

Notice of Reduction in Capital Surplus and Retained Earnings

Meitec Corporation, at a meeting of its Board of Directors held on May 10, 2007, decided to submit to shareholders the following proposal for reduction in capital surplus and retained earnings during the 34th Annual General Meeting of Shareholders planned for June 21, 2007.

1. Objective and Method of Reduction in Capital Surplus and Retained Earnings

(1) Objective and Method of Reduction for Capital Surplus

In order to secure financial resources for retirement of stock, and in accordance with Article 448, Paragraph 1 of the Corporation Law, the Company will reduce its capital surplus, and allocate the amount to "Other Capital Surplus."

(2) Objective and Method of Reduction for Retained Earnings

In order to secure financial resources for payment of dividends, and in accordance with Article 448, Paragraph 1 of the Corporation Law, the Company will reduce its retained earnings, and allocate the amount to "Other Retained Earnings."

2. Amount of Reduction in Capital Surplus and Retained Earnings

| Unit: Yen | At March 31, 2007 | Amount of Reduction | Reference: Amount after Implementation |
|------------------------------|-------------------|---------------------|---|
| Capital surplus | 15,480,579,943 | -11,270,579,943 | 4,210,000,000 |
| Retained earnings | 4,202,596,551 | -4,202,596,551 | 0 |
| Reference: Capitalization | 16,825,881,911 | | |

Note: The "Amount of reduction in Capital Surplus" and "Amount of addition to Other Capital Surplus" is the same. Similarly, the "Amount of reduction in Retained Earnings" and "Amount of addition to Other Retained Earnings" is the same. Consequently, there will be no change in the total amount of Shareholders' Equity.

3. Date for Reduction in Capital Surplus and Retained Earnings

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|---|-------------------------|
| Meeting of Board of Directors | May 10, 2007 (today) |
| Resolution at General Meeting of Shareholders | June 21, 2007 (planned) |
| Date of invitation for objections from creditors | June 22, 2007 (planned) |
| Date reduction in capital surplus becomes effective | July 31, 2007 (planned) |

Note: The above is conditional upon approval at the 34th Annual General Meeting of Shareholders scheduled to be held on June 21, 2007.