphate and other chemical fertilizers;</li> <li>9) Food, food additives, livestock feed, livestock feed additives and enzymes;</li> <li>10) Nonwoven fabrics;</li> <li>11) Civil engineering, building, housing and agricultural materials;</li> <li>12) Logistic materials such as pallets for loading, pallets for transport and packaging bags;</li> <li>13) Electronic equipment and related materials;</li> <li>14) Amorphous metals and other manmade minerals.</li> </ol> <p>2. 2 Design, fabrication, installation, sale and technical guidance with respect to facilities, systems and equipment for use for chemical industry, environmental preservation, water treatment and other purposes, and design, installation and supervision of civil engineering, building and other construction projects.</p> <p>2. 3 Design, fabrication, sale and technical guidance with respect to computer software and related systems.</p> <p>2. 4 Production and sale of seeds/seedlings, vegetables and other farm products.</p> <p>2. 5 Import and export relating to the businesses provided for in each of the preceding paragraphs.</p> <p>2. 6 Collection, transportation, processing and reprocessing of industrial and general wastes and sale of reprocessed materials.</p>	<p><b>Article 2. (Purpose)</b></p> <p>(Unchanged)</p>
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<p>2. 7 Trucking, freight agency, coastal shipping, port transportation and warehousing businesses.</p> <p>2. 8 Non-life insurance agency and affairs relating to solicitation of life insurance.</p> <p>2. 9 Undertaking of contracts for chemical and other analyses, testing, inspection of chemicals and investigation relating thereto, and technical guidance relating thereto.</p> <p>2. 10 Development, design, fabrication, installation and sale of gymnastic and play equipment, and operation of gymnastic and play systems and facilities.</p> <p>2. 11 Sale, purchase, lease, brokerage and management of real estate.</p> <p>2. 12 Mining, processing, sale and purchase of petroleum, flammable natural gas and other minerals.</p> <p>2. 13 Travel agency under the Travel Law.</p> <p>2. 14 Temporary work service and placement businesses.</p> <p>2. 15 Undertaking of contracts for the collection and processing of information and research relating thereto, and technical guidance relating thereto.</p> <p>2. 16 Supply of electricity.</p> <p>2. 17 Consultation and survey, sale, purchase and licensing of technical information such as inventions and know-how, relating to the businesses provided for in each of the preceding paragraphs.</p> <p>2. 18 Any business incidental to or related to the businesses provided for in each of the preceding paragraphs.</p>	
<p><b>Article 3. (Head Office)</b> The head office of the Company shall be located in Minato-ku, Tokyo.</p>	<p><b>Article 3. (Head Office)</b> (Unchanged)</p>
<p>(New)</p>	<p><b><u>Article 4. (Institutions )</u></b> <b><u>In addition to the General Meeting of Shareholders and Directors, the Company shall have the following institutions:</u></b></p> <p><b><u>(1) Board of Directors</u></b></p> <p><b><u>(2) Statutory Auditors</u></b></p> <p><b><u>(3) Board of Auditors</u></b></p> <p><b><u>(4) Accounting Auditors</u></b></p>

<p><b>Article 4. (Method of Public Notice)</b> Public notices of the Company shall be carried in the Nihon Keizai Shimbun.</p>	<p><b>Article 5. (Method of Public Notice)</b> (Unchanged)</p>
<p style="text-align: center;"><b>CHAPTER II SHARES</b></p>	<p style="text-align: center;"><b>CHAPTER II SHARES</b></p>
<p><b>Article 5. (Total Number of Shares to be Issued by the Company)</b> <u>The total number of shares authorized to be issued by the Company shall be three billion (3,000,000,000) shares. Provided, in the event of retirement of shares, an equivalent number of shares shall be reduced.</u></p>	<p><b>Article 6. (Number of Authorized Shares)</b> The number of authorized shares of the Company shall be three billion (3,000,000,000) shares.</p>
<p style="text-align: center;">(New)</p>	<p><b>Article 7. (Issue of Share Certificates)</b> <u>The Company shall issue share certificates for its stock.</u></p>
<p><b>Article 6. (Purchase of Own Shares)</b> The Company may <u>purchase its own shares</u> by resolution of the Board of Directors <u>as provided in Article 211-3, Section 1, item 2 of the Commercial Code.</u></p>	<p><b>Article 8. (Purchase of Own Shares)</b> The Company may, by resolution of the Board of Directors, <u>acquire its own shares by means of a market purchase or tender offer.</u></p>
<p><b>Article 7. (Number of Shares per Unit)</b> The <u>number of shares of the Company per unit</u> shall be one thousand (1,000) shares.</p>	<p><b>Article 9. (Trading Unit)</b> The <u>trading unit of the Company</u> shall be one thousand (1,000) shares.</p>
<p><b>Article 8. (Non Issuance of Share Certificates for Less than a Unit)</b> The Company shall not issue share certificates <u>less than one unit of shares.</u></p>	<p><b>Article 10. (Non Issuance of Share Certificates for Less than a Unit)</b> <u>Notwithstanding the provisions of Article 7, the Company shall not issue share certificates for a number of shares constituting less than one trading unit (“odd-lot shares”), unless otherwise provided in the Rules for Handling Shares.</u></p>

<p>(New)</p>	<p><b><u>Article 11. (Rights Concerning Odd-Lot Shares)</u></b></p> <p>Shareholders of the Company (including beneficial owners; this applies hereinafter) may not exercise rights other than the rights listed below for odd-lot shares that they hold.</p> <p>(1)<u>Rights provided for in each number of Article 189, Section 2 of the Corporation Law</u></p> <p>(2)<u>Right to make a request under the provisions of Article 166, Section 1 of the Corporation Law</u></p> <p>(3)<u>Right to receive allocations of subscription shares and share subscription rights according to the number of shares held by the shareholder</u></p> <p>(4)<u>Right to make a request pursuant to the following article</u></p>
<p><b>Article 9. (Purchase of Additional Shares Less than One Unit)</b></p> <p>Shareholders (<u>including the beneficial owners; this applies hereinafter</u>) who own a number of shares that is smaller than one unit of the Company’s stock may request the sale of shares in a number that will equal one <u>unit</u> when combined with the shares smaller than the unit.</p>	<p><b>Article 12. (Purchase of Additional Shares Less than One Unit)</b></p> <p>Shareholders who own a number of shares that is smaller than one unit of the Company’s stock may request the sale of shares in a number that will equal one <u>trading unit</u> when combined with the shares smaller than the unit.</p>
<p><b>Article 10. (Transfer Agent)</b></p> <p>10.1 The Company shall have a <u>transfer agent with respect to shares.</u></p> <p>10.2 <u>The transfer agent and its place of business shall be selected by resolution of the Board of Directors, and a public notice thereof shall be given.</u></p> <p>10.3 The register of shareholders (including the register of beneficial owners; this applies hereinafter) and the register of lost share certificates of the Company <u>shall be kept at the place of business of the transfer agent, and the entry of transfer of shares, the registration of pledges or the registration and indication of trusts, reissuance of share certificates, acceptance of notification, purchases of a smaller number of shares than the unit and purchases of additional shares less than one unit, procedures and acceptance of deliveries related to lost share certificates and other matters concerning shares shall be handled by the transfer agent and not by the Company.</u></p>	<p><b>Article 13. (Shareholder Register Administrator)</b></p> <p>13.1 The Company shall have a <u>shareholder register administrator.</u></p> <p>13.2 <u>The shareholder register administrator and its place of business shall be selected by resolution of the Board of Directors, and a public notice thereof shall be given.</u></p> <p>13.3 <u>Compilation and storage of the register of shareholders (including the register of beneficial owners; this applies hereinafter), the register of share subscription rights and the register of lost share certificates of the Company, and other work related to the register of shareholders, the register of share subscription rights and the register of lost share certificates, shall be entrusted to the shareholder register administrator and shall not be handled by the Company.</u></p>

<p><b>Article 11. (Rules for Handling Shares)</b>  <u>Denominations of share certificates of the Company, the procedures concerning the transfer of shares, the registration of pledges or the registration and indication of trusts, reissuance of share certificates, notification of shareholders (including beneficial owners; this applies hereafter), purchases of a smaller number of shares than the unit and purchases of additional shares less than one unit, procedures and acceptance of deliveries related to lost share certificates, and other matters with respect to shares and fees therefor shall be governed by the rules for handling shares to be established by resolution of the Board of Directors separately herefrom.</u></p>	<p><b>Article 14. (Rules for Handling Shares)</b>  <u>Handling and fees related to the shares of the Company shall be governed by laws, these Articles of Incorporation, and the rules for handling shares to be established by resolution of the Board of Directors.</u></p>
<p><b>Article 12. (Record Date)</b>  <u>The company shall deem those shareholders with voting rights who are entered or recorded in the final register of shareholders as of March 31 of each year as the shareholders who are to exercise their rights at the ordinary general meeting of shareholders for such business year.</u>  <u>If the need arises, in addition to the cases as provided for in the preceding paragraph and elsewhere in these Articles of Incorporation, the shareholders and pledgees who are entered or recorded in the final register of shareholders as of a certain date to be fixed by the resolution of the Board of Directors and notified to the public shall be deemed as the shareholders and pledgees who are to exercise their rights.</u></p>	<p>(Deleted)</p>
<p><b><u>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</u></b></p>	<p><b><u>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</u></b></p>
<p><b>Article 13. (Ordinary General Meeting and Extraordinary General Meeting)</b>  The ordinary general meeting shall be convened in June of each year, and the extraordinary general meeting shall be convened whenever necessary.</p>	<p><b>Article 15. (Ordinary General Meeting of Shareholders and Extraordinary General Meeting of Shareholders)</b>  The ordinary general meeting of shareholders shall be convened in June of each year, and the extraordinary general meeting of shareholders shall be convened whenever necessary.</p>



(New)	<p><b><u>Article 16. (Record Date of the General Meeting of Shareholders)</u></b></p> <p><u>The company shall deem those shareholders with voting rights who are entered or recorded in the final register of shareholders as of March 31 of each year as the shareholders who are entitled to exercise their rights at the ordinary general meeting of shareholders for such business year.</u></p>
(New)	<p><b><u>Article 17. (Internet Disclosure Deemed Provision of Reference Materials, etc., for the General Meeting of Shareholders)</u></b></p> <p><u>When convening a general meeting of shareholders, the Company may disclose information to be described or displayed in the reference materials for the general meeting of shareholders, business report, financial documents and consolidated financial documents (including the report of independent auditors and report of corporate auditors concerning the Company's consolidated financial documents; this applies hereinafter) via the Internet in accordance with the ordinance of the Ministry of Justice, and by doing so, may deem the reference materials for the general meeting of shareholders, business report, financial documents and consolidated financial documents displaying or describing such information as having been provided to shareholders.</u></p>
<p><b><u>Article 14. (Chairman)</u></b></p> <p>14.1 The President shall act as chairman of the general meeting.</p> <p>14.2 In case the President is prevented from so acting, one of the other directors present shall act in his place according to the order predetermined by resolution of the Board of Directors.</p>	<p><b><u>Article 18. (Chairman)</u></b></p> <p>18.1 The President shall act as chairman of the general meeting of shareholders.</p> <p>18.2 In case the President is prevented from so acting, one of the other directors present shall act in his place according to the order predetermined by resolution of the Board of Directors.</p>

<p><b>Article 15. (Method of Resolution)</b></p> <p><u>15.1</u> Resolution of a general meeting of shareholders shall be <u>adopted</u> by a majority of voting rights of the shareholders present.</p> <p><u>15.2</u> <u>Special resolutions provided for in Article 343 of the Commercial Code</u> shall be adopted by two-thirds (2/3) or more of the voting rights of the shareholders present at the meeting, at which a quorum shall be at least one-third (1/3) or more of the aggregate number of shareholder voting rights.</p>	<p><b>Article 19. (Method of Resolution)</b></p> <p><u>19.1</u> Resolution of a general meeting of shareholders shall be <u>made</u> by a majority of voting rights of the shareholders present <u>who are entitled to exercise voting rights, except as otherwise provided by law or these Articles of Incorporation.</u></p> <p><u>19.2</u> Resolutions provided for in <u>Article 309, Section 2 of the Corporation Law</u> shall be adopted by two-thirds (2/3) or more of the voting rights of the shareholders present at the meeting, at which a quorum shall be at least one-third (1/3) or more of the aggregate number of shareholder voting rights <u>of shareholders entitled to exercise voting rights.</u></p>
<p><b>Article 16. (Voting Right by Proxy)</b></p> <p><u>In the event that a shareholder desires to exercise his voting right by proxy, it is necessary that his proxy shall be a shareholder of the Company who can exercise the voting right.</u></p>	<p><b>Article 20. (Voting Right by Proxy)</b></p> <p><u>A shareholder may exercise voting rights through a proxy who is another shareholder of the Company with voting rights.</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 17. (Number of Directors)</b></p> <p>The Company shall have not more than twenty (20) Directors.</p>	<p><b>Article 21. (Number of Directors)</b></p> <p>(Unchanged)</p>
<p><b>Article 18. (Election of Directors)</b></p> <p><u>18.1</u> <u>The Directors shall be elected by resolution of the general meeting of shareholders at which meeting shareholders holding not less than one-third (1/3) of the voting rights held by all shareholders shall be present.</u></p> <p><u>18.2</u> A resolution on the election of Directors shall not be adopted by cumulative voting.</p>	<p><b>Article 22. (Election of Directors)</b></p> <p><u>22.1</u> <u>A resolution on the election of Directors shall be adopted by a majority of the voting rights of the shareholders present, who shall hold not less than one-third (1/3) of the aggregate voting rights of shareholders entitled to exercise voting rights at a general meeting of shareholders.</u></p> <p><u>22.2</u> A resolution on the election of Directors shall not be adopted by cumulative voting.</p>

<p><b>Article 19. (Term of Office of Directors)</b></p> <p>The term of office of a Director shall be up to the closing of the ordinary general meeting of shareholders held with respect to the last <u>settlement of accounts</u> within two (2) years after <u>the assumption of office</u>. Provided, however, that the term of office of a Director elected to fill a vacancy of a Director who retired from office before the expiration of this term shall be up to the time of expiration of the term of the predecessor.</p>	<p><b>Article 23. (Term of Office of Directors)</b></p> <p>The term of office of a Director shall be up to the closing of the ordinary general meeting of shareholders held with respect to the last <u>business year ending</u> within two (2) years after <u>the election</u>. Provided, however, that the term of office of a Director elected to fill a vacancy of a Director who retired from office before the expiration of this term shall be up to the time of expiration of the term of the predecessor.</p>
<p><b>Article 20. (Notice of Convocation of Board of Directors)</b></p> <p>A notice of the convocation of the Board of Directors shall be sent to each Director and Statutory Auditor three (3) days prior to the day on which the meeting of the Board of Directors shall be held. However, the period of notice may be shortened in case of emergency.</p>	<p><b>Article 24. (Notice of Convocation of Board of Directors)</b></p> <p>(Unchanged)</p>
<p><b>Article 21. (Representative Director, Etc.)</b></p> <p><u>21.1</u> By resolution of the Board of Directors the Company shall have more than one Representative Director.</p> <p><u>21.2</u> By resolution of the Board of Directors the Company shall have one President.</p> <p><u>21.3</u> By resolution of the Board of Directors the Company may have one Chairman of the Board of Directors and one Vice Chairman of the Board of Directors and more than one Executive Vice President, Senior Managing Director and Managing Directors.</p>	<p><b>Article 25. (Representative Director, Etc.)</b></p> <p><u>25.1</u> The Board of Directors shall by resolution select more than one Representative Director.</p> <p><u>25.2</u> The Board of Directors shall by resolution select one President.</p> <p><u>25.3</u> The Board of Directors may by resolution select one Chairman of the Board of Directors and one Vice Chairman of the Board of Directors and more than one Executive Vice President, Senior Managing Director and Managing Directors.</p>

<p><b>Article 22. (Liability Exemption of Directors)</b></p> <p><u>22.1</u> Under the provisions of <u>Article 266, Section 12 of the Commercial Code</u>, the Company may, <u>by resolution of the Board of Directors</u>, exempt Directors (including persons who were Directors) from liability <u>related to the acts in Section 1, Sub-Section 5 of the same article</u>, within the limits permitted by law.</p> <p><u>22.2</u> Under the provisions of <u>Article 266, Section 19 of the Commercial Code</u>, the Company may enter into a contract with Outside Directors limiting their liability for damages from <u>the acts in Section 1, item 5 of the same article</u>. However, the amount of the limit on liability <u>for damages</u> according to such a contract shall be <u>the total of the amount stipulated in each item number of Article 266, Section 19 of the Commercial Code</u>.</p>	<p><b>Article 26. (Liability Exemption of Directors)</b></p> <p><u>26.1</u> Under the provisions of <u>Article 426, Section 1 of the Corporation Law</u>, the Company may exempt Directors (including persons who were Directors) from liability <u>for damages from neglect of duty</u>, within the limits permitted by law, <u>by resolution of the Board of Directors</u>.</p> <p><u>26.2</u> Under the provisions of <u>Article 427, Section 1 of the Corporation Law</u>, the Company may enter into a contract with Outside Directors limiting their liability for damages from <u>neglect of duty</u>. However, the amount of the limit on liability according to such a contract shall be <u>the amount provided by law</u>.</p>
<p><b>CHAPTER V STATUTORY AUDITORS AND BOARD OF AUDITORS</b></p>	<p><b>CHAPTER V STATUTORY AUDITORS AND BOARD OF AUDITORS</b></p>
<p><b>Article 23. (Number of Statutory Auditors)</b></p> <p>The Company shall have not more than six (6) Statutory Auditors.</p>	<p><b>Article 27. (Number of Statutory Auditors)</b></p> <p>(Unchanged)</p>
<p><b>Article 24. (Election of Statutory Auditors)</b></p> <p>Statutory Auditors shall <u>be elected by resolution of the general meeting of shareholders at which meeting shareholders holding not less than one-third (1/3) of the voting rights held by all shareholders shall be present</u>.</p>	<p><b>Article 28. (Election of Statutory Auditors)</b></p> <p><u>A resolution on the election of Statutory Auditors shall be adopted by a majority of the voting rights of the shareholders present, who shall hold not less than one-third (1/3) of the aggregate voting rights of shareholders entitled to exercise voting rights at a general meeting of shareholders</u>.</p>
<p><b>Article 25. (Term of Office of Statutory Auditors)</b></p> <p>The term of office of a Statutory Auditor shall be up to the closing of the ordinary general meeting of shareholders held with respect to the <u>last settlement of accounts</u> within four (4) years after the <u>assumption of office</u>. Provided, however, that the term of office of a Statutory Auditor elected to fill a vacancy of a Statutory Auditor who retired from office before the expiration of this term shall be up to the time of expiration of the term of the predecessor.</p>	<p><b>Article 29. (Term of Office of Statutory Auditors)</b></p> <p>The term of office of a Statutory Auditor shall be up to the closing of the ordinary general meeting of shareholders held with respect to the <u>last business year ending</u> within four (4) years after the <u>election</u>. Provided, however, that the term of office of a Statutory Auditor elected to fill a vacancy of a Statutory Auditor who retired from office before the expiration of this term shall be up to the time of expiration of the term of the predecessor.</p>

<p><b>Article 26. (Notice of Convocation of Board of Auditors)</b></p> <p>A notice of the convocation of the Board of Auditors shall be sent to each Statutory Auditor three (3) days prior to the day on which the meeting of the Board of Auditors shall be held. However, the period of notice may be shortened in case of emergency.</p>	<p><b>Article 30. (Notice of Convocation of Board of Auditors)</b></p> <p>(Unchanged)</p>
<p><b>Article 27. (Full-time Statutory Auditor and Standing Statutory Auditors)</b></p> <p><u>By mutual vote of the Statutory Auditors</u>, the Company shall <u>have</u> one or more full-time Statutory Auditors.</p>	<p><b>Article 31. (Full-time Statutory Auditor and Standing Statutory Auditors)</b></p> <p><u>By resolution of the Board of Auditors</u>, the Company shall <u>select</u> one or more full-time Statutory Auditors.</p>
<p><b>Article 28. (Liability Exemption of Statutory Auditors)</b></p> <p>Under the provisions of <u>Article 280, Section 1 of the Commercial Code</u>, the Company may, <u>by resolution of the Board of Directors</u>, exempt Statutory Auditors (including persons who were Statutory Auditors) from liability within the limits permitted by law.</p> <p>(New)</p>	<p><b>Article 32. (Liability Exemption of Statutory Auditors)</b></p> <p><u>32.1 Under the provisions of Article 426, Section 1 of the Corporation Law</u>, the Company may exempt Statutory Auditors (including persons who were Statutory Auditors) from liability <u>for damages from neglect of duty</u>, within the limits permitted by law, <u>by resolution of the Board of Directors</u>.</p> <p><u>32.2 Under the provisions of Article 427, Section 1 of the Corporation Law</u>, the Company may <u>enter into a contract with Outside Statutory Auditors limiting their liability for damages from neglect of duty</u>. <u>However, the amount of the limit on liability according to such a contract shall be the amount provided by law.</u></p>

CHAPTER VI ACCOUNTS	CHAPTER VI ACCOUNTS
<p><b>Article 29. (Business Term)</b></p> <p>The business <u>term</u> of the Company shall begin on April 1 of each year and end on March 31 of the following year.</p>	<p><b>Article 33. (Business Year)</b></p> <p>The business <u>year</u> of the Company shall begin on April 1 of each year and end on March 31 of the following year.</p>
<p><b>Article 30. (Dividends)</b></p> <p>30.1 <u>Dividends shall be paid to shareholders and pledgees whose names have been entered or recorded in the final register of shareholders as of March 31 of each year.</u></p> <p>30.2 <u>If the dividends set forth in the preceding Paragraph are not claimed within three (3) years from the date of payment, the Company shall be exempted from liability for payment thereof.</u></p>	<p><b>Article 34. (Record Date of Year-End Dividends)</b></p> <p><u>The Company may, by resolution of the general meeting of shareholders, pay dividends to shareholders and registered pledgees whose names have been entered or recorded in the final register of shareholders as of March 31 of each year.</u></p> <p>(Deleted)</p>
<p><b>Article 31. (Interim Dividends)</b></p> <p>31.1 <u>The Company may, by resolution of the Board of Directors, make distributions in cash pursuant to the provisions of Article 293-5 of the Commercial Code to shareholders and pledgees whose names are entered or recorded in the final register of shareholders as of September 30 of each year.</u></p> <p>31.2 <u>If the dividends set forth in the preceding Paragraph are not claimed within three (3) years from the date of payment, the Company shall be exempted from liability for payment thereof.</u></p>	<p><b>Article 35. (Interim Dividends)</b></p> <p>The Company may, by resolution of the Board of Directors, <u>pay interim dividends to shareholders and registered pledgees whose names have been entered or recorded in the final register of shareholders as of September 30 of each year.</u></p> <p>(Deleted)</p>
<p>(New)</p>	<p><b>Article 36. (Period of Limitation)</b></p> <p><u>The Company shall be relieved of the obligation to pay the dividends described in the preceding two articles when three (3) years have elapsed from the day that payment commences.</u></p>

### No. 3: Election of Two (2) Directors

To further enhance corporate governance and increase the transparency of management, the Company proposes the election of two (2) Outside Directors. Director candidates are as follows:

Candidate number	Name (Date of Birth)	Career Summary and Status as Representative of Other Companies	Number of Shares of the Company Owned
1	Yukio Machida (July 3, 1942)	Apr. 1969 Appointed as public prosecutor Aug. 1999 Director-General, Immigration Bureau, Ministry of Justice Dec. 2000 Director-General, General Affairs Department, Supreme Public Prosecutors' Office July 2001 Director-General, Criminal Affairs Department, Supreme Public Prosecutors' Office June 2002 Director-General, Public Security Investigation Agency Jan. 2004 Superintending Prosecutor, Sendai High Public Prosecutors' Office Dec. 2004 Deputy Prosecutor-General July 2005 Retired as public prosecutor Sept. 2005 Registered as attorney, Joined Nishimura & Partners (to present)	0
2	Akemi Ori (May 24, 1962)	Jan. 1990 Joined Tokio Marine and Fire Insurance Co., Ltd., Risk Management Div. June 1996 Senior Consultant, Tokio Marine Risk Consulting Co., Ltd. Apr. 2003 Assistant Professor, Kanto Gakuin University College of Law (to present)	0

Note: There are no special interests between the Company and either of the candidates.

### No. 4: Election of One (1) Corporate Auditor

Corporate Auditor Nobuyuki Sugawara has indicated that he wishes to resign at the end of the 9th Ordinary General Meeting of Shareholders. The Company therefore proposes the election of one (1) Corporate Auditor.

The consent of the Corporate Auditors has been obtained for this proposal.

The Corporate Auditor candidate is as follows:

Name (Date of Birth)	Career Summary and Status as Representative of Other Company	Number of Shares of the Company Owned
Yasuo Takeshita (Sept. 24, 1948)	Apr. 2001 Director of Mitsui Takeda Chemicals, Inc. June 2003 Senior Manager, General Manager, Affiliates Coordination Div. June 2005 Senior Manager, General Manager, Purchasing Div. (to present)	3,000

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

## Consolidated Balance Sheet

As of March 31, 2006

(Millions of yen)

Item	Increase (Decrease)	Item	Increase (Decrease)
<b>ASSETS</b>	<b>1,328,890</b>	<b>LIABILITIES</b>	<b>789,766</b>
<b>Current Assets:</b>	<b>608,995</b>	<b>Current Liabilities:</b>	<b>475,074</b>
Cash and time deposits	31,354	Notes and accounts payable- trade	213,182
Notes and accounts receivable-trade	290,914	Short-term bank loans	125,817
Inventories	219,705	Current portion of long-term debt	24,334
Deferred tax assets	13,804	Commercial paper	1,200
Other	53,722	Current portion of bonds	20,122
Allowance for doubtful accounts	(504)	Income taxes payable	5,383
		Reserve for periodic repairs	4,901
		Other	80,135
<b>Fixed Assets:</b>	<b>719,895</b>	<b>Long-term Liabilities:</b>	<b>314,692</b>
<b>Property, plant and equipment</b>	<b>532,324</b>	Bonds	142,077
Buildings and structures	121,006	Long-term debt	110,388
Machinery and transportation equipment	219,067	Deferred tax liabilities	3,550
Land	168,556	Accrued retirement benefits	47,230
Construction in progress	13,828	Reserve for directors' retirement bonuses	1,233
Other	9,867	Reserve for periodic repairs	3,608
		Other	6,606
<b>Intangible fixed assets</b>	<b>23,319</b>		
		<b>Minority Interests</b>	<b>75,103</b>
<b>Investments and other assets</b>	<b>164,252</b>		
Investment securities	146,177	<b>SHAREHOLDERS' EQUITY</b>	<b>464,021</b>
Long-term loans	1,871	<b>Common Stock</b>	<b>103,226</b>
Deferred tax assets	5,454	<b>Capital Surplus</b>	<b>66,945</b>
Other	12,677	<b>Retained Earnings</b>	<b>269,191</b>
Allowance for doubtful accounts	(1,927)	<b>Unrealized Gain on Securities</b>	<b>29,016</b>
		<b>Foreign Currency Translation Adjustment</b>	<b>(764)</b>
		<b>Treasury Stock</b>	<b>(3,593)</b>
<b>Total</b>	<b>1,328,890</b>	<b>Total</b>	<b>1,328,890</b>



## Consolidated Statement of Income

(April 1, 2005 to March 31, 2006)

(Millions of yen)

Item	Amount	
<b>Ordinary Profit and Loss</b>		
<b>Operating revenue, costs and expenses:</b>		
Operating revenue:		1,472,435
Net sales	1,472,435	
Operating costs and expenses:		1,413,730
Cost of sales	1,217,564	
Selling, general and administrative expenses	196,166	
Operating income		58,705
<b>Non-operating income and expenses:</b>		
Non-operating income:		18,413
Interest and dividends income	1,872	
Equity in income of affiliates	8,101	
Other	8,440	
Non-operating expenses:		15,129
Interest expenses	6,035	
Other	9,094	
<b>Ordinary income</b>		<b>61,989</b>
<b>Extraordinary Profit and Loss:</b>		
Extraordinary profit:		22,302
Gain on sale of property, plant and equipment	1,157	
Gain on change in equity	9,366	
Gain on establishment of retirement benefit trust system	10,280	
Other	1,499	
Extraordinary loss:		11,366
Loss on disposal of property, plant and equipment	7,167	
Loss on sale of property, plant and equipment	684	
Loss on impairment of assets	1,519	
Loss on restructuring of subsidiaries and affiliates	597	
Others	1,399	
<b>Income before Income Taxes</b>		<b>72,925</b>
Current income taxes	8,026	
Deferred income taxes	19,655	27,681
<b>Minority interests</b>		<b>1,119</b>
<b>Net income</b>		<b>44,125</b>

### Consolidated Statements of Cash Flows (Summary)

(April 1, 2005 to March 31, 2006)

(Hundreds of millions of yen)

Item	Amount
<b>Cash flows from operating activities</b>	<b>797</b>
<b>Cash flows from investing activities</b>	<b>(582)</b>
<b>Cash flows from financing activities</b>	<b>(196)</b>
Effect of exchange rate changes on cash and cash equivalents	12
Net increase (decrease) in cash and cash equivalents	31
Cash and cash equivalents at beginning of year	281
Adjustment of cash and cash equivalents due to change in scope of consolidation	0
Cash and cash equivalents at end of year	312

Note: Amounts less than one hundred million have been rounded down to the nearest whole number.

## Non-consolidated Balance Sheet

As of March 31, 2006

(Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>	<b>886,496</b>	<b>LIABILITIES</b>	<b>510,064</b>
<b>Current Assets:</b>	<b>320,499</b>	<b>Current Liabilities:</b>	<b>263,318</b>
Cash and time deposits	4,919	Trade accounts payable	122,697
Trade notes receivable	226	Short-term bank loans	40,595
Trade accounts receivable	171,546	Current portion of bonds	20,000
Finished goods	59,823	Accounts payable—other	45,527
Work in process	1,092	Income taxes payable	1,474
Raw materials	16,445	Accrued expenses	9,170
Supplies	7,570	Deposits received	19,770
Prepaid expenses	1,248	Reserve for periodic repairs	3,873
Accrued revenue	48,448	Other	212
Deferred tax assets	8,305		
Other	944	<b>Long-term Liabilities:</b>	<b>246,746</b>
Allowance for doubtful accounts	(67)	Bonds	140,000
<b>Fixed Assets:</b>	<b>565,997</b>	Long-term debt	59,954
<b>Property, plant and equipment</b>	<b>302,011</b>	Accrued retirement benefits	41,451
Buildings	52,401	Reserve for directors' retirement	
Structures	24,517	bonuses	854
Machinery and equipment	69,847	Reserve for periodic repairs	1,392
Transportation equipment	284	Other	3,095
Tools, furniture and fixtures	5,700		
Land	138,375	<b>SHAREHOLDERS'</b>	<b>376,432</b>
Construction in progress	10,887	<b>EQUITY</b>	
			<b>103,226</b>
<b>Intangible fixed assets</b>	<b>12,771</b>	<b>Common Stock</b>	
Patent and technology licenses	332	<b>Capital Surplus:</b>	<b>66,918</b>
Licenses	1,190	Capital reserve	66,901
Software	11,249	Other capital surplus	17
		Gain on disposal of treasury	
<b>Investments and other assets</b>	<b>251,215</b>	stock	17
Investment securities	78,471	<b>Retained Earnings:</b>	<b>183,340</b>
Investment in common stock		Legal reserve	12,506
of affiliated companies	157,531	Voluntary reserves	145,599
Investment in affiliated companies	938	Reserve for reduction of	
Long-term loans	1,664	acquisition cost of fixed assets	4,341
Long-term prepaid expenses	1,395	Reserve for special depreciation	188
Deferred tax assets	6,586	Reserve for dividends	10,000
Other	9,458	General reserve	131,070
Allowance for doubtful accounts	(4,828)	Unappropriated retained earnings	
		at the end of the term	25,235
		<b>Unrealized Gain on Securities</b>	<b>26,065</b>
		<b>Treasury Stock</b>	<b>(3,117)</b>
<b>Total</b>	<b>886,496</b>	<b>Total</b>	<b>886,496</b>

## Non-consolidated Statement of Income

(April 1, 2005 to March 31, 2006)

(Millions of yen)

Item	Amount	
<b>Ordinary Profit and Loss</b>		
Operating revenue, costs and expenses:		
Operating revenue:		852,955
Net sales	852,955	
Operating costs and expenses:		827,403
Cost of sales	729,309	
Selling, general and administrative expenses	98,094	
Operating income		25,552
Non-operating income and expenses:		
Non-operating income:		18,166
Interest and dividends income	12,332	
Other	5,834	
Non-operating expenses:		9,472
Interest expenses	3,227	
Other	6,245	
<b>Ordinary income</b>		<b>34,246</b>
<b>Extraordinary Profit and Loss</b>		
Extraordinary profit:		12,964
Gain on sale of property, plant and equipment	1,111	
Reversal of allowance for doubtful accounts	1,199	
Gain on establishment of retirement benefit trust	10,530	
Other	124	
Extraordinary loss:		19,546
Loss on disposal of property, plant and equipment	5,617	
Loss on sale of property, plant and equipment	543	
Loss on impairment of assets	940	
Loss on restructuring of subsidiaries and affiliates	12,311	
Others	135	
<b>Income before income taxes</b>		<b>27,664</b>
Current income taxes	629	
Deferred income taxes	12,068	12,697
<b>Net income</b>		<b>14,967</b>
<b>Retained earnings brought forward</b>		<b>13,059</b>
Interim dividends paid		3,137
Unappropriated profit inherited due to merger		346
Unappropriated retained earnings at end of term		<b>25,235</b>

## Proposed Appropriation of Retained Earnings

(Yen)

<b>Appropriation of unappropriated retained earnings:</b>	
Unappropriated retained earnings at the end of the term	25,234,788,162
Transfer from reserve for reduction of acquisition cost of fixed assets	86,627,947
Transfer from reserve for special depreciation	100,174,285
<b>Total</b>	<b>25,421,590,394</b>
To be appropriated as follows:	
Dividends (¥4.00 per share)	3,135,126,692
Bonuses for members of the Board of Directors	71,380,000
Bonuses for Corporate Auditors	1,680,000
Reserve for deferred gain on sale of fixed assets	223,634,117
Special reserve	8,000,000,000
Unappropriated retained earnings carried forward to the next term	13,989,769,585
<b>Total</b>	<b>25,421,590,394</b>
<b>Appropriation of other capital surplus</b>	
Other capital surplus	16,476,620
To be appropriated as follows:	
Other capital surplus carried forward to the next term	16,476,620

Note: Interim dividends totaling ¥3,137,617,744 (¥4.00 per share) were paid on December 6, 2005.