

(Translation)

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Securities Code: 6460

June 9, 2005

Hajime Satomi
Chairman of the Board and Chief Executive Officer
SEGA SAMMY HOLDINGS INC.
Shiodome Sumitomo Building,
1-9-2 Higashi Shimbashi, Minato-ku, Tokyo

Dear Shareholders:

**Notice of the 1st Ordinary General Meeting of Shareholders
to be held on June 24, 2005**

You are cordially invited to attend the 1st Ordinary General Meeting of Shareholders of SEGA SAMMY HOLDINGS INC. to be held at the Shinagawa Prince Hotel Executive Tower, 10-30, Takanawa 4-chome, Minato-ku, Tokyo, Japan on Friday, June 24, 2005 at 10:00 a.m. for the following purposes:

If you are unable to attend the aforesaid meeting, you are requested to review the reference documents attached hereto, and exercise your voting rights by means of either (A) or (B) mentioned below.

- (A) To indicate on the voting exercise form enclosed herewith your “approval” or “disapproval” of the items of business on the agenda and return to the Company the said form after affixing thereto your seal impression. **(Must be received prior to 17:00 PM US Eastern Standard Time on June 17, 2005)**
- (B) To indicate on the website (<http://www.evotep.jp/>) your “approval” or “disapproval” on the agenda according to the website instructions. **You will be able to exercise your voting right through the Internet up to 24:00 on the day prior to the aforesaid meeting. (Japan Standard Time on Thursday, June 23, 2005)**

Meeting Details

- 1. Date and time: 10:00 a.m. on June 24, 2005 (Fri)
- 2. Place: Main Banquet Hall, 5th floor, Executive Tower
Shinagawa Prince Hotel
10-30, Takanawa 4-chome, Minato-ku, Tokyo
- 3. Agenda of the meeting
 - Matters to be reported:
 - 1. Reporting the business report, consolidated balance sheet, consolidated statement of income, and the reports of Accounting Auditor and board of Corporate Auditors for the 1st fiscal year (from October 1, 2004 to March 31, 2005)
 - 2. Reporting the balance sheet and statement of income of the 1st fiscal year (from October 1, 2004 to March 31, 2005)

Matters to be resolved:

- Item1: To approve the proposed appropriation of retained earnings for the 1st fiscal year
- Item2: To amend certain parts of the Articles of Incorporation
(Please note that the summary of the proposal above is set out in the attached document entitled "Reference Material" from pages through 4 to 6.)
- Item3: To elect seven (7) Directors
- Item4: To elect four (4) Corporate Auditors
- Item5: To elect one (1) Substitute Corporate Auditor
- Item6: To issue stock acquisition rights for the purpose of granting stock options (Please note that the summary of the proposal above is set out in the attached document entitled "Reference Material" from pages through 13 to 19.)

If you decide to attend the meeting, please submit the enclosed voting right exercise form at the reception desk at the meeting location on the day of the meeting. If you decide to exercise your voting right via the internet, please refer to "How to exercise the voting right via the internet" provided herein from pages 20 through 21.

Reference Material for the Exercise of Voting Rights

1. Total number of shareholders' voting rights 1,217,991

2. Reference material regarding the proposals

Item1: To approve the proposed appropriation of retained earnings for the 1st fiscal year

Details of the proposed appropriation of retained earnings are set out in the attached Business Report 2005 (Report and Reference for the 1st Ordinary General Meeting of Shareholders) on page 37. With respect to dividends, the Company proposes distributing an ordinary dividend of 40 yen in appreciation for the support of its shareholders. A further 20 yen will be added to this amount to commemorate the foundation of the Company making the total dividend of 60 yen per share.

The business report, consolidated balance sheet and statement of income, as well as the balance sheet and statement of income, are shown from pages 4 to 36 of the attached Business Report 2005 (Report and Reference for the 1st Ordinary General Meeting of Shareholders).

Item2: To amend certain parts of the Articles of Incorporation

Summary of the proposal and reason for amendment

- (1) To improve the convenience of the shareholders by posting the statutory public notices on the Company's website, following the enforcement of the "Law to Partially Amend the Commercial Code Etc for the Introduction an Electronic Public Notice System" on February 1, 2005, the current provisions of Article 4 (Method of public notice) will be amended. In addition, the notices will be given in *The Nihon Keizai Shimbun* published in Tokyo if an electronic public notice is unavailable for any compelling reason.
- (2) To delete, as at the conclusion of this general meeting of shareholders, those supplementary provisions that were needed for the establishment of the Company.

(The modified parts are indicated by underlining.)

Present Articles of Incorporation	Proposed Amendment
Article 1 ~ (Omitted)	Article 1 ~ (Not amended)
Article 3	Article 3
Article 4 (Method of public notice) Public notices of the Company shall be given in <i>The Nihon Keizai Shimbun</i> published in Tokyo.	Article 4 (Method of public notice) Public notices of the Company shall be given in <u>the form of electronic public notice; provided, however, that they shall be given in <i>The Nihon Keizai Shimbun</i> published in Tokyo for any compelling reason including an accident that makes electronic public notices unavailable.</u>
Article 5 ~ (Omitted)	Article 5 ~ (Not amended)
Article 45	Article 45
<u>Supplementary Provisions</u> <u>(Shares to be issued at the establishment of the Company by a share-for-share exchange)</u> <u>Article 1</u> <u>The Company shall be established by a share-for-share exchange stipulated by Article 364 of the Commercial Code.</u> <u>2. The shares to be issued at the time of the establishment of the Company shall be common stock and the total number of shares to be issued</u>	(Deleted)

Present Articles of Incorporation	Proposed Amendment
<p><u>shall be the sum of the number of shares issued by SAMMY CORPORATION on the day preceding the share-for-share exchange and the number obtained by multiplying the number of shares issued by SEGA CORPORATION on the day preceding the share-for-share exchange by 0.28; provided, however, that any number less than one-hundredth (1/100) of one shall be disregarded.</u></p>	
<p><u>(Initial business year)</u></p>	(Deleted)
<p><u>Article 2</u></p>	
<p><u>Notwithstanding the provision of Article 42 hereof, the initial business year of the Company shall be from the date of establishment of the Company to March 31, 2005.</u></p>	
<p><u>(Initial term of office of Corporate Auditors)</u></p>	(Deleted)
<p><u>Article 3</u></p>	
<p><u>Notwithstanding the provision of Article 35 hereof, the initial term of office of Corporate Auditors shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last closing of accounts within one (1) year of their assumption of office.</u></p>	

Item3:To elect seven (7) Directors

The term of office of all six Directors will expire at the conclusion of this general meeting of shareholders. We are seeking the election of seven Directors.

The nominees for Directors are as described below:

Nominee No.	Name (Date of Birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the Company
1	Hajime Satomi (January 16, 1942)	<p>Mar 1980 President and Representative Director of Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Nov 2003 Chairman of Sammy NetWorks Co., Ltd. (current position)</p> <p>Feb 2004 Chairman and Representative Director of SEGA CORPORATION (current position)</p> <p>June 2004 Chairman and Representative Director of Sammy Corporation (current position)</p> <p>Oct 2004 Chairman and Chief Executive Officer of the Company (current position)</p>	24,284,669 shares
2	Hisao Oguchi (March 5, 1960)	<p>Apr 1984 Joined SEGA ENTERPRISES INC. (now Sega Corporation)</p> <p>June 2000 Corporate Officer of SEGA ENTERPRISES INC. (U.S.A) (now Sega Corporation)</p> <p>June 2002 Senior Corporate Officer of the above</p> <p>Sept 2002 Senior Corporate Officer and Development Director of the above</p> <p>May 2003 CEO and President of SEGA HOLDINGS U.S.A., Inc. (current position)</p> <p>June 2004 President and COO, Representative Director of SEGA CORPORATION (current position)</p> <p>Oct 2004 Vice Chairman of the Board of the Company (current position)</p> <p>Dec 2004 Chairman of SEGA OF AMERICA, INC. (current position)</p> <p>Dec 2004 Chairman of SEGA ENTERPRISES, INC. (U.S.A.) (current position)</p> <p>Dec 2004 Chairman of SEGA EUROPE LTD. (current position)</p>	11,200 shares

Nominee No.	Name (Date of Birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the Company
3	Keishi Nakayama (July 23, 1942)	<p>Sept 1989 Joined Sammy Industry Co., Ltd. (now Sammy Corporation) and Division Manager of the General Affairs Division</p> <p>Apr 1997 Director and General Manager of the President's Office of the above</p> <p>Jan 2000 Managing Director and General Manager of the President's Office of the above</p> <p>June 2000 Managing Director, General Manager of the President's Office and Manager, Group Companies of the above</p> <p>June 2001 Managing Director and Manager of the President's Office of the above</p> <p>Mar 2003 Director of Sammy NetWorks, Co., Ltd.</p> <p>Apr 2003 Managing Director and Manager, Planning Division and General Manager of the President's Office of Sammy Corporation</p> <p>Aug 2003 Managing Director and Manager, Planning Division and President's Office of Sammy Corporation</p> <p>Mar 2004 Senior Managing Director and Manager, President's Office of Sammy Corporation</p> <p>Oct 2004 Senior Managing Director of the Company (current position)</p> <p>Jan 2005 Director of Sega Sammy Asset Management (current position)</p> <p>Apr 2005 Director of Sammy Corporation (current position)</p>	284,550 shares
4	* Toru Katamoto (September 10, 1946)	<p>Mar 1977 Joined Sammy Industry Co., Ltd. (now Sammy Corporation)</p> <p>Mar 1989 General Manager, Material Dept of the above</p> <p>May 1995 Director and General Manager of SP Sales Div of the above</p> <p>Apr 1997 Managing Director and General Manager of SP Sales Div of the above</p> <p>June 1999 Senior Managing Director and General Manager of SP Sales Div of the above</p> <p>June 2002 Senior Managing Director in charge of SP Sales Div and SP Business Mgt Office of Sammy Corporation</p> <p>June 2004 Vice Chairman and Representative Director of Sammy Corporation</p> <p>Sept 2004 Chairman and Representative Director of NISSHO INTER LIFE CO. LTD.</p> <p>Feb 2005 Chairman and President, Representative Director of NISSHO INTER LIFE CO., LTD. (current position)</p> <p>Feb 2005 President and Representative Director of Sammy Corporation (current position)</p>	153,500 shares

Nominee No.	Name (Date of Birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the company
5	Hideki Okamura (Feb 1, 1955)	<p>Apr 1978 Joined Hagishima Shoji</p> <p>July 1984 Joined Cosmopriel</p> <p>Jan 1987 Joined SEGA ENTERPRISES INC. (now Sega Corporation)</p> <p>June 1997 Director and Deputy Division Manager, Consumer Business and General Manager, Saturn Business of the above</p> <p>June 1998 Corporate Officer and General Manager, Saturn Business of the above</p> <p>June 2000 Director in charge of Dreamcast Business of the above</p> <p>June 2002 Vice President and Representative Director of Digicube</p> <p>July 2003 Senior Corporate Officer and Division Manager, Consumer Business of Sega Corporation</p> <p>Oct 2003 Director of SEGA OF AMERICA, INC. (current position)</p> <p>Feb 2004 Director of SEGA EUROPE LTD. (current position)</p> <p>May 2004 Chairman of the Board, SEGA (SHANGHAI) SOFTWARE CO., LTD. (current position)</p> <p>June 2004 Director of SEGA TOYS CO., LTD. (current position)</p> <p>June 2004 Managing Director in charge of Consumer Business of Sega Corporation (current position)</p> <p>June 2004 Director of TMS Entertainment Ltd. (current position)</p> <p>Oct 2004 Director of the Company (current position)</p>	2,996 shares
6	Yasuo Tazoe (June 22, 1945)	<p>Apr 1968 Joined SEGA ENTERPRISES INC. (now Sega Corporation)</p> <p>June 1991 Director and General Manager, West Japan Sales, AM Facility Business Division and Manager, Kansai Branch of the above</p> <p>June 1997 Managing Director and General Manager, Developer Business of the above</p> <p>June 1998 Senior Corporate Officer and Deputy Division Manager, AM Facility and General Manager, Developer Business and General Manager, Amusement Theme Park Business of the above</p> <p>June 2001 Senior Corporate Officer and Division Manager, New Business and Deputy Division Manager, AM Facility Business of the above</p> <p>June 2003 Senior Corporate Officer and Division Manager, Amusement Facility Business of the above</p> <p>Dec 2003 Director of Oasis Park Co., Ltd. (current position)</p> <p>Jan 2004 Chairman of the Board, SEGA AMUSEMENTS TAIWAN LTD. (current position)</p> <p>June 2004 Managing Director in charge of Amusement Facility Business (current position)</p> <p>Oct 2004 Director of the company (current position)</p> <p>Dec 2004 CEO & President, SEGA ENTERTAINMENT U.S.A., Inc. (current position)</p> <p>Dec 2004 Director of SEGA HOLDINGS, U.S.A, Inc (current position)</p>	12 shares

Nominee No.	Name (Date of Birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the company
7	* Keiichiro Hashimoto (Oct 20, 1951)	<p>Apr 1974 Joined Mitsubishi Bank Ltd. (now Bank of Tokyo-Mitsubishi Ltd.)</p> <p>Dec 1998 Manager, Frankfurt Branch of the above</p> <p>June 2001 General Manager, International Operations of the above</p> <p>June 2003 Joined Mitsubishi Motors Corporation as Representative Director, Executive Vice President and CFO</p> <p>Apr 2004 Representative Director, Executive Vice President, CFO and Deputy President of the above</p> <p>July 2004 Special Adviser of the above</p> <p>Apr 2005 Joined the Company as a corporate advisor (current position)</p> <p>Apr 2005 President and Representative Director of Sega Sammy Asset Management (current position)</p>	- shares

(* : new nominees)

- Notes: (1) Director-nominee Hajime Satomi serves as Chairman and Representative Director of Sega Corporation and Sammy Corporation, and as Chairman and Director of Sammy NetWorks Co., Ltd.
- (2) Director-nominee Hisao Oguchi serves as President and COO, Representative Director of SEGA CORPORATION, as CEO and President of SEGA HOLDINGS U.S.A., Inc. and as Chairman of SEGA OF AMERICA, INC., SEGA ENTERPRISES, INC. (U.S.A.) and SEGA EUROPE LTD.
- (3) Director-nominee Keishi Nakayama serves as Director of Sega Sammy Asset Management and Sammy Corporation.
- (4) Director-nominee Toru Katamoto serves as Chairman and President, Representative Director of NISSHO INTER LIFE CO., LTD. and as President and Representative Director of Sammy Corporation.
- (5) Director-nominee Hideki Okamura serves as Managing Director of Sega Corporation, as Chairman of SEGA (SHANGHAI) SOFTWARE CO., LTD., and as Director of SEGA OF AMERICA, INC., SEGA EUROPE LTD., SEGA TOYS LTD. and TMS Entertainment Ltd.
- (6) Director-nominee Yasuo Tazoe serves as Managing Director of Sega Corporation, as Chairman of SEGA AMUSEMENTS TAIWAN LTD., as CEO and President of SEGA ENTERTAINMENT U.S.A., Inc. and as Director of Oasis Park and SEGA HOLDINGS, U.S.A. Inc.
- (7) Director-nominee Keiichiro Hashimoto serves as President and Representative Director of Sega Sammy Asset Management.
- (8) There is no special conflict of interest between the above nominees for Director and the Company.

Item4: To elect four (4) Corporate Auditors

The term of office of all four Corporate Auditors will expire at the conclusion of this general meeting of shareholders. Hence, we are seeking the election of four Auditors. The approval of the Board of Corporate Auditors has been obtained with respect to this proposal.

The nominees for Corporate Auditors are as shown below:

Nominee No.	Name (Date of Birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the company
1	Kazutada Ieda (Nov 8, 1937)	July 1989 Director and Division Manager, Accounting, of SEGA Enterprises INC. (now Sega Corporation) Oct 1994 Director and Division Manager, Administration of the above Apr 1995 Standing Corporate Auditor of SEGA LOGISTICS SERVICES CO., LTD. (current position) June 1997 Standing Corporate Auditor of SEGA ENTERPRISES INC. (now Sega Corporation) Oct 2004 Standing Corporate Auditor of the Company (current position) Jan 2005 Corporate Auditor of SEGA SAMMY ASSET MANAGEMENT	1,434 share
2	Akio Kioi (Aug 5, 1934)	Apr 1960 Registered with The Japan Federation of Bar Associations Apr 1962 Establishment of Naniwa-Kyodo Law Office (current position) Apr 1996 Chairman of The Japan Federation of Bar Associations Apr 1999 Vice President and Representative Director of The Resolution and Collection Corporation Aug 1999 President and Representative Director of the above June 2004 Corporate Auditor of Sammy Corporation (current position) Oct 2004 Corporate Auditor of the Company (current position)	- shares
3	Ryoichi Arai (Feb 13, 1937)	June 1997 Director and Division Manager, Administration of Sammy Corporation June 1999 Standing Corporate Auditor of the above June 2004 Standing Corporate Auditor of Sega Corporation (current position) Oct 2004 Corporate Auditor of the Company (current position)	10,000 shares
4	Toshio Hirakawa (June 24, 1943)	June 1994 Head of Underwriting Division of Marusan Securities June 1996 Managing Director and Head of Underwriting Division of Marusan Securities June 2001 President and Representative Director of Marusan Finance June 2004 Standing Corporate Auditor of Sammy Corporation (current position) Oct 2004 Corporate Auditor of the Company (current position)	300 shares

Notes:

- (1) Of the above nominees for Corporate Auditors, Akio Kioi and Toshio Hirakawa are candidates for the Outside Auditors stipulated in Article 18, Clause 1 of the Law Concerning Special Measures under the Commercial Code with respect to Audit etc. of Corporations (*Kabushiki Kaisha*).
- (2) Of the above nominees for Corporate Auditors, Kazutada Ieda and Ryoichi Arai are candidates for the Outside Auditors stipulated in Article 18, Clause 1 of the Law Concerning Special Measures under the Commercial Code with respect to Audit etc. of Corporations (*Kabushiki Kaisha*), before the revision on May 1, 2005.
- (3) There is no special conflict of interest between the above nominees for Corporate Auditors and the Company.

Item5: To elect one Substitute Corporate Auditor

To provide for a case of vacancy in the Board of Corporate Auditors that results in insufficiency in the number of such auditors as stipulated by law, we ask our shareholders to elect one Substitute Corporate Auditor. We have already obtained the approval of the Board of Auditors with respect to this proposal.

The nominee for the position of Substitute Corporate Auditor is shown below:

Name (Date of birth)	Brief Career Profile and Other Corporate Representations	Shareholding in the company
Mineo Enomoto (Dec 12, 1950)	Apr 1978 Registered with The Japan Federation of Bar Associations May 2000 Establishment of Mineo Enomoto Law Firm (current position) June 2004 Corporate Auditor of Sammy NetWorks Co., Ltd. (current position) June 2004 Corporate Auditor of Sega Corporation (current position)	1,000 shares

Notes:

- (1) The above nominee for a Substitute Corporate Auditor meets the requirements of the Outside Auditors stipulated in Article 18, Clause 1 of the Law Concerning Special Measures under the Commercial Code with respect to Audit etc. of Corporations (*Kabushiki Kaisha*).
- (2) There is no special conflict of interest between the above nominee for Substitute Corporate Auditor and the Company.

Item6: To issue stock acquisition rights for the purpose of granting stock options

Pursuant to Articles 280-20 and 280-21 of the Commercial Code, It is proposed that the Company issue the stock acquisition rights (the “Rights”) with specially favorable conditions to the employees of the Company and its subsidiaries (“Allocated Persons”) other than its shareholders for the purpose of granting stock options as follows:

1. Reason for issue of the Rights with specially favorable conditions to Allocated Persons other than the shareholders

In order to enhance the awareness of their involvement in the business of the Company and its subsidiaries and to give more incentives to contribute toward the improvement of the business performance, the company issues the Rights to the Allocated Person (as defined in 2. (7) below) for the purpose of granting stock options. Since the Rights are issued for granting stock options, no consideration shall be paid for such Rights.

2. Outline of the issue of the Rights

- (1) Person to whom the Rights will be allocated

Employees of the company and its subsidiaries

- (2) Type and number of shares to be acquired upon exercise of the Rights

Not exceeding 1,300,000 shares of common stock of the Company

In the event that the Company splits or consolidates its shares of common stock (“stock split or consolidation”), the number of shares to be issued or transferred upon exercise of the Rights which have not been exercised at the time of such stock split or consolidation shall be adjusted according to the following formula, with fraction less than one share resulting from the adjustment to be discarded.

Number of shares after Adjustment =
Number of shares before adjustment x
Ratio of stock split or consolidation

In addition, in the event the Rights are succeeded due to a merger by absorption, or consolidation with other corporations, of the Company, the Company becomes a parent company of others with 100% ownership through share exchange, the Company splits into a new or existing business or the Company conducts capital reduction and in any other similar event where an adjustment of the number of shares under the Rights shall be required after the date of issue of the Rights, the Company may make an adjustment deemed necessary.

(3) Aggregate number of the Rights to be issued

Not exceeding 13,000 (The number of shares to be issued or transferred upon exercise of each of the Rights shall be 100 shares of common stock; provided, however, that in the event of an adjustment of the number of shares as described in (2) above, the same adjustment shall be made.)

(4) Issue price of the Rights

The Rights are issued without the payment to the Company of any consideration.

(5) Amount to be paid upon exercise of the Rights

The price to be paid in per share upon exercise of each of the Rights ("Exercise Price") shall be determined at 1.05 of average market quotation of the shares of the Company at the end of each trading date during the month that precedes the month, in which the subscription right was granted, with fractional amount of less than one yen resulting from the adjustment to be rounded up to one yen; provided,

however, that if such calculated price is lower than the closing price on the day before the date of issue of the Rights (in case such closing price is not available, the closing price on the most recent, preceding day), the price shall be the closing price on the day before the date of issue of the Rights.

In addition, in the event of stock split or consolidation after the issues of the Rights, the Exercise Price will be adjusted in accordance with the following formula, with fractional amount of less than one yen resulting from the adjustment to be rounded up to one yen; provided, however, that such adjustment shall be made on the day following the date of the stock split or at the time when the stock consolidation comes into effect.

$$\text{Exercise Price after adjustment} = \frac{\text{the Price before adjustment}}{\text{Ratio of stock split or consolidation}} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

In addition to the above, in the event the Rights are succeeded due to a merger by absorption, or consolidation with other corporation, of the Company, the Company becomes a parent company of others with 100% ownership through share exchange, the Company splits into a new or existing business or the Company conducts capital reduction and in any other similar event where an adjustment of the Exercise Price shall be required after the date of issue of the Rights, the Company may make an adjustment deemed necessary.

In the event that the Company issues new shares or transfer treasury shares at

less than the market price (excluding the exercise of stock acquisition rights), the Exercise Price shall be adjusted in accordance with the following formula, with fractional amount of less than one yen resulting from the adjustment to be rounded up to one yen.

$$\begin{array}{r}
 \text{Exercise Price} \\
 \text{after adjustment}
 \end{array}
 =
 \begin{array}{r}
 \text{Exercise Price} \\
 \text{before} \\
 \text{adjustment}
 \end{array}
 \times
 \frac{
 \begin{array}{r}
 \text{Number of} \\
 \text{New shares} \\
 \text{to be issued}
 \end{array}
 \times
 \begin{array}{r}
 \text{Amount to be} \\
 \text{paid per share}
 \end{array}
 }{
 \begin{array}{r}
 \text{Number of shares} \\
 \text{outstanding}
 \end{array}
 +
 \frac{
 \begin{array}{r}
 \text{Market price par share before} \\
 \text{issue of new shares}
 \end{array}
 }{
 \begin{array}{r}
 \text{Number of shares} \\
 \text{outstanding}
 \end{array}
 +
 \begin{array}{r}
 \text{Number of new shares} \\
 \text{to be issued}
 \end{array}
 }$$

Regarding the above formula, the “Number of shares outstanding” shall be the aggregate number of shares issued and outstanding less the aggregate number of shares held by the Company, and in the event that the Company sells its treasury shares, the “Number of new shares to be issued”, “Amount to be paid per share” and “Market price par share before issue of new shares ” shall be replaced by the “Number of treasury shares sold”, “Price per treasury share” and “Market price before the sale of treasury shares ”, respectively.

(6) Exercise period of the Rights

The Allocated Persons may exercise the Rights in the period between July 31, 2006 and July 30, 2009; provided, however, that in case the Company does not operate on

the final day of such period, it shall be the last business day during the period.

(7) Conditions of exercise of the Rights

i) The Allocated Persons may exercise the Rights as long as the “ Allocated Persons ” are Directors, Corporate Auditors, corporate officers, corporate advisors or employees of the Company or its subsidiaries at the time of exercise the Rights, except for cases in which the position was lost due to the law, the Articles of incorporation or company rules of the Company or its subsidiary, or as provided in the items ii) and iii) below.

ii) Notwithstanding the above provisions and when either of the following conditions, a) b) or c), applies, any employee of the Company or its subsidiary who is an Allocated Person may exercise the Right up to the portion unexercised at the time of the loss of the position, even if the Allocated Person loses the position:

a) When the position was lost based on the provisions of the company rules, including retirement due to the attainment of retirement age and discharge for such reason as scale down of business operations, or personnel transfer within the Company or to a subsidiary due to the reason of the Company;

b) When the Allocated Person acquires the position of a director, Corporate Auditor, corporate officer or corporate advisor of the Company or its subsidiary immediately after the loss of the original position; or,

c) When the Allocated Person loses the position due to resignation for a reason of attainment of the term of office or regulatory changes, after acquiring the position as described in b) above.

iii) In the event of death of an employee of the Company or its subsidiary who is an Allocated Persons, his/her heirs may succeed and exercise the Rights up to the portion of the right unexercised at the time of the employee's death.

iv) Other conditions for the exercise the Rights shall be determined by resolution of the meeting of the Board of Directors of the Company to be held after the First Extraordinary General Meeting of Shareholders of the Company, and stipulated in the share acquisition right allocation agreement to be concluded between the Allocated Persons and the Company.

(8) Events and conditions for cancellation of the Rights

i) The Company may cancel the Rights without any consideration when an approval is given on an agreement of merger under which the Company becomes an expired corporation or when the general meeting of shareholders approves a proposal for authorization of a share exchange agreement or share transfer under which the Company becomes a wholly-owned subsidiary.

ii) The Company may cancel without any consideration the whole of the share acquisition right allocated to an Allocated Persons when the Person loses the position described in (7) - i) above for reasons other than the above (7)-ii) or iii). Procedures for such cancellation may be carried out all at once after the expiration of the exercise period of the Rights.

iii) In addition to the above, the Company may, at any time, cancel without any

consideration the Rights issued as stock options.

(9) Restriction on transfer of the Rights

The transfer of the Rights shall be approved by the Board of Directors of the Company.

Procedure to exercise your voting right through the internet

If you wish to exercise your voting rights through the internet, please read the following and accept these conditions beforehand.

1. About the voting right exercise site

- (1) Your voting right may be exercised only by accessing the voting right exercise site designated by the Company (<http://www.evotep.jp/>) from a PC or mobile phone (i-mode, EZweb or Vodafone live!). (“i-mode”, “EZweb” and “Vodafone live!” are trademarks or registered trademarks of NTT DoCoMo, KDDI and Vodafone Group Plc, respectively.)
- (2) You may not be able to exercise the right in the voting right exercise site depending on the particular situation of your internet connection, including the use of Firewall, anti-virus software, and/or proxy server.
- (3) You need to have access to either i-mode, EZ web or Vodafone live! service when exercising your voting right via mobile phone. Even when such service is available, it is only accessible from a mobile handset capable of communicating encrypted data (i.e. SSL) for security purposes and sending mobile phone data.
- (4) You will be able to exercise your voting right through the Internet up to 24:00 on the day prior to the aforesaid meeting. (Japan Standard Time on Thursday, June 23, 2005) However, we should be grateful if you would exercise your voting right as early as possible. For inquiry concerning the exercise of the voting right through the internet, please contact the helpdesk described below.

2. Exercising the voting right on the internet

- (1) In the voting right exercise site described above, use the “voting right exercise code” and “tentative password” printed on the enclosed voting right exercise form and follow the instruction on screen to enter “approval” or “disapproval”.
- (2) In order to prevent unauthorized access by a person other than the shareholders (“spoofing”) and falsification of entries, you will be kindly requested to change the “tentative password” or obtain an individual electronic certificate (or transmit your mobile phone data).

- (3) The “voting right exercise code” is issued separately for each invitation to the general meeting of shareholders. However, for those shareholders who have agreed to receive the invitation via email, the personal password will be valid unless it is changed by the shareholder so that it is advised to carefully manage the password.

3. Handling of the voting right that is exercised several times

- (1) When any shareholder exercises the voting right both by mail and through the internet at the same time, the entries on the internet will be valid.
- (2) It is possible to exercise (try again) the voting right several times in the voting right exercise site, in which case the latest entries will be considered valid. Please note that the same will be deemed as valid in case of exercising the voting right from both a PC and mobile phone.

4. Cost of accessing the voting right exercise site

- (1) Cost of accessing the voting right exercise site (e.g. dial-up connection fees and telephone charges) shall be paid by the shareholders. Please note that the cost of using the mobile phone including packet charges shall also be paid by the shareholders.

5. How to receive the invitation

If you wish, you may receive the invitation of the General Meeting of Shareholders by e-mail, starting with the next General Meeting of Shareholders. To apply for this service, please follow the procedure on the voting website. (Please note that the registration cannot be completed from a mobile phone and that mobile phone mail addresses are not accepted.)

For inquiry concerning the exercise of the voting right via the internet:

[Internet Voting Right Exercise Helpdesk]

Transfer Agent: Transfer Agent Department, UFJ Trust Bank

Direct line: 0120-173-027 (Domestic “Japan” call only) (Weekdays 9:00-21:00)

*** Please note that the above contact is not for inquiries concerning the shares of stock.**

Access to the Meeting Site

Main Banquet Hall, 5th Floor, Executive Tower
Shinagawa Prince Hotel
10-3, Takanawa 4-chome, Minato-ku, Tokyo
Telephone +81-3-3440-1111
<http://www.princehotels.co.jp/shinagawa>

2 minutes walk from Takanawa Exit, Shinagawa Station (Shinkasen, JR, Keihin Kyuko)