Company name:	Ube Industries, Ltd.
Representative:	Hiroaki Tamura President and Representative Director
Shares listed on:	First Section of Tokyo Stock Exchange, Fukuoka Stock Exchange
Security code number:	4208
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Ube Industries Announces Elimination of Retirement Bonus System and Introduction of Stock-Linked Compensation Plan

TOKYO, May 11, 2006 — Ube Industries, Ltd. today announced that it will eliminate its retirement bonus system in a revision of the company's system of compensation for its officers. The aim of this move is to fulfill the company's duty of accountability to shareholders and further increase transparency, while also structuring compensation so that officers have a stake in the value of Ube Industries shares along with the company's shareholders.

Ube Industries has already transferred an amount that corresponds to half of the retirement bonus into the performance-linked monthly remuneration for directors, excluding the external directors. In addition, the company will allocate the remainder to share warrant (rights to subscribe to new shares with the amount to be paid per share granted as a result of the exercise of the stock options [the exercise price] of ¥1).

The objective is to raise the motivation and morale of directors with regard to increases in the share price and improvements in financial results as a result of the stronger link between compensation and the share price and the sharing of the benefits and risks of changes in the share price with the Company's shareholders. With the enforcement of Japan's new Company Law (Law No. 86 of 2005), share warrants allocated to directors as stock options have been positioned within permissible director compensation methods.

Thus, Ube Industries announced today that the meeting of the board of directors held today resolved to propose the Decision on the Amount and Details of a Stock-Linked Compensation Plan for Directors at the ordinary general meeting of shareholders to be held on June 29.

1. Elimination of Retirement Bonus System

(1) As of June 30, 2006, Ube Industries will eliminate its retirement bonus system, which has a strong long service element.

(2) The company plans to make a discontinuance payment of the retirement bonus for serving directors and auditors, and it will make this payment when the relevant officers retire after gaining the approval of the ordinary general meeting of shareholders scheduled to be held on June 29. Notwithstanding, in the case of directors, the company will make the payment after the retirement of either directors or executive officers.

2. Amount and Details of Stock Option Compensation for Directors, Excluding External Directors

(1) The annual sum of the compensation relating to the share warrants allocated to directors as stock options will be less than ¥100 million.

(2) Details of the share warrants allocated to directors as stock options

a. *Total number of share warrants and class and number of shares to be issued*
The number of shares for each share warrant (hereinafter the "number of shares granted") shall be 1000, and up to 180 share warrants may be issued within one year from the date of the ordinary general meeting of shareholders each fiscal year.
The class of shares to be issued shall be the company's common stock, and up to 180,000 shares of the company's common stock may be issued within one year of the date of the ordinary general meeting of shareholders each fiscal year.
In the event that it is appropriate to adjust the number of shares because the company conducts a stock split (includes a distribution of common stock free of charge) or reverse stock split, the company will make the adjustment as it deems necessary.

b. *Amount invested on exercise of share warrant*
The amount invested on the exercise of each share warrant shall be the exercise price of ¥1 multiplied by the number of shares granted.

c. *Exercise period for share warrant*
The exercise period shall be within 25 years from the day when the share warrants are allocated.

d. *Restrictions of transfer of share warrant*
Approval by resolution of the company's board of directors is required for the transfer of share warrant.

e. *Conditions for the exercise of share warrant*
Within the period in c. above, holders of a share warrant shall, in principle, only be able to exercise the share warrant for eight years from the day after the date of losing the position of director or executive officer of the company. Other conditions for the exercise of share warrant shall be specified at the board of directors meeting which determines the offering details for the share warrants.

3. In order to ensure their independence, the company will not allocate the stock-linked compensation plan to external directors and auditors, but will include an amount equivalent to the retirement bonus in their monthly remuneration.

4. The company intends to treat executive officers in the same manner as directors, excluding external directors.