



May 9, 2007

To whom it may concern:

Company Name: Net One Systems Co., Ltd.
President & CEO: Osamu Sawada
(Stock Code Number: Tokyo Stock Exchange 1st Section 7518)
Director: Norihisa Katayama
Inquiries regarding this news release:
IR Tomoaki Masuda
Telephone: 03-5462-0803

Notice regarding Partial Amendment to the Articles of Incorporation

This is a notice regarding the resolution to request for approval of three proposals related to Partial Amendment to the Articles of Incorporation in 20th Annual Shareholders' Meeting to be held on June 22, 2007.

(1) First proposal regarding Partial Amendment to the Articles of Incorporation (Proposal No.2)

Relative to the enforcement of Corporate Law (Number 86 of 2005) and Related Laws to the Corporate Law (Number 87 of 2006, hereinafter Development Law) as of May 1, 2006, the Company proposes to introduce new provisions deemed to be required in the Articles of Incorporation to ensure its consistency. Furthermore, in addition to adjusting to ensure coherency in terminologies, following amendment to the Articles of Incorporation is requested to enable more efficient and flexible corporate management.

List of material revision/additions to the Articles of Incorporation including adoption of new provisions related to enforcement of Corporate Law are as follows. The Article numbers refer to the revised article numbers.

Article 5 (Method of Public Notice)
Article 14 (Voting by Proxy)
Article 15 (Internet based disclosure of reference information for Shareholders' Meeting and Deemed Disclosure)
Article 18 (Tenure of Director's Office)
Article 21 (Omission of Resolutions of Board of Directors)
Article 27 (Preliminary Election of Substitute Auditor)

Description and reasons for amendment are as follows.

Headquarters for the Company shall be Shinagawa-Ku, Tokyo	<No change >	
<New >	<p><u>Article 4 (Governing Bodies)</u> <u>In addition to shareholders' meeting and directors, following governing bodies shall be established in the Company.</u></p> <p>(1) <u>board of directors</u> (2) <u>statutory auditors</u> (3) <u>board of statutory auditors</u> (4) <u>accounting auditors</u></p>	<ul style="list-style-type: none"> Relative to Development Law which stipulates items to be included in Articles of Incorporation, general provisions relating to governing bodies in the Company is stipulated in Articles of Incorporation.
Article 4 (Method of Public Notice) The Company shall post its public notice on Nihon Keizai Shimbun.	<p><u>Article 5 (Method of Public Notice)</u> The Company shall post its public notice <u>electronically. Provided that due to accidents or other unavoidable reasons, when public notice may not be posted electronically, public notice shall be posted</u> on Nihon Keizai Shimbun.</p>	<ul style="list-style-type: none"> To improve convenience and save cost on public notice fee, the mode of public notice is changed from Nihon Keizai Shimbun to electronic notice. The revision also stipulates measures to be taken when electronic notice cannot be provided.
<u>Chapter 2 Shares and Fractional Shares</u>	Chapter 2 Shares	
<p>Article 5 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be 800,000. <u>Provided that if certain number of shares is retired, the applicable number of shares shall be reduced.</u></p>	<p>Article 6 (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be 800,000.</p>	<ul style="list-style-type: none"> This change is relative to achieving consistency in Japanese terminology with the Corporate Law. No change is made in English terminology. Deletion of the provisory language is relative to the Corporate Law which clarifies that acquisition of corporate shares does not reduce the number of issuable shares.
<New >	<p><u>Article 7 (Issuance of Share Certificates)</u> <u>The Company shall issue certificates for the shares.</u></p>	<ul style="list-style-type: none"> This addition is to stipulate items required to be included in Articles of Incorporation relative to Development Law.

<p>Article <u>6</u> (Share Handling Regulations) <u>The regulations concerning class of shares to be issued, handlings upon transfer of shares, acceptance of notice regarding beneficiary shareholders, registration of lost share certificate, purchase request of fractional shares, and handling of other shares and fractional shares shall be governed by statute, the Articles of Incorporation and the Share Handling Regulations established by board of directors.</u></p>	<p>Article <u>8</u> (Share Handling Regulations) <u>The regulations concerning handling of shares as well as commissions of the Company and exercise of shareholder (including the actual shareholder)'s right shall be governed by statute, the Articles of Incorporation and the Share Handling Regulations established by board of directors.</u></p>	<ul style="list-style-type: none"> • In addition to simplifying the contents, revised Article delegates items regarding execution of shareholder's rights to the Share Handling Regulations.
<p>Article <u>7</u> (Transfer Agent) 1. The Company shall appoint <u>a transfer agent for shares and fractional shares.</u> 2. <u>Transfer agent</u> and its place of business shall be determined through resolution of board of directors and shall be noticed by way of public notice. 3. The Company's shareholders' list, <u>list of beneficiary shareholders, original fractional share list, and list of lost share certificates shall be kept at office of the transfer agent. Clerical work for shares and fractional shares including changes to the title of the shares, acceptance of notice of beneficiary shareholder, register of lost share certificate, handling of request for purchasing fractional shares, etc. shall be conducted by transfer agent and shall not be handled by the Company.</u></p>	<p>Article <u>9</u> (Administrator of Shareholders' List) 1. The Company shall appoint <u>an administrator of shareholders' list.</u> 2. <u>Administrator of shareholders' list</u> and its place of business shall be determined through resolution of board of directors and shall be noticed by way of public notice. 3. <u>The clerical work for Company's shareholders' list, (including list of beneficiary shareholders. Hereinafter, the same shall apply.) stock option register and list of lost share certificates shall be recommissioned to the administrator of shareholders' list and shall not be handled by the Company.</u></p>	<ul style="list-style-type: none"> • This addition is to stipulate items required to be included in the Articles of Incorporation relative to Development Law. • This change is relative to achieving consistency with the Corporate Law. • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>8</u> (Record Date) 1. <u>The company recognizes shareholders (including the actual shareholders named or recorded on actual shareholder list. Hereinafter, the same shall apply.) named or recorded on the shareholder list as the</u></p>	<p style="text-align: center;"><Delete></p>	<ul style="list-style-type: none"> • This article is deleted due to removal to Revised Article 10.

<p><u>shareholders with exercise right in annual shareholders' meeting in applicable fiscal year.</u></p> <p><u>2. In addition to the previous paragraph, when record date is necessary to appoint an entity as a shareholder, a registered pledgee, or fractional shareholder having the exercise right, with the proper notification, record date may be appointed provisionally.</u></p>		
<p>Chapter 3 Shareholders' Meeting</p>	<p>Chapter 3 Shareholders' Meeting</p>	
<p><New></p>	<p><u>Article 10 (Record Date for the Annual Shareholders' Meeting)</u> <u>The Record Date of voting right for Annual Shareholders' Meeting for the Company shall be March 31, every year.</u></p>	<ul style="list-style-type: none"> • This revision is to conform with Article 8 of Articles of Incorporation and to simplify the contents.
<p>Article <u>9</u> (Convocation of a Shareholders' Meeting) Annual Shareholders' Meeting <u>shall be convened within 3 months from day after the end of every fiscal year</u> and Extraordinary Shareholders' Meeting shall be convened as required.</p>	<p>Article <u>11</u> (Convocation of a Shareholders' Meeting) Annual Shareholders' Meeting <u>for the Company shall be convened every June</u> and Extraordinary Shareholders' Meeting shall be convened as required.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>10</u> (Chairperson)</p> <p>President & CEO shall convene the Shareholders' Meeting and shall act as the Chairperson. Provided that in absence or disability of the President & CEO, other directors in the order as <u>determined</u> by board of directors shall take place of the Chairperson.</p>	<p>Article <u>12</u> (Person with Power to Convene a Shareholders' Meeting and Chairperson) President & CEO shall convene the Shareholders' Meeting and shall act as the Chairperson. Provided that in absence or disability of the President & CEO, other directors in the order as <u>pre-determined</u> by board of directors shall take place of the Chairperson.</p>	<ul style="list-style-type: none"> • This revision is to clarify terminologies.
<p>Article <u>11</u> (Requirements for Resolution) 1. Unless otherwise prescribed by statute or by the Articles of Incorporation, resolution of the Shareholders' Meeting shall be adopted by a majority of voting rights held by the shareholders</p>	<p>Article <u>13</u> (Requirements for Resolution) 1. Unless otherwise prescribed by statute or by the Articles of Incorporation, resolution of Shareholders' Meeting shall be adopted by a majority of voting rights held by the shareholders</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.

<p>attending the Shareholders' Meeting.</p> <p>2. With regard to resolution of the Shareholders' Meeting under <u>Commercial Code Article 343</u>, one-third (1/3) or more of <u>all</u> shareholders <u>with</u> voting rights must be present and the resolution is based upon two-thirds of such voting rights.</p>	<p><u>who are attending the Shareholders' Meeting and able to exercise voting rights.</u></p> <p>2. With regard to resolution of the Shareholders Meeting under <u>Corporate Law Article 309-2</u>, one-third (1/3) or more of <u>the</u> shareholders <u>who are able to exercise</u> voting rights must be present and the resolution is based upon two-thirds of such voting rights.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>12</u> (Voting by Proxy) A shareholder may exercise his/her voting right by appointing <u>a</u> shareholder having voting right of the company's shares to act as a proxy. In such instances, the appointing shareholder or the appointed substitute shareholder must submit a proof of proxy to the Company.</p>	<p>Article <u>14</u> (Voting by Proxy) A shareholder may exercise his/her voting right by appointing <u>one (1)</u> shareholder having voting right of the company's shares to act as a proxy. In such instances, the appointing shareholder or appointed substitute shareholder must submit a proof of proxy to the Company.</p>	<ul style="list-style-type: none"> • This change is to clarify that a proxy who may attend the General Meeting of Shareholders is one (1) person.
<p><New></p>	<p><u>Article 15 (Internet Based Disclosure of Reference Information for the Shareholders' Meeting and Deemed Disclosure)</u> <u>In convening a Shareholders' Meeting, the Company may disclose the information related to the items which shall be described or presented in the Reference Material Regarding the Shareholders' Meeting, Business Report, Financial Report, and Consolidated Financial Report by way of using the Internet in accordance with statute. In such instances, the applicable information shall be deemed to be provided to the shareholders.</u></p>	<ul style="list-style-type: none"> • Relative to enabling disclosure of reference materials for the Shareholders' Meeting over the Internet, this Article establishes to realize enhanced information disclosure.
<p><u>Article 13 (Minutes of the Shareholders' Meeting)</u> <u>Summary of items of business and such results of the Shareholders' Meetings shall be transcribed or recorded in minutes of the meeting and the chairperson and directors present shall sign and stamp it or provide digital signatures.</u></p>	<p><Delete></p>	<ul style="list-style-type: none"> • With regard to minutes of the Shareholders' Meeting, this Article is deleted for the purpose of simplification as regulations already exist under Corporate Law.

Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors	
<p>Article <u>14</u> (Number of Directors) The Company's directors shall be three (3) persons or more.</p>	<p>Article <u>16</u> (Number of Directors) <No changes></p>	
<p>Article <u>15</u> (Appointment)</p> <p>1. Directors shall be appointed by the Annual Shareholders' Meeting.</p> <p>2. With regard to <u>preceding appointment</u>, one-third or more of <u>all</u> shareholders <u>with</u> voting rights must be present and the resolution is based upon majority number of such voting rights.</p> <p>3. Appointment of director is not based upon cumulative vote.</p>	<p>Article <u>17</u> (Appointment <u>of Directors</u>)</p> <p>1. <No change></p> <p>2. With regard to <u>resolution of appointment of directors</u>, one-third or more of the shareholders <u>who are able to exercise</u> voting rights must be present and the resolution is based upon majority number of such voting rights.</p> <p>3. <u>Resolution of</u> appointment of director is not based upon cumulative vote.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law. • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>16</u> (Tenure of Office)</p> <p><u>1.</u> The tenure of office for directors shall be until the end of the Annual Shareholders' Meeting for the final fiscal year that terminates within <u>two (2)</u> years after the applicable director's <u>assumption</u> of office.</p> <p><u>2. The tenure of office for directors selected as an alternative or additional member shall be until the end of the term for other directors holding offices.</u></p>	<p>Article <u>18</u> (Tenure of <u>Director's Office</u>)</p> <p>The tenure of office for directors shall be until the end of the Annual Shareholders' Meeting for the final fiscal year that terminates within <u>one (1)</u> year after the applicable director's <u>appointment</u> of office.</p> <p><Delete></p>	<ul style="list-style-type: none"> • In addition to shortening the tenure of Director's office from two (2) years to one (1) year, revision is made to comply with provisions of Corporate Law.
<p>Article <u>17</u> (Representative Director and Directors with Special Titles)</p> <p>1. <u>A few representative directors will be appointed</u> by resolution of board of directors.</p> <p>2. One (1) Chairperson of the Board, one (1) President & CEO and a few Vice President & CEOs, Executive Managing Directors and Managing Directors shall be selectable <u>through resolution of board of directors</u>.</p>	<p>Article <u>19</u> (Representative Director and Directors with Special Titles)</p> <p>1. <u>Board of directors shall select representative director(s) from directors</u> by resolution of board of directors.</p> <p>2. One (1) Chairperson of the Board, one (1) President & CEO and a few Vice President & CEOs, Executive Managing Directors and Managing Directors shall be selectable <u>by board of directors through its resolution</u>.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>18</u> (Board of Directors)</p> <p>1. Unless otherwise prescribed by</p>	<p>Article <u>20</u> (Board of Directors)</p> <p>1. Unless otherwise prescribed by</p>	<ul style="list-style-type: none"> • This change is to comply

<p>statute, President & CEO shall convene a meeting of the board of directors and shall act as the Chairperson. Provided in disability of the President & CEO, other directors in the order <u>determined</u> by the board of directors shall take place of the Chairperson.</p> <p>2. Notice to convene a meeting of the board of directors shall be presented to each and every director and auditor at least within three (3) days in advance of the date of the meeting. Provided that such notice period shall be reduced in case of an emergency.</p> <p>3. The regulations concerning operation, etc. of the board of directors shall be governed by the Board of Directors Regulations established by the board of directors.</p>	<p>statute, President & CEO shall convene a meeting of the board of directors and shall act as the Chairperson. Provided in disability of the President & CEO, other directors in the order <u>pre-determined</u> by the board of directors shall take place of the Chairperson.</p> <p>2. <No change></p> <p>3. The regulations concerning operation, etc. of the board of directors shall be governed by <u>statute and the Articles of Incorporation and the Board of Directors Regulations</u> established by the board of directors.</p>	<p>with terminologies relative to revised Article 12.</p> <ul style="list-style-type: none"> • This change is to comply with terminologies relative to revised Article 8.
<p><New></p>	<p><u>Article 21 (Omission of Resolutions of Board of Directors)</u> <u>When a proposal is made by a director for the purpose of resolution of the board of directors, the Company deems that the board of directors' resolution to the applicable proposal have been reached when every director (limited to directors who are authorized to partake in resolution of the applicable proposal) provides affirmative vote (when an auditor indicates objections, this shall not apply) either in writing or through electronic record with regard to applicable proposal.</u></p>	<ul style="list-style-type: none"> • Written resolution is stipulated to allow for more flexible management of board of directors.
<p>Article <u>19</u> (Compensation for the Directors) Compensation for the directors shall be established <u>by</u> the resolution of the Annual Shareholders' Meeting.</p>	<p>Article <u>22</u> (Compensation, etc. for the Directors) Compensation, <u>etc.</u> for the directors shall be established <u>through</u> the resolution of the Annual Shareholders' Meeting.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>20</u> (Exemption of the Director's Liability)</p>	<p>Article <u>23</u> (Exemption of the Director's Liability)</p>	

<p>The Company may exempt its director (<u>including former director</u>) from his(her) liability <u>for an act mentioned in Commercial Code Article 266 Section 1, Item 5, by resolution of its board of directors</u> to the extent <u>of the amount permitted by Commercial Code Article 266, Sections 12, 17, and 18, if such director has performed his(her) duties in good faith and without gross negligence, and if the Company determines that such exemption is specifically necessary in light of the facts constituting the cause of his(her) liability, the status of the performance of his(her) duties, and other circumstances, . .</u></p>	<p>The Company may exempt its director from his(her) liability to the extent <u>permitted by statute by resolution of its board of directors (refers to resolution based on provisions of Corporate Law Article 426, Section1)</u></p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Chapter 5 Auditors and Board of Statutory Auditors</p>	<p>Chapter 5 Auditors and Board of Statutory Auditors</p>	
<p>Article <u>21</u> (Number of <u>Members</u>) The Company's auditors shall be three (3) persons or more.</p>	<p>Article <u>24</u> (Number of <u>Statutory Auditors</u>) <No change></p>	
<p>Article <u>22</u> (Appointment)</p> <p>1. Auditors shall be appointed by the Annual Shareholders' Meeting. 2. With regard to <u>preceding appointment, one-third or more of all shareholders with voting rights</u> must be present and the resolution is based upon majority number of such voting rights.</p>	<p>Article<u>25</u> (Appointment <u>of Statutory Auditors</u>) 1. <No change> 2. With regard to <u>resolution of appointment of statutory auditors, one-third or more of the shareholders who are able to exercise voting rights</u> must be present and the resolution is based upon majority number of such voting rights.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>23</u> (Tenure of Office)</p> <p>1. The tenure of office for statutory auditors shall be until the end of the Annual Shareholders' Meeting for the final fiscal year that terminates within four (4) years after the applicable statutory auditor's <u>assumption</u> of office. 2. The tenure of office for alternate statutory auditor <u>shall continue until the end of the expected</u></p>	<p>Article <u>26</u> (Tenure of <u>Statutory Auditor Office</u>) 1. The tenure of office for statutory auditors shall be until the end of the Annual Shareholders' Meeting for the final fiscal year that terminates within four (4) years after the applicable statutory auditor's <u>appointment</u> of office. 2. The tenure of office for alternate statutory auditor <u>replacing the auditor who retired prior to the end</u></p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.

tenure of office of the retired statutory auditor.	<u>of the tenure of office shall continue until the end of the tenure of office of the retired statutory auditor.</u>	
<New>	<u>Article 27 (Preliminary Election of Substitute Statutory Auditor)</u> <u>The effective term of resolution regarding the selection of alternate statutory auditor shall be until the commencement of the Annual Shareholders' Meeting for the final fiscal year that arrives less than four (4) years.</u>	<ul style="list-style-type: none"> Relative to Corporate Law, the effective term of resolution regarding the selection of alternate auditors is prolonged.
<p>Article <u>24</u> (Full-time Statutory Auditor, etc.) Auditors shall select a few full time statutory auditors <u>through mutual voting. In addition, statutory auditors may appoint standing statutory auditor(s) from full time statutory auditors.</u></p> <p><New></p>	<p>Article <u>28</u> (Full-time Statutory Auditor, etc.) <u>1. Board of statutory auditors shall select a few full time statutory auditors from statutory auditors by its resolution.</u></p> <p><u>2. Board of statutory auditors shall appoint standing statutory auditor(s) from full time statutory auditors by its resolution.</u></p>	<ul style="list-style-type: none"> This change is relative to achieving consistency with the Corporate Law.
<p>Chapter <u>25</u> (Board of Statutory Auditors) 1. Notice to convene a meeting of the board of statutory auditors shall be presented to each statutory auditor at least within three (3) days in advance of the date of the meeting. Provided that such notice period shall be reduced in case of an emergency. 2. The regulations concerning operation, etc. of the board of statutory auditors shall be governed by the Board of Auditors Regulations established by the board of statutory auditors.</p>	<p>Chapter <u>29</u> (Board of Statutory Auditors) 1. <No change></p> <p>2. The regulations concerning operation, etc. of the board of statutory auditors shall be governed by <u>statute and the Articles of Incorporation in addition to the Board of Auditors Regulations established by the board of statutory auditors.</u></p>	<ul style="list-style-type: none"> This change is to comply with terminologies relative to revised Article 8 and Article 20-3.
<p>Article <u>26</u> (Compensation for the Auditors) Compensation for the statutory auditors shall be established <u>by the resolution of the Annual Shareholders' Meeting.</u></p>	<p>Article <u>30</u> (Compensation, etc.) Compensation, <u>etc.</u> for the statutory auditors shall be established <u>through the resolution of the Annual Shareholders' Meeting.</u></p>	<ul style="list-style-type: none"> This change is relative to achieving consistency with the Corporate Law.

<p>Article <u>27</u> (Exemption of the Statutory Auditor’s Liability) The Company may exempt its statutory auditor (including former auditor) from his (her) liability <u>to the extent of the amount permitted by Commercial Code Article 266, Section12 in place of Commercial Code Article 266, Section18 by applying Commercial Code Article 280, Section 1 by resolution of the board of directors, if such statutory auditor has performed his (her) duty in good faith and without gross negligence.</u></p>	<p>Article <u>31</u> (Exemption of the Statutory Auditor’s Liability) The Company may exempt its statutory auditor from his (her) liability <u>to the extent permitted by statute by resolution of the board of directors (refers to resolution based on provisions of Corporate Law Article 426, Section1)</u></p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
Chapter 6 (Calculation)	Chapter 6 (Calculation)	
<p>Article <u>28</u> (Fiscal Year and Closing Date) Fiscal year for the Company shall be from April 1 to March 31 <u>and the last date of the fiscal year shall be closing date.</u></p>	<p>Article <u>32</u> (Fiscal Year) Fiscal year for the Company shall be <u>for the duration of one (1) year from April 1 to March 31.</u></p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.
<p>Article <u>29</u> (Dividend on <u>Profit</u>) <u>Dividend on profit shall be distributed to shareholders or registered pledgee indicated or recorded on shareholder list as of each closing date or fractional shareholders indicated or recorded on original register for fractional shares as of each closing date.</u></p> <p style="text-align: center;"><New></p>	<p>Article <u>33</u> (Dividend on <u>Surplus</u>) <u>1. Through the resolution of the Annual Shareholders’ Meeting, the Company may provide final dividend to shareholders or pledgee to registered shares indicated or recorded as of March 31 of each year.</u></p> <p><u>2. In addition to the previous Section, through resolution of the board of directors, the Company may provide interim dividend to shareholders or pledgee to registered shares indicated or recorded as of September 30 of each year.</u></p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.

<p><u>Article 30 (Interim Dividend)</u> <u>By resolution of the board of directors, certain amount of money may be distributed to shareholders and registered pledgee indicated or recorded on the shareholder list as of September 30 of each year or fractional shareholders listed on the original register as of the same date in accordance with rules and regulations of Commercial Code Article 293, Section5 (hereinafter "Interim Dividend").</u></p>	<p><Delete></p>	<ul style="list-style-type: none"> • This article is deleted due to removal to Revised Article 33, Section2.
<p>Article <u>31</u> (Statute of Limitation for Dividend, etc.) <u>For Dividend on profit and Interim Dividend</u> that remain uncollected after full three (3) years from the date of commencement of payment, the Company shall be exempted from such payment obligations.</p>	<p>Article <u>34</u> (Statute of Limitation for Dividends) <u>For dividend which resource is money</u> that remain uncollected after full three (3) years from the date of commencement of payment, the Company shall be exempted from such payment obligations.</p>	<ul style="list-style-type: none"> • This change is relative to achieving consistency with the Corporate Law.

<New>	By-laws	
<New>	<u>Article 1</u> <u>Handling of request for purchasing fractional shares and other matters relating to handling of fractional shares and commission shall be governed by statute and Articles of Incorporation in addition to Share Handling Regulations regulated by the board of directors.</u>	<ul style="list-style-type: none"> • Due to elimination of fractional shares system in Corporate Law, this by-laws is established to clarify the rights of fractional shareholders prior to the enactment of Corporate Law.
<New>	<u>Article 2</u> <u>1. The company shall appoint a transfer agent for fractional shares.</u> <u>2. Transfer agent and its place of business shall be determined through resolution of the board of directors and shall be announced by way of public notice.</u> <u>3. The clerical work for fractional share register shall be recommissioned to the transfer agent and shall not be handled by the Company.</u>	
<New>	<u>Article 3</u> <u>By-laws Articles 1 to 3 shall be deleted when fractional shares for the Company cease to exist.</u>	

(2) Second proposal regarding Partial Amendment to the Articles of Incorporation

1. Reasons for Amendment

The total number of shares authorized to be issued by the Company is 800,000 in accordance with Article 6 of Articles of Incorporation. However, as the total number of issued shares has reached 551,900 (69% of total number of shares authorized to be issued), in order to flexibly meet the capital requirements for business expansion, total number of shares authorized to be issued by the Company is revised to 1,100,000.

Above Article number of Articles of Incorporation is based on the assumption that first amendment proposal was approved.

2. Description of Amendment

Description of amendment is as follows.

(Underlined parts indicate amendment)

Articles of Incorporation provided that Proposal No.2 is approved	Proposed amendment
The total number of shares authorized to be issued by the Company shall be <u>800,000</u> .	The total number of shares authorized to be issued by the Company shall be <u>1,100,000</u> .

(3) Third proposal regarding Partial Amendment to the Articles of Incorporation

1. Reasons for Amendment

Corporate Law Article165, Section 2 stipulates that in accordance with the provisions of Articles of Incorporation, a company is allowed to repurchase its shares based upon resolution of the board of directors. Article 7 newly establishes repurchase of the Company's shares for the purpose of allowing the Company to repurchase its own shares through market transactions, etc. to flexibly meet the business and financial conditions as well as other circumstances. Article numbers subsequent to Article 7 is adjusted accordingly.

Above Article numbers of Articles of Incorporation are based on the assumption that first amendment proposal was approved.

2. Description of Amendment

Description of amendment is as follows.

(Underlined parts indicate amendment)

Articles of Incorporation provided that Proposal No.2 is approved	Proposed amendment
<New>	<u>Article 7 (Acquisition of the Company's shares)</u> In accordance with Corporate Law Article165, Section2, the Company may repurchase its own shares through market transactions, etc. based upon resolution of the board of directors.