



May 8, 2008

To whom it may concern:

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**Introduction of Countermeasures to Large-Scale Acquisitions of  
Minebea Shares (Takeover Defense Measures)**

Minebea Co., Ltd. (the “Company”) announces that at its board of directors meeting held on May 8, 2008, the Company’s board of directors determined a basic policy regarding persons who control decisions on the Company’s financial and business policies (as provided in the main text of Article 127 of the Enforcement Regulations of the Corporation Law; the “Basic Policy”) and resolved to introduce its plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) (Article 127, Item (ii)(b) of the Enforcement Regulations of the Corporation Law, the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed as inappropriate under the Basic Policy.

Major shareholders of the Company as of March 31, 2008 are listed in Attachment 1 entitled “Major Shareholders of the Company”. The Company has not received any notice or proposal of a large-scale acquisition of shares in the Company to date from a specific third party.

**I. Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies**

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Group's corporate value and who will make it possible to continually and persistently ensure and enhance the Group's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Group and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including without limitation those with a purpose that would obviously harm corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares, those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

In order for the Group to ensure and enhance the corporate value and, in turn, the common interests of its shareholders, it is necessary for the Group to efficiently and continuously implement measures in the mid- to long-term, such as developing new products, cultivating new markets, and revolutionizing production technology, based on the Group's original vertically integrated manufacturing system. These measures will drive to be a company that leads the competition through manufacturing and technological excellence based on advanced ultra-precision machining technology and mass production techniques for mechatronic products that are the source of the Group's corporate value.

Unless the acquirer in a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value and the characteristics that are indispensable to enhance the corporate value of the Group, as well as the details of the financial and business

affairs of the Company, and will ensure and realize these elements over the medium-to-long-term, the corporate value of the Group and the common interests of its shareholders would be harmed.

Therefore, the Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Group and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures for the purpose of deterring acquisitions that are detrimental to the corporate value of the Group and, in turn, the common interests of its shareholders.

## **II. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy**

### **1. The Source of the Group's Corporate Value**

The source of the Group's corporate value is found in both advanced ultra-precision machining technology and mass production technology for mechatronic products, and the combination of the various businesses that are organically united through these technologies as described below.

The Company was founded in Itabashi ward, Tokyo in 1951 as Japan's first specialized manufacturer of miniature ball bearings, steadily developing business until the headquarters was transferred in 1965 to Karuizawa Plant, located in Miyota-machi, Kitasaku-gun, Nagano. This Plant is the mother factory of the Group, which was the base at that time for product design and development, and technological developments in manufacturing.

After the headquarters was transferred, efforts were made by many manufacturers to coordinate operations overseas. The Company proceeded with a strategy of overseas expansion with the acquisition of a factory in the U.S. in 1971, the establishment of a mass production base in Singapore in 1973, advancement into Thailand in 1982 and finally expansion into China in 1994. In particular, regarding the commencement of mass production in Singapore, the Company advanced its overseas developments, being forced to act on its own to improve infrastructure at its factories, and to develop and manufacture machinery and equipment to efficiently and continuously produce manufactured goods. The arrangement and maintenance of machinery and equipment efficiently contributed to the

production activities within the factories, to produce jigs, tools and dies, and to educate local employees. When the Company pressed forward into Thailand and China, it used the experience gained in Singapore as a base for transferring the techniques and structures to make its products to the plants in both countries, attempting to further level up those structures.

Through this sequence of efforts, the Group's original vertical integration manufacturing system, which covers the manufacturing process from the design and development of manufactured goods to the manufacturing and maintenance of dies and manufacturing and assembly machinery and equipment as well as in-house production and assembly of components completed within the Company, was born. This vertical integration manufacturing system is currently established as the organic connection between the mother factory in Japan and the manufacturing and development base in each country, and provides a system where products can be manufactured at each of the production factories with the same high level of quality and that allows constant supplies to the world market. The Group's vertical integration manufacturing system is the basis for the Group's ultra-precision machining technology that dominates other companies and for its advanced mass production techniques that have expanded globally. These technologies have led to the accumulation of over half a century's worth of know-how and a broad range of foundational techniques that are the cornerstone of the Group's impressive manufacturing and development ability, to be taken on by each employee individually, and are the source of the Group's current corporate value.

Furthermore, from the amalgamation of a great variety of fundamental and manufacturing technologies within the Group, the Group is able to bring forth derived products and new products by amalgamating several technologies. The Group manufactures machined components which include ball bearings, rod-end and spherical bearings for aircraft and pivot assemblies for HDDs, rotary components that are mainly composed of ball bearings, optical products such as lighting devices for LCDs and backlight inverters, and other electronic components such as measuring components and keyboards, and is now also able to advance a variety of derived products and new products by combining these machined components with electronic components. New products arise through such amalgamation of technologies and products, resulting in new markets for the Company. Revolutionizing product technology through this amalgamation of technologies and products is allowing for advances in the competitiveness of the Group, and the results of developing new products, cultivating new markets and revolutionizing production technology are linked to extension of the Group's performance, and believed to allow the Group to persist in improving the corporate value.

It is extremely important for us to understand the source of the Group's corporate value that lies in its great variety of technologies, products and know-how that is inherited through the employees, as well as. to comprehensively and continually make the most of those matters in the mid- to long-term, without pointlessly dividing the organic unification of these businesses, in order to enhance the Group's corporate value and, in turn, the common interests of its shareholders.

## **2. Measures to Enhance the Corporate Value**

The Group has adopted the following five principles as its basic policy for management:

- (i) a company for which employees feel proud to work;
- (ii) a company that is trusted by customers;
- (ii) delivering on shareholders' expectations
- (iv) a company that is welcomed by the community; and
- (v) contributing to the international society.

Under this basic management policy, the Group's business objective is to fulfill its social responsibilities to the various stakeholders, such as shareholders, business partners, local communities, the international society and employees, and maximize its corporate value.

The Group formulated a medium-term business plan (released on May 8, 2007) for the fiscal year ending March 31, 2008 through the fiscal year ending March 31, 2010 under which fiscal 2008 was to be the year for a major surge forward to expand the business and increase profits, fiscal 2009 will be a year for significant progression in creating wealth and developing technology, and fiscal 2010 will be the year for a dramatic leap forward with further expansion and maximized profits. The plan shows that the Group is aiming for net sales of 370 billion yen and an operating income of 38 billion yen in fiscal 2010, and the Company is exerting all of its energy to achieve these marks. The Company also aims to bring net sales to 500 billion yen and raise the operating margin over 10% in fiscal 2012, two years after the completion of the medium-term business plan.

## **3. Strengthening of Corporate Governance**

To position the enhancement of corporate governance as its key management issue, to ensure the soundness of company management, and to strengthen the corporate governance practices, the Company promotes the establishment, maintenance and development of its internal control system.

(i) Maintenance of an Organ for Making Decisions regarding Company Management and Executing Operations

In response to the need for highly strategic business judgments and timely action, the Company changed the board of directors to a ten member system in June 2003. At the same time, by introducing an executive officer system, the Company has delegated significant authority that was originally held by the board of directors to the executive officers, and made the role of management clear and supervision functions from execution functions. Moreover, with the aim of obtaining advice on all aspects of corporate management and strengthening the board of director's supervisory function in the organization of executing operations, the Company has included two external board members in the ten directors that make up the board of directors.

Furthermore, regarding the board of auditors, in order to strengthen and enhance its auditing functions further, the Company has changed the board to a system of five members (including three external auditors) in June 2006. In addition to holding the board of auditors' meetings and attending the board of directors' meetings and other important meetings, the auditors, in conjunction with the independent auditors and the internal audit department, audit domestic offices, subsidiaries, and overseas subsidiaries, to audit the activities of directors.

(ii) Enhancement of Internal Control System

The Company uses its efforts to comprehensively enhance and reinforce the compliance system, information storage and management system, risk management system, system for efficient performance of duties, group company control system and auditing system, based on the "Basic Policy for Internal Control System." resolved at a Board of Directors meeting. In addition, in order to organically and efficiently connect smooth establishment of and response to internal control system for providing financial reports set out in Japan's Financial Instruments and Exchange Law with response to the internal control system provided by the Corporation Law, the Company on April 1, 2008 newly organized the administration headquarters of internal audit, which consists of two offices: the internal control promotion department and the internal audit department, which are both independent from the business execution units of the Company.

The Company will continue to promote and implement the abovementioned measures with the aim of strengthening corporate governance, whilst striving to ensure and enhance the Group's corporate value and, in turn, the common interests of its shareholders.

### **III. Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed as Inappropriate Under the Basic Policy**

#### **1. Purpose of the Plan**

The Company will adopt the Plan for the purpose of ensuring and enhancing the corporate value of the Group and the common interests of its shareholders in accordance with the Basic Policy set out in Section I above.

The Company's board of director, as set out in the Basic Policy, believes that persons who would propose a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Group or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. In order to prevent decisions on the Company's financial and business policies from being controlled by persons viewed as inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Group and the common interests of its shareholders, the Company's board of directors has decided that, on the occasion that it receives a large-scale acquisition proposal for the shares in the Company from an acquirer, it is necessary and essential to introduce a mechanism that enables the Company's board of directors to present an alternative proposal to the shareholders, ensures necessary time and information for the shareholders to decide whether or not to accept such proposal, and enables the board of directors to negotiate for the benefit of the shareholders.

Therefore, the Company's board of directors has decided to introduce the Plan as a transitional measure, before confirming at the Company's 62nd ordinary general shareholders meeting to be held on June 27, 2008 (the "Shareholders Meeting") whether the shareholders approve the renewal of the Plan. Five of the Company's statutory auditors including three outside statutory auditors were in attendance at the meeting of the Company's board of directors to resolve the details of the Plan, and the introduction of the Plan was unanimously approved.

#### **2. Plan Details**

##### **2.1 Plan Outline**

###### **(a) Purpose**

The purpose of the Plan is to ensure and enhance the corporate value of the Group and the common interests of its shareholders by deterring acquisitions that are detrimental to the corporate value of the Group and the common interests of its shareholders by ensuring that all shareholders have the necessary and adequate information and time to make appropriate decisions in the case of large-scale acquisitions of the shares in the Company, and by securing the opportunity to negotiate with the acquirer or through similar actions.

(b) Establishment of Procedures

The Plan sets out procedures necessary to achieve the purpose stated in (a) above, including requirements for acquirers to provide information in advance in the case that an acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other securities. If the procedures for the Plan are commenced, the acquirer must not be engaged in an acquisition until and unless the Company's board of directors passes a resolution not to trigger the Plan (for further details, see section 2.2, 'Procedures for Triggering the Plan' below).

(c) Triggering of the Plan by Gratis Allotment of Stock Acquisition Rights

In the event that an acquirer implements an acquisition of the Company's share certificates or other securities without following the procedures set out in the Plan, or threatens to cause obvious harm to the corporate value of the Group and the common interests of its shareholders (see section 2.3 below, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' for details of these requirements), the Company will allot stock acquisition rights with (a) an exercise condition that does not allow the acquirer etc. to exercise the rights and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for the Company's shares and others from persons other than the acquirer etc. (see section 2.4 below, 'Outline of the Gratis Allotment of Stock Acquisition Rights,' for the outline of these stock acquisition rights; the "Stock Acquisition Rights"), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time.

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the acquirer received shares in the Company as a result of those shareholders exercising, or the Company acquiring, those Stock Acquisition Rights, the ratio of voting rights in the Company held by the acquirer may be diluted by a maximum of 50%.

(d) Use of the Independent Committee to eliminate arbitrary decisions by directors

In order to eliminate directors' arbitrary decisions relating to the implementation or



non-implementation of the gratis allotment of Stock Acquisition Rights, or the acquisition of the Stock Acquisition Rights, the Plan is monitored by an independent committee (see Attachment 2 for a summary), which comprises independent members from the Company's management, including an outside director of the Company, an outside corporate auditor of the Company and an outside expert (e.g. a company owner with significant past achievements, a person retired from government office, a specialist in the investment banking business, a lawyer, a certified public accountant, or an academic faculty member). The Company also discloses information about the Plan to shareholders to ensure transparency.

The initial Independent Committee will be composed of a candidate for outside director, an outside corporate auditor and an outside expert, who are highly independent from the management of the Company; the names and career summaries of the members are described in Attachment 3 (see Attachment 2 for the standards for appointing members, requirements for resolution and resolution matters of the Independent Committee after the introduction of the Plan).

## 2.2 Procedures for Triggering the Plan

### (a) Targeted Acquisitions

The Plan will be applied in cases where any action that falls under (i) or (ii) below, any similar action, or a proposal<sup>1</sup> for such action (except for those separately approved by the Company's board of directors; the "Acquisition") takes place. The party effecting the Acquisition (the "Acquirer") shall follow the procedures set out beforehand in the Plan.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)<sup>2</sup> of a holder (*hoyuusha*)<sup>3</sup> amounting to 20% or more of the share certificates, etc. (*kabuken tou*)<sup>4</sup> issued by the Company; or
- (ii) A tender offer (*koukai kaitsuke*)<sup>5</sup> that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>6</sup> of share certificates, etc. (*kabuken*

<sup>1</sup> "Proposal" includes solicitation of a third party.

<sup>2</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

<sup>3</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the board of directors of the Company). The same is applied throughout this document.

<sup>4</sup> Defined in Article 27-23(1) of the Financial Instruments and Exchange Law. Unless otherwise provided for in this document, the same is applied throughout this document.

<sup>5</sup> Defined in Article 27-2(6) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

<sup>6</sup> Defined in Article 27-2(8) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

*tou*)<sup>7</sup> of the party conducting the tender offer and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)<sup>8</sup> after the tender offer totaling at least 20% of the share certificates, etc. issued by the Company.

(b) Request to the Acquirer for the Provision of Information

The Company will require any Acquirer conducting an Acquisition described above at 3.2(a) to submit to the Company in a form prescribed by the Company in Japanese, before effecting the Acquisition, necessary information for examination of the Company as described in each item of the list below (the “Essential Information”) and an undertaking that the Acquirer will, upon the Acquisition, comply with the procedures established under the Plan (the “Acquisition Statement”). The Company will send the Acquirer the form for the Acquisition Statement within 10 business days upon contact.

If the Company’s board of directors receives an Acquisition Statement, it will promptly provide the Acquisition Statement to the Independent Committee. In case the Independent Committee deems the content of the Acquisition Statement inadequate to the Essential Information, it may fix a deadline for response, and request, either directly or indirectly, that the Acquirer provide additional information. In such case, the Acquirer should provide additional information to both the Company’s board of directors and the Independent Committee within the relevant time limit.

- (i) Details (specifically including name, capital structure, financial position, operating results (including any specific details of violation of laws and regulations), other accounting conditions, terms of previous transactions by the Acquirer similar to the Acquisition and the effect on the corporate value of the target company subsequent to the transaction) of the Acquirer and its group (including joint holders<sup>9</sup>, persons having a special relationship and, in the case of funds, each partner and other members).
- (ii) The purpose, method and terms of the Acquisition (including the price and type of

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<sup>7</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Law.

<sup>8</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the board of directors of the Company); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

<sup>9</sup> “Joint holders” are as defined in Article 27-23(5) of the Financial Instruments and Exchange Law, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Company’s board of directors.). The same is applied throughout this document.

the consideration for the Acquisition, the timeframe of the Acquisition, the structure of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be effected).

- (iii) The basis for the calculation of the purchase price of the Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition including the details of such synergies to be shared with minority shareholders, and the basis for the calculation of such synergies).
- (iv) The time of acquisition, number of shares to be acquired, price of acquisition, method of acquisition and other matters relating to any previous acquisition of the shares in the Company by the Acquirer, and the time of transfer, number of shares to be transferred, price of transfer, method of transfer and other matters of the previous transfer of the shares in the Company by the Acquirer.
- (v) Financial support for the Acquisition (specifically including the name of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions).
- (vi) Agreements concerning share certificates, etc. of the Company between the Acquirer and a third party (including execution date, counterparties and detailed terms thereof).
- (vii) Post-Acquisition management policy, business plan, capital and dividend policies for the Group.
- (viii) Post-Acquisition policies for the Company's shareholders, the Group's employees, business partners, customers, and any other stakeholders in the Company.
- (ix) Specific measures to avoid any conflict of interest with other shareholders in the Company (in case any conflict arises.).
- (x) Any other information that the Independent Committee reasonably considers necessary.

If the Independent Committee recognizes that an Acquirer has initiated an Acquisition without complying with the procedures set out in the Plan, as a general rule, it will recommend the Company's board of directors implement a gratis allotment of Stock Acquisition Rights in accordance with 2.2(d)(i) below, except in particular circumstances where it should continue with its request for the submission of an Acquisition Statement and the Essential Information, and discussions and negotiations with the Acquirer.

(c) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Company's Board of Directors for the Provision of Information

If the Acquirer submits the Acquisition Statement and any additional information that the Independent Committee may request, the Independent Committee may set a reply period (up to sixty days as a general rule) and request that the Company's board of directors present an opinion (including an opinion to reserve giving such an opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

If the Independent Committee determines that the information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the Independent Committee requests the Company's board of directors provide information as set out (i) above), the Independent Committee should conduct its consideration of the Acquisition terms, collection of information on the materials such as the business plans of the Acquirer and the Company's board of directors and comparison thereof, and consideration of any alternative plan presented by the Company's board of directors and the like for a period of time that does not, as a general rule, exceed sixty days after the date upon which the Independent Committee receives the information and materials (provided, however, that in the case described below at 2.2(d)(iii), the Independent Committee may extend or re-extend this period up to thirty days in total (the "Independent Committee Consideration Period")). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Group and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders and the like the alternative proposal presented by the Company's board of directors, or conduct any similar action.

In order to ensure that the Independent Committee's decision contributes to the Group's corporate value and the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(iii) Disclosure of Information

While observing the principle of timely disclosure, the Company will disclose the fact that an Acquirer has emerged, the fact that it has received an Acquisition Statement from the Acquirer, the fact that the Company's board of directors presented an alternative proposal to the Independent Committee, and any matters considered appropriate by the Independent Committee out of the Essential Information or other information.

(d) Recommendation by the Independent Committee

If an Acquirer emerges, the Independent Committee will make recommendations to the Company's board of directors regarding the matters listed in (i) through (iii) below. If the Independent Committee makes recommendations or otherwise as listed in (i) through (iii) below to the Company's board of directors, or otherwise believes it to be appropriate, the Company will promptly disclose an outline of its recommendations and any other matters that the Independent Committee considers appropriate (in the case of extending the Independent Committee Consideration Period, including the period of and reason for such extension).

(i) Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition by the Acquirer meets any of the requirements set out below at 3.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights' and that the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Independent Committee Consideration Period has commenced or ended.

However, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events (A) or (B) below applies, it may make a new recommendation (i) that (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) that (from the business day immediately prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the Exercise Period Commencement Date (defined at (f) of 2.4, 'Outline of the Gratis Allotment of Stock Acquisition Rights' below)) the Company should acquire the Stock Acquisition Rights without consideration.

- (A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

- (B) There is a change in the facts or otherwise upon which the recommendation decision was made, and the Acquisition by the Acquirer does not meet any of the requirements set out below in 3.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or it is not reasonable to implement the gratis allotment or allow shareholders to exercise the Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the requirements under 3.3 below.

(ii) Recommendations for the Non-Triggering of the Plan

If as a result of its consideration of the terms of the Acquirer's Acquisition and discussion, negotiation or the like with the Acquirer, the Independent Committee determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at 3.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Acquisition by the Acquirer does meet one of the requirements set out in 3.3 below, the Independent Committee will recommend to the Company's board of directors that the gratis allotment of Stock Acquisition Rights not be implemented, regardless of whether the Independent Committee Consideration Period has ended.

However, even after the Independent Committee has already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts or otherwise upon which the recommendation was made, the Acquirer's Acquisition meets any of the requirements set out below at 2.3 'Requirements for the Gratis Allotment of Stock Acquisition Rights' and the Independent Committee determines that it is reasonable to implement the gratis allotment of Stock Acquisition Rights, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiry of the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, negotiation with the Acquirer and consideration of an alternative proposal, pass a resolution to extend the Independent Committee Consideration Period up to thirty days (and the Independent Committee may extend the Independent Committee Consideration Period more than once by its resolution for no more than thirty days in total).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will continue to collect information, deliberate and perform like activities, and make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(e) Resolutions of the Board of Directors

The Company's board of directors, in exercising their role under the Corporation Law, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting to the maximum extent any recommendation of the Independent Committee described above. The Acquirer, its joint holders and persons having a special relationship shall not effect an Acquisition until and unless the Company's board of directors passes a resolution not to trigger the Plan.

After the Company's board of directors passes the resolution described above, it will promptly disclose an outline of the resolution, and any other matter that the Company's board of directors considers appropriate.

## 2.3 Requirements for the Gratis Allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's board of directors as described above at (e) of 3.2, 'Procedures for Triggering the Plan,' if it is believed that an Acquisition by an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Company's board of directors will make a determination without fail as to whether an Acquisition by an Acquirer falls under a requirement below and if it is reasonable to implement the gratis allotment of Stock Acquisition Rights through the determination by the Independent Committee in accordance with (d) of section 3.2 above, 'Procedures for Triggering the Plan.'

- (a) An Acquisition not in compliance with the procedures prescribed in the Plan.
- (b) An Acquisition that threatens to cause obvious harm to the corporate value of the Group and the common interests of its shareholders through actions including any of the following:
  - (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company's affiliates at an inflated price.

- (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Group's management for the low-cost acquisition of the Group's material assets.
  - (iii) Diversion of the Group's assets to secure or repay debts of the Acquirer or its group company.
  - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Group's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (c) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares, including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (d) Acquisitions that do not provide the Company's board of directors with the period of time reasonably necessary to produce an alternative proposal to the Acquisition.
- (e) Acquisitions in which the Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is not sufficiently provided to the Company's shareholders.
- (f) Acquisitions whose terms (including amount and type of consideration for the Acquisition, the Acquisition schedule, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Group's other shareholders, employees, customers, business partners, local communities and any other stakeholders in the Group) are inadequate or inappropriate in light of the Group's intrinsic value.
- (g) Acquisitions that materially threaten to oppose the corporate value of the Group or the common interests of shareholders, by destroying the technical strength or production power or relationships with the Group's employees or customers, group business partners and the like, which are indispensable to the generation of the Group's corporate value.



## 2.4 Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights scheduled to be implemented under the Plan is described below.

### (a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in a resolution of the Company’s board of directors relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

### (b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who appear on or are recorded in the Company’s final register of shareholders or register of beneficial shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share in the Company held.

### (c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

### (d) Number of Shares to be Acquired upon Exercise of Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall, in principle, be one share.

### (e) Amount to be Contributed upon Exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the ninety day period immediately prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

## (f) Exercise Period of Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph (i) below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

## (g) Conditions for Exercise of Stock Acquisition Rights

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;<sup>10</sup>
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;<sup>11</sup>

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<sup>10</sup> “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed to fall under the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this document.

<sup>11</sup> “Specified Large Holder” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Company’s board of directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. This is applied throughout this document.

- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company's board of directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).<sup>12</sup>

Further, nonresidents of Japan who are required to comply with certain procedures under foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company,' subject to complying with the laws and regulations). In addition, anyone who fails to submit a written undertaking, in a form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants may not exercise the Stock Acquisition Rights.

(h) Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's board of directors.

(i) Acquisition of Stock Acquisition Rights by the Company

At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights without consideration.

On a day that falls on a date separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of

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<sup>12</sup> An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Company's board of directors), or a party deemed by the Company's board of directors to act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law) of other corporations or entities.

Shares for every one Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's board of directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

Any other matters relating to the acquisition of the Stock Acquisition Rights may be determined in the Gratis Allotment Resolution as necessary.

(j) Delivery of Stock Acquisition Rights in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

(k) Issuance of certificates representing Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

(l) Other

In addition to the above, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

## 2.5 Effective Period, Abolition and Amendment of the Plan

The initial effective period of the Plan shall be the period until the conclusion of the Shareholders Meeting. The Company will obtain the shareholders' approval for renewal of the Plan at the Shareholders Meeting, and subject to obtainment of the approval, the effective period of the Plan will be extended until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Shareholders Meeting. However, if, before the expiration of the effective period, the Company's shareholders meeting or board of directors passes a resolution to abolish the Plan, the Plan will be abolished at that time.

Further, the Company's board of directors may revise or amend the Plan even during the effective period of the Plan, if such revision or amendment is not against the purpose of a resolution of the Shareholders Meeting such as cases where any law, regulation, financial

products exchange rules or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company's shareholders and the like, and subject to the approval of the Independent Committee.

If the Plan is abolished, modified, amended or the like, the Company will promptly disclose facts including the fact that such abolition, modification amendment or the like has taken place, and (in the event of a modification or amendment or the like) the details of the modification, amendment and any other matters.

## 2.6 Revision due to amendment to laws and ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 8, 2008. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

## 3. Impact on Shareholders

### 3.1 Impact on Shareholders and Investors Upon Introduction of the Plan

Upon introduction, the Plan will have no direct or material impact on shareholders and investors. This is because at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

### 3.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

#### (i) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights and Procedures for Entry of Name Change

If the Company's board of directors passes a resolution for a gratis allotment of Stock Acquisition Rights, the Company's board of directors will also decide the Allotment Date in the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are

registered or recorded in the Company's last register of shareholders and register of beneficial shareholders as of the Allotment Date (the "Entitled Shareholders") for one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. Therefore, it will be necessary for shareholders who have not performed the procedures for any name change to the shares to arrange for the procedures for such change as soon as possible in time for the Allotment Date. (No procedures for entry of name change are required for those share certificates deposited with the Japan Securities Depository Center, Inc.) All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's board of directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Independent Committee described above at section (d)(i) of 2.2, 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) acquire the Stock Acquisition Rights without consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be commensurately affected as a result of a fluctuation in the share price.

#### (ii) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and, as a general rule, by paying to the place handling such payments an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right.

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (iii) below. If the Company carries out such acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and, in principle, there will be no subsequent dilution of the shares in the Company they hold.

(iii) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the day that falls on the date separately determined by the Company's board of directors, and in exchange, deliver shares in the Company. In this case, the shareholders concerned will, in principle, come to receive one share in the Company for every one Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

If the Gratis Allotment Resolution provides for the matters relating to acquisition of the Stock Acquisition Rights from the Non-Qualified Parties or other acquisition, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition to the above, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method, method of procedures for entry of name change, exercise method and method for acquisition by the Company after any resolution in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

**IV. Decisions and Reasoning of the Company's Board of Directors regarding Above Measures**

**1. Decisions and Reasoning regarding the Special Measures to Realize the Basic Policy (measures set out in II. above)**

The Company has implemented such measures for enhancing the corporate value as establishing the mid-term business plan set out in section II. above and such policies as strengthening its corporate governance practices as specific measures to continually and persistently enhance the Group's corporate value and the common interests of the Company's shareholders. These measures will indisputably contribute to the realization of the Basic Policy.

Therefore, these measures comply with the Basic Policy and are consistent with the common interests of the Company's shareholders, and are not implemented for the purpose of maintaining the positions of the directors and the statutory auditors of the Company.

**2. Decisions and Reasoning regarding the Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by a Person Viewed as Inappropriate under the Basic Policy (measures set out in III. above)**

**2.1 The Plan Fully Satisfies the Basic Policy**

The Plan is a mechanism to maintain the corporate value of the Group and the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the board of directors to present an alternative proposal to the shareholders, and by enabling the board of directors to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected. As above, the Plan is in compliance with the Basic Policy.

**2.2 The Plan is not Detrimental to the Common Interests of the Shareholders and does not Aim to Maintain the Positions of Directors and Statutory Auditors of the Company**

For the following reasons, the Company believes that the Plan would not be detrimental to the common interests of the Company's shareholders, and that it has not been implemented for the purpose of maintaining the positions of the directors and the statutory auditors of the Company.

**(i) Satisfying the Requirements of the Guidelines for Takeover Defense Measures**



The Plan satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(ii) Placing High Value on the Intent of Shareholders

As mentioned in section III.1, 'Purpose of the Plan,' above, the Plan is being introduced as a transitional measure until the Shareholders Meeting. Therefore, the effective period of the Plan is until the close of the Shareholders Meeting, and the Plan is scheduled to be submitted to the shareholders at the Shareholders Meeting in connection with the renewal of the Plan.

In addition, as mentioned in section III.2.5 "Effective period, abolition and amendment of the Plan," above, if the renewal of the Plan is approved by shareholders, the Effective Period of the Plan will be extended. However, the Plan is subject to a so-called sunset clause under which the Effective Period is set to approximately three years (until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Shareholders Meeting) and if, even before the expiration of the Effective Period of the Plan, the Company's shareholders meeting or board of directors passes a resolution to abolish the Plan, the Plan will be abolished at that time. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

(iii) Disclosure of information and emphasis on the decisions of highly independent parties such as outside directors

In introducing the Plan, the Company will establish the Independent Committee as an organization that will eliminate arbitrary decisions by the Board of Directors and its directors, and objectively carry out substantive decisions on behalf of the shareholders in the event of triggering, amendment to or other operation of the Plan. If an Acquisition of shares in the Company were to actually occur, this Independent Committee would, as set out above in III.2.2, 'Procedures for triggering the Plan,' and in accordance with the Rules of the Special Committee, make substantive determinations as to whether or not the Acquisition would have a detrimental effect on the corporate value of the Group and the common interests of shareholders. Then, the Company's board of directors would, by taking into consideration those determinations to the maximum extent, pass a resolution pursuant to the Corporation Law of Japan.

In this way, the Independent Committee will strictly monitor any arbitrary actions by the Company's board of directors and disclose outlines of its decisions to the shareholders,

and will ensure a structure under which the Plan is only operated in a transparent way to the extent contributing to the corporate value of the Group and the common interests of its shareholders.

(iv) Establishment of Reasonably Objective Requirements

As set out above at section (d) of III.2.2, 'Procedures for Triggering the Plan,' and section III.2.3, 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's board of directors.

(v) Obtaining the Advice of Third-Party Experts

As set out above at section (c)(ii) of III.2.2, 'Procedures for Triggering the Plan,' if an Acquirer emerges, the Independent Committee may obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

(vi) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated above in section III.2.5, 'Effective Period, Abolition and Amendment of the Plan,' the Plan may be abolished by a person who acquires a large number of share certificates of the shares in the Company through an election at a general meeting of shareholders of directors nominated by that person and through a resolution of the Company's board of directors attended by the so-elected directors.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the board of directors cannot be replaced at once).

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## Attachment 1

### Major Shareholders of the Company

Major shareholders of the Company as of march 31, 2008 are as follows:

Name of Shareholders	Number of Shares held (shares)	Percentage of Shares Owned to the Total Number of Outstanding Shares (%)
Japan Trustee Services Bank, Limited (Trust Account)	44,638	11.18
The Master Trust Bank of Japan, Ltd. (Trust Account)	33,094	8.29
Japan Trustee Services Bank, Limited (Trust Account 4)	20,313	5.09
The Sumitomo Trust and Banking Co., Ltd.	15,349	3.85
Keiaisha Co., Ltd.	15,000	3.76
Takahashi Industrial and Economic Research Foundation	12,347	3.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057	2.52
Sumitomo Mitsui Banking Corporation	10,000	2.51
State Street Bank and Trust Company 505041	5,694	1.43
Nikko Citi Trust and Banking Corporation (Investment Trust Account)	5,652	1.42

(Note)

In addition to the shares above, the Company holds 160,023 shares of treasury.

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## **Attachment 2**

### **Outline of the Rules of the Independent Committee**

- The Independent Committee shall be established by resolution of the Company's board of directors.
- There shall be no less than three (3) members of the Independent Committee, and the Company's board of directors shall elect the members from (i) outside directors of the Company, (ii) outside statutory auditors of the Company and (iii) other outside experts who are independent from the management that conducts the execution of the business of the Company. However, such experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Corporation Law or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- Unless otherwise determined by a resolution of the Company's board of directors, the initial term of office of members of the Independent Committee shall be until the conclusion of the Shareholders Meeting, and when renewal of the Plan is approved at the Shareholders Meeting and the effective period is extended, the term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Shareholders Meeting. However, the term of office of any member of the Independent Committee who is an outside director or outside statutory auditor shall end simultaneously in the event that they cease to be a director or statutory auditor (except in the case of their re-appointment).
- The Independent Committee shall make decisions on the matters listed below and make recommendations to the Company's board of directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's board of directors shall make decisions as a function under the Corporation Law. Each member of the Independent Committee and each director of the Company must make such decisions solely with a view to whether or not the corporate value of the Group and the common interests of its shareholders will be enhanced, and they must not serve the purpose of their own interests or those of the management of the Company.
  - (a) The implementation or non-implementation of the gratis allotment of Stock

Acquisition Rights.

- (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
  - (c) Any other matters that are for determination by the Company's board of directors in respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee shall conduct the matters listed below.
  - (a) Determining whether the Acquisitions should be made subject to the Plan.
  - (b) Determining the information that the Acquirer and the Company's board of directors should provide to the Independent Committee, and the deadline for the provision of that information.
  - (c) Examination and consideration of the terms of the Acquirer's Acquisitions.
  - (d) Direct or indirect discussion and negotiation with the Acquirer.
  - (e) Request for an alternative proposal and consideration of the alternative proposal to the Company's board of directors.
  - (f) Determination of extension of the Independent Committee Consideration Period.
  - (g) Approval of modification or amendment of the Plan.
  - (h) Any other matters that the Plan prescribes that the Independent Committee may conduct.
  - (i) Any matters that the Company's board of directors separately determines that the Independent Committee may conduct.
- If the Independent Committee decides that the details stated in the Acquisition Statement are inadequate as Essential Information, it shall request that the Acquirer provide additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Statement and any additional information that it requests, it may request that the Company's board of directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information that the Independent Committee may consider necessary from time to time.
- If it is necessary in order to have the terms of the Acquirer's Acquisition revised from the standpoint of ensuring and enhancing the corporate value of the Group and, in turn, the common interests of its shareholders, the Independent Committee shall either directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders the alternative plan of the Company's board of directors or conduct any similar action.
- In order to collect the necessary information, the Independent Committee may request the attendance of a director, statutory auditor or employee of the Company,

or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.

- The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, consultants and other experts) and conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- As a general rule, resolutions of meetings of the Independent Committee shall pass with a majority when all of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may pass with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

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## Attachment 3

### Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the initial members of the Independent Committee upon introduction of the Plan.

<b>Kohshi Murakami</b>	Candidate for Outside Director of the Company
<Date of Birth>	
February 8, 1940	
<Biographical Sketch>	
March 1965	Obtained Masters degree from Graduate School of Law, Kyoto University
April 1967	Appointed an assistant judge, Tokyo District Court
April 1999	Presiding Justice of the Division (Acting Chief Justice, Specialized Economic and Financial Affairs Department), Tokyo High Court
February 2005	Retired
April 2005	Employed as Professor, Graduate School of Law, Kyoto University
June 2005	Joined TMI Associates as Special Counsel
November 2005	Appointed Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD. (current position)
April 2008	Employed as Visiting Professor, Graduate School, Yokohama National University (current position)
June 2008	Scheduled to be appointed Outside Director of the Company
Concurrent position:	Outside Corporate Auditor of SANEI-INTERNATIONAL CO., LTD.

\* Mr. Murakami is a candidate for outside director as set out in Article 2(15) of the Corporation Law, and is scheduled to be appointed as such at the Shareholders Meeting. Mr. Murakami does not have any special interest in the Company.

<b>Hiroataka Fujiwara</b>	Outside Corporate Auditor of the Company
<Date of Birth>	
May 21, 1954	
<Biographical Sketch>	

March 1978	Graduated from Faculty of Law, Keio University
April 1985	Joined Law Offices of Iijima and Yamada
April 1995	Appointed Partner of Hikari Sogoh Law Offices (current position)
April 2006	Elected as Vice President of Daini Tokyo Bar Association
June 2006	Appointed Outside Corporate Auditor of the Company (current position)
September 2007	Employed as Lecturer, Graduate School of Law, Keio University (current position)

\* Mr. Fujiwara is an outside director as set out in Article 2(16) of the Corporation Law. Mr. Fujiwara does not have any special interest in the Company.

### **Tadakatsu Sano**

<Date of Birth>

July 10, 1945

<Biographical Sketch>

March 1969	Graduated from Faculty of Law, Kyoto University
April 1969	Joined the Ministry of International Trade and Industry
January 2001	Appointed director-general of the Trade Policy Bureau at the Ministry of Economy, Trade and Industry
July 2002	Appointed councilor at the Ministry of Economy, Trade and Industry
June 2004	Retired from the Ministry of Economy, Trade and Industry
January 2006	Joined foreign law joint venture Jones Day as attorney-at-law
June 2006	Appointed Outside Corporate Auditor of Daiwa Can Company (current position)
January 2007	Appointed Partner at foreign law joint venture Jones Day (current position)
	Appointed Outside Director of Underwriters Laboratories Inc. (USA) (current position)
March 2008	Appointed Outside Director of RISA Partners, Inc. (current position)

Concurrent position:	Outside Corporate Auditor of Daiwa Can Company
	Outside Director of Underwriters Laboratories Inc. (USA)
	Outside Director of RISA Partners, Inc.

\* Mr. Sano does not have any special interest in the Company.

---End---