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To whom it may concern:

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**Introduction of Countermeasures (Takeover Defense)
in Response to a Large-scale Purchase of Kuraray Shares**

Kuraray Co., Ltd. (the “Company”) is pleased to announce that the Company has decided, at the meeting of its board of directors (the “Board of Directors”) held today, to introduce the below-described measures (the “Plan”), in response to large-scale purchases of Company’s shares, which is the Company’s effort to protect and enhance its corporate value and the common interests of its shareholders. The Plan’s purpose is to prevent vexatious acquisitions or similar transactions against the Company. The Plan will become effective as of the date of the Company’s ordinary shareholders’ meeting to be held in June, 2007 (the “Ordinary Shareholders’ Meeting”) on condition that the Plan is approved by a majority of voting rights of shareholders present at the Ordinary Shareholders’ Meeting.

I. Basic Policy for the Existence of the Person Controlling the Company’s Financial and Business Policy Decisions

Recently, the structure of Japanese corporate society has undergone drastic changes. For example, the dissolution of share cross-holding is growing. Furthermore, the concept that the company owners are shareholders and that management should consider shareholders’ opinions has become widespread. Meanwhile, the stock market and corporate society have deepened their understanding with respect to corporate acquisitions. Under these circumstances, it has become obvious that a large-scale purchase of shares will be enforced “hostilely” and suddenly without benefiting from sufficient discussions or a process of agreement with the management of the target company. Of course, the Company acknowledges that even such a hostile large-scale purchase of shares may contribute to an enhancement of corporate value and the shareholders’ common interests depending on the specific conditions and manner, etc. of such purchase. So long as the Company is a joint-stock company (*kabushiki kaisha*) whose shares are public on the capital markets, the Company believes that each shareholder should ultimately determine whether to accept a proposal for the purchase of the Company’s shares.

However, it cannot be denied that some of the unilateral large-scale purchases of shares as described above may materially damage the Company's corporate value and the shareholders' common interests if; for example, (i) the shareholders do not receive sufficient information regarding such purchase and will effectively be forced to sell their shares; (ii) the shareholders are not be given enough time to consider the conditions, manner, etc. of such purchase and the Board of Directors is not be given enough time to present alternative proposals, etc. ; or (iii) the large-scale purchaser does not intend to manage the Company in a reasonable and serious manner, etc.

The Company believes that the person controlling the Company's financial and business policy decisions should be someone who fully understands the various resources contributing to the Company's corporate value and the relationship of trust between the Company and each stakeholder supporting the Company. Moreover, such person should sincerely intend to ensure and improve upon the Company's corporate value and the shareholders' common interests for both the medium and long-term. Therefore, the Company has decided that any person who commences a large-scale purchase of shares which may materially damage the Company's corporate value or the shareholders' common interests as described above will be deemed to be inappropriate as a person controlling the Company's financial and business policy decisions.

II. Efforts Contributing to the Realization of the Basic Policy

The Company has undertaken various efforts to enhance its corporate value and its shareholders' common interests, including the below-described matters, taking into consideration that a stable and sustainable enhancement of its corporate value should be treated as a top priority for the purpose of enhancing its shareholders' common interests. The Company believes that, by enhancing its corporate value and its shareholders' common interests and appropriately reflecting such enhancement in its share value, it will be difficult for a third party to implement a large-scale purchase of shares which may materially damage the Company's corporate value or the shareholders' common interests as described above. Therefore, the Company believes that these efforts will contribute to the basic policy for the existence of the person controlling the Company's financial and business policy decisions (the "Basic Policy") described in Section I above.

1. Reinforcement and Expansion of Businesses in Accordance with the Medium-Term Business Plan

The Company's core competence is its highly original technology in the fields of polymer chemistry, synthetic chemistry, textile engineering and peripheral areas. Particularly in core business fields such as functional resin and chemicals (mainly vinyl-acetate and isoprene) and man-made leather, etc. using micro fiber technology, the Company has continuously produced a unique product family that is a leader in the global market. It has done this through the accumulation of highly original technologies and know-how over time and by persevering in applying its development efforts. The Company considers it necessary to perform research and development, and market development activities from medium- and long-term perspectives and to realize stable and sustainable growth under a timely business expansion plan by taking into consideration market trends. This permits the Company to make the best use of its technology assets and market development capabilities; thereby, enhancing the Company's corporate value and the shareholders' common interests.

Since 1984, the Company has made efforts to strengthen and expand its business through the establishment and implementation of medium-term business plans in order to enhance its corporate value and shareholders' common interests.

Recently, in accordance with "G-21," the previous medium-term business plan in place from 2001 to 2005, the Company implemented the following measures with the aim of improving profitability and growth via a bold restructuring of business portfolio. For the details of the G-21

measures described below, please see the Company's press releases dated February 15, 2001 and February 28, 2003.

(1) Expansion of Core Businesses

- Reinforcement of production facilities in response to expanded markets for the high-share businesses developed by the Company

The Company strongly promoted market development for products which were developed by the Company with its own technology and which held a high share in the global market. It also opportunely increased its production facilities in response to growing demand. As a result, the Company has, specifically, (i) doubled the production capacity for "EVAL" (gas barrier resin) in Belgium; (ii) started operating a new U.S. factory for "SEPTON" (thermoplastic elastomer); (iii) successfully increased the production facilities for optical-use Poval film in response to a rapid expansion of the liquid crystal display market; and expanded its business base according to its international strategy for the production and sale in suitable locations.

- Complementing and expansion of businesses through M&A

In order to complement the Company's existing businesses or expand its markets, the Company actively conducted M&As and worked to realize synergy effects in technology and marketing strategies. Following the acquisition of the polyvinyl alcohol and polyvinyl butyral businesses from Clariant, Germany, the Company acquired the polyvinyl butyral film business from HT Troplast AG, Germany. The Company successfully expanded the polyvinyl alcohol business, which is one of the main products of the polyvinyl acetate business in Europe, and launched the polyvinyl butyral resin and film business as a downstream development. In addition, with respect to "VECTRAN" (high-strength polyarylate fiber), of which the Company is the only producer in the world, the Company acquired the sales and development businesses for polyarylate fiber from Celanese in the U.S.A. and ensured a basis for business development in the U.S.A. and Europe.

(2) Reduction and withdrawal from less competitive non-core businesses

The Company reduced and withdrew from businesses for which it was difficult to utilize the Company's innovation and in which it was not expected to be competitive in the future. Specifically, the Company significantly downsized from these businesses by reducing the production capacity of polyester fiber and encouraged a reduction and withdrawal from other unprofitable business fields. As a part of a value-added strategy for the methacrylate resin business, the Company reduced the sales of MMA monomer to external customers, other than group companies, and sold the contact lens business of its medical division which had less synergy with other areas of the Company.

(3) Promotion of new business development

Looking toward improving its capacity to set up new business, the Company established a product development center for optical devices (Japan), a research and technical center (U.S.A.) and reinforced its system for developing new business. The Company is generating new projects such as optical materials to which methacrylate resin is applied and functional material for automobiles, etc. and fuel batteries etc. in energy-related fields.

(4) Reducing assets and improving asset efficiency

The Company reduced its financial assets, optimized its inventory level and disposed of its unnecessary non-operational assets (including non-utilized real estate) and achieved an improvement in asset efficiency.

(5) Introduction of systems facilitating efficient and visible decision-making

In order to achieve a quick decision-making process that responds effectively to changes in the market environment, the Company introduced the "company system" and

significantly transferred authority to manage businesses to each company. In addition, the Company established a “business review standard” and clarified the internal rules related to restructuring and the reduction of or withdrawal from less profitable businesses.

As a result of these measures, as of the end of fiscal year 2005, the last year of the medium-term business plan, the operating income and the current net profit were 38.3 billion yen and 21.2 billion yen, respectively and were double and quintuple the figures, respectively, compared with fiscal year 2000 before the commencement of the “G-21.” The return on assets (ROA) showed that asset efficiency improved by doubling from 3.9% to 8.2%.

Following the completion of the “G-21,” from fiscal year 2006, the Company set a “10-Year Corporate Vision” which presented what the company should look like in future, and commenced the “GS-21,” a new medium-term business plan which is a three-year action plan, toward such vision. This plan inherits the achievements of the “G-21” and aims to build a base for realizing the “10-Year Corporate Vision” by succeeding to and developing the vision of the “G-21.” Under “GS-21,” the Company will address the following management tasks. For details of the GS-21 measures as described below, please see the Company’s press release dated March 16, 2006.

(1) Qualitative improvement and global expansion of core businesses (core material businesses):

In the internationally competitive core businesses (vinyl-acetate, isoprene and man-made leather, etc.), the Company will further improve its competitiveness through various technical innovations, including processing technologies, and accelerate its growth through efforts to expand into global markets.

(2) Investment of management resources concentrating on the expansion of new growth fields (optical, automobiles, energy field, etc.):

The Company will concentrate the investment of its management resources on the expansion of new growth fields such as optical, automobiles and energy which it gained footholds by implementing “G-21.”

(3) Restructuring of non-competitive businesses and products:

For the purpose of reinforcing profitability in all businesses and products, the Company will reorganize non-competitive businesses and products.

(4) Establishment of global corporation management system

In order to support its global business development, the Company will improve the quality of its management system.

As a result of these measures, as of the end of the fiscal year 2008, the last year of the “GS-21”, the Company intends to achieve operating income of 50 billion yen or more, current net profit of 30 billion yen or more, an ROA of 9% or higher. Moreover, it intends to achieve a return on equity (ROE) of 7% or more.

2. Establishment of a Corporate Governance System

In addition to the above-described measures, as part of the efforts to contribute to the Basic Policy described in Section I above, the Company has established a corporate governance system. An effective corporate governance system ensuring the effectiveness and fairness of management enables the Company to maintain appropriate relationships with stakeholders and to fulfill its responsibility to society. The Company understands that this complements the enhancement and maintenance its long-term corporate value and shareholders’ common interests, and therefore, contributes to the Basic Policy as described in Section I above. Based on such understanding, the Company has established a corporate governance system as described below:

(1) Directors and organizational bodies related to executing corporate affairs:

In order to promote flexible management decision-making, the Company prescribed the number of directors to be ten (10) or less and their term of office to be one (1) year for the purpose of clarifying responsibility to its shareholders. In addition, the Company adopted a performance-linked compensation plan and a stock option plan which reinforce the directors' incentives for improving shareholders' interests.

Moreover, the Company adopted an executive officer system which clearly divides the directors' responsibility between management decision-making and supervising, and the execution of corporate affairs. The executive officers (term of office: one (1) year) holding the positions of chief of each company, division and main functional body and are responsible for the operation and business performance.

(2) Corporate auditors

The Company has five (5) corporate auditors, three (3) of which are independent outside corporate auditors.

(3) Management Advisory Committee

The Company established the Management Advisory Committee, which is responsible for giving advice from the viewpoints of complying with laws, protecting shareholders' rights and ensuring management transparency.

The Management Advisory Committee has five (5) permanent members which consist of one (1) member (chair) who was the President of the Company and four (4) members who are persons with external knowledgeable and have strong experience in corporate management and corporate legal affairs. The Committee regularly advises the President with respect to important management policies or challenges, questions of whether the President should resign, the selection of successor candidates, compensation of the President, etc.

III. Effort which Prevents a Person who is Deemed to be Inappropriate in Light of the Basic Policy from Controlling the Company's Financial and Business Policy Decisions

1. Purpose of Introduction of the Plan

The Company will introduce the Plan to protect and enhance its corporate value and its shareholders' common interests. The details of the Company's position regarding the introduction of the Plan are described below.

As described in Section II above, the Company has made various efforts to enhance the Company's corporate value and the shareholders' common interests. And the Company group consists of many affiliated companies and its business field covers a wide range of businesses with a central focus on vinyl-acetate, isoprene and man-made leather.

Therefore, if the Company is offered a purchase proposal from a purchaser, it would be extremely difficult for the shareholders to appropriately determine, in a short period of time, whether to accept the proposed purchase with a comprehensive understanding of a) the Company's value based on its various efforts to expand its corporate value and shareholders' common interests, and the status of each business; and b) the specific conditions, manner, etc. of the proposed purchase. Therefore, in order for the shareholders to appropriately determine whether to accept such proposed purchase, the Company considers it necessary for the shareholders to receive sufficient information including not only information provided unilaterally by the purchaser but also information provided by the Board of Directors and the Board of Directors' opinion regarding the purchase proposal since the Board of Directors is responsible for the management of the Company and is familiar with the Company's businesses and the contents of the above-described efforts. In addition, the Company believes that it is indispensable to ensure that there is adequate time for the shareholders to carefully consider this

information. From the viewpoint of protecting and enhancing the Company's corporate value and the shareholders' common interests, when the Company determines it necessary to modify or improve the conditions and manner of the purchaser's purchase proposal, the Company shall negotiate the conditions and manner of the proposal with the purchaser and present an alternative proposal, etc. Thus, it should be necessary to ensure the necessary timing therefor.

Furthermore, the Board of Directors will evaluate and examine whether the conditions and manner, etc. of the proposed purchase, including the Company's management policy, etc. proposed by the purchaser after purchase and other related matters contribute to the protection and enhancement of the Company's corporate value and shareholders' common interests. As a result of such evaluation and examination, if the purchaser's proposal is determined as being materially damaging to the Company's corporate value or the shareholders' common interests because: (i) the purchaser purchasing the shares of the Company and becoming a major shareholder and managing the Company is done in a vexatious manner strictly for its own benefit; (ii) the shareholders are being virtually forced to sell their shares of the Company; or (iii) the shareholders are being compelled to sell their shares at a lower price that does not reflect the true corporate value of the Company, then the Company considers it necessary to take any necessary and appropriate countermeasures against such purchase.

For the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests, the Board of Directors decided to introduce the Plan against a purchaser and purchase offeror (collectively, the "Large-scale Share Purchaser") which would permit shareholders to receive, in advance, any necessary information with respect to a purchase proposed by the Large-scale Share Purchaser and to ensure there is enough time to evaluate and examine, etc. the substance of the information. Although the Company will request that a Large-scale Share Purchaser, who intends to conduct the Large-scale Share Purchase (as defined in Paragraph 2(1) below; the same applies hereafter), provide sufficient information and an adequate period of time for examining, etc. such information, such Large-scale Share Purchaser may refuse such request. The Large-scale Share Purchaser may, in fact, conduct a Large-scale Share Purchase which would materially damage the Company's corporate value or the shareholders' common interests. In those situations, the Plan prescribes that a countermeasure will be implemented against such Large-scale Share Purchaser. Thus, the Plan will prevent such Large-scale Share Purchaser from conducting a Large-scale Share Purchase. The introduction of the Plan constitutes an effort to prevent an inappropriate person under the Basic Policy, described in Section I above, from controlling the company's financial and business policy decisions.

Naturally, in order to introduce the Plan, it is desirable to confirm the shareholders' intentions thereto. For this purpose, the Company has determined to introduce the Plan on condition that the Plan is approved by a majority of the shareholders present at the Ordinary Shareholders' Meeting.

At the time the Board of Directors decided to introduce the Plan, there is no indication that any specific third party has offered the Board of Directors a Large-scale Share Purchase proposal. For the Company's major shareholders and the status of filing of substantially holding reports, please see Exhibit 1.

2. The Plan's Content

(1) Large-scale Share Purchase Triggering Countermeasures

Under the Plan, countermeasures may be implemented if any transaction falling under the following items (a) or (b) or any similar transaction is carried out, or is intended to be carried out (excluding those approved in advance by the Board of Directors; such transactions being referred to as a "Large-scale Share Purchase"):

- (a) Any purchase of share certificates, etc.¹ issued by the Company by a holder² that will cause such holder's holding ratio of share certificates, etc.³ to become 20% or greater.
- (b) Any tender offer⁴ for share certificates, etc.⁵ issued by the Company that will cause the total of an offeror's holding ratio of share certificates, etc.⁶ subject to the tender offer and the aggregate holding ratio of share certificates of party(ies) having a special relationship⁷ to become 20% or greater.

(2) Request to Large-scale Share Purchaser for Provision of Information

(i) Submission of a Statement of Intention

Unless approved by the Board of Directors in advance, prior to initiating a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit a statement of intention (the "Statement of Intention") to the Company containing a pledge by the Large-scale Share Purchaser to comply with the procedures set forth in the Plan (the "Large-scale Share Purchase Rules") in implementing the Large-scale Share Purchase and other specified matters.

The Statement of Intention shall address the following matters:

- (a) Name and address or location, governing law, name of representative, contact address in Japan, corporate purpose, outline of business and outline of major shareholders or capital contributors (the top ten by number of shares held or capital contribution ratio) of the Large-scale Share Purchaser;
- (b) Outline of the Large-scale Share Purchase (including type and number of subject share certificates, etc. and the outline of the purpose of the Large-scale Share Purchase (for example, acquisition of control or participation in management, net investment or

1 The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Securities and Exchange Law unless otherwise specified. If the Corporate Law, the Securities and Exchange Law or any rule, cabinet order, cabinet office ordinance or ministerial ordinance relating thereto (collectively, the "Laws") is amended (including a change of the name of the Laws and formulation of new Laws which replace the old Laws), the provisions and terms of the Laws referred to by the Plan shall be deemed to be replaced with the provisions and terms of the Laws which virtually succeed to the provisions and terms of the amended Laws, unless otherwise specified by the Company's board of directors.

2 The term "holder" refers to "holder" as defined in Article 27-23, Paragraph 1 of the Securities and Exchange Law and includes a person who is included as a holder pursuant to Paragraph 3 of the same article, unless otherwise specified.

3 The term "holding ratio of share certificates, etc." refers to "holding ratio of share certificates, etc." as defined in Article 27-23, Paragraph 4 of the Securities and Exchange Law unless otherwise specified.

4 The term "tender offer" refers to the tender offer as defined in Article 27-2, Paragraph 6 of the Securities and Exchange Law unless otherwise specified.

5 The term "share certificates, etc." as used for cases under item (2) refers to "share certificates, etc." as defined in Article 27-2, Paragraph 1 of the Securities and Exchange Law.

6 The term "holding ratio of share certificates, etc." refers to "holding ratio of share certificates, etc." as defined in Article 27-2, Paragraph 8 of the Securities and Exchange Law unless otherwise specified.

7 The term "party(ies) having special relationship" refers to "party(ies) having special relationship" as defined in Article 27-2, Paragraph 7 of the Securities and Exchange Law. However, with respect to those listed in Item 1 of said Paragraph, those mentioned in Article 3, Paragraph 2 of the Cabinet Office Ordinance Concerning Disclosure of Tender Offer of Share Certificates, etc. by Non-Issuer (*Hakkoshai-gai no Mono ni Yoru Kabuken-to no Kokai-kaisuke no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded unless otherwise specified.

investment for policy considerations, transfer of the share certificates, etc. of the Company to any third party after the Large-scale Share Purchase or making proposals for substantive matters, etc.⁸ or if there is any other purpose, such fact and outline. In the case there are several purposes, all of the purposes should be stated.);

- (c) Number of share certificates, etc. of the Company currently held by the Large-scale Share Purchaser and the status of trading by the Large-scale Share Purchaser of the share certificates, etc. of the Company for the sixty (60) days prior to the submission of the Statement of Intention; and
- (d) A pledge to comply with the Large-scale Share Purchase Rules.

(ii) Provision of Information for a Large-scale Share Purchase

After the submission of the Statement of Intention described in paragraph (i) above, the Large-Scale Share Purchaser will be required to provide the Board of Directors with sufficient information (the “Large-scale Share Purchase Information”) necessary for shareholders’ to make an informed decision and for the Board of Directors to evaluate and examine, etc. the Large-scale Share Purchase.

Within ten (10) business days⁹ from (excluding the first day) the receipt of the Statement of Intention described in paragraph (i) above, the Board of Directors will send a list specifying the information to be initially provided at the contact address in Japan described in paragraph (i), item (a) above. The Large-scale Share Purchaser will provide the Board of Directors with sufficient information in accordance with this list.

The specific substance of information to be provided will differ depending on the attributes of the Large-scale Share Purchaser and the conditions and manner, etc. of the Large-scale Share Purchase. In principle, the information described in the following paragraph will be a part of the list.

(A) Information Concerning the Large-scale Share Purchaser

Particulars of the Large-scale Share Purchaser and its group (including major shareholders and capital contributors to the Large-scale Share Purchaser (the top ten shareholders or capital contributors), joint holders, parties having a special relationship and if the Large-scale Share Purchase is a fund partner and other members). These particulars include the specific name; career or history; purpose of corporation or organization; contents of business; amount of capital stock or contributions; total number of issued shares; names of officers, their careers, number of shares held by the officers, and other conditions of the company; financial condition, business results and other accounting facts for the latest two (2) business years; the circumstances of past corporate acquisitions and the results thereof; and any past legal violations including pertinent details.

(B) Specific Substance of the Large-scale Share Purchase

- 1) The purpose (specific substance of the purpose disclosed in the Statement of Intention), manner and substance of the Large-scale Share Purchase (including, the timing of the purchase, the structure of related transaction(s),

⁸ The term “making proposals for substantive matters, etc.” refers to “making proposals for substantive matters, etc.” as defined in Article 27-26, Paragraph 1 of the Securities and Exchange Law, Article 14-8-2, Paragraph 1 of the Enforcement Order of the Securities and Exchange Law and Article 16 of the Cabinet Office Ordinance concerning Disclosure of Large Holding of Share Certificates, etc. unless otherwise specified.

⁹ The term “business day” means a day other than the days numerated in each item of Article 1, Paragraph 1 of the Law Concerning Holidays of Administrative Agencies unless otherwise specified.

the legality of the purchase procedure, and the plausibility of delisting the Company's shares post-purchase and the reasons therefor).

- 2) The details of the purchase price under the Large-scale Share Purchase ((x) in the case of cash, the amount and type of currency (if not denominated in yen, including the exchange rate used for the calculation of the amount) or (y) in the case of non-cash, the type, amount, value, substance, etc. (if securities, etc. are used as consideration, the outline of issuers and the type of such securities, etc. and exchange ratio; and if the securities, etc. and cash are used as consideration, the type of such securities, etc. and exchange ratio and the amount of cash).

The calculation basis and circumstances (for the calculation basis, specifically state the facts and assumptions forming the calculation basis; the manner of calculation; the numeric information used in the calculation; and the amount of synergies anticipated from the series of transactions relevant to the Large-scale Share Purchase and the calculation basis, etc. therefor. If the purchase price differs from the market price or the price of recent trading of the Large-scale Share Purchaser, state the substance of such difference. For the difference of the purchase price depending on the type of securities, etc., specifically state the substance of the calculation concept, etc. For the calculations, if a third party's opinion is sought, specifically state the name of such third party, the outline of the opinion and the circumstances leading to the decision of the purchase price based on such opinion.)

- 3) If there is contact with any third party in connection with the Large-scale Share Purchase (including any contract, other agreement or arrangement to jointly purchase the shares, etc. after the date of the provision of the Large-scale Share Purchase Information), the counterparty and substance of such contact.
- 4) The status of raising the necessary funds for the Large-scale Share Purchase and an outline of the party providing such funds (including, in the case of a deposit, the balance classified by type of deposit; in the case of loan, the amount of the loan, the business category, etc. of the lender, the substance of the loan agreement; or in the case of another approach, the substance, financed amount and business category, etc. of the funds provider).
- 5) If the Large-scale Share Purchaser executed any lease agreement, pledge agreement, sell-back agreement, agreement to complete a reserved sale or other important agreements or arrangements with a third party regarding the share certificates, etc. held by the Large-scale Share Purchaser (collectively, the "Pledge Agreements"), the specific substance of the Pledge Agreements such as the type of agreement, counterparty and number of share certificates, etc. subject to the agreements.
- 6) If the Large-scale Share Purchaser intends to execute any Pledge Agreement or other agreements with a third party with respect to the share certificates, etc. to be purchased by the Large-scale Share Purchaser after the Large-scale Share Purchase, the specific substance of the Pledge Agreement or other agreements with the third party, such as the type of agreement, counterparty and number of share certificates, etc. subject to the agreements.
- 7) If the purpose of the Large-scale Share Purchase is the acquisition of control or participation in management, the manner of acquisition of control, or participation in management of the Company and its group as contemplated after the completion of the Large-scale Share Purchase; and the management policy after the acquisition of control or the plan after participation in management.

If the Large-scale Share Purchaser intends to carry out organizational restructuring, restructuring of a corporate group, dissolution, sale or purchase of important assets, provide a large loan, appoint or dismiss a representative director, etc., change the officers, make significant changes regarding dividend and capital policy, or undertake any other action which might materially change or affect the management policy of the Company and its group, the substance and necessity thereof.

- 8) If the purpose of the Large-scale Share Purchase is net investment or investment for policy considerations, the policy of holding or the sale of the share certificates, etc. and the policy of exercising voting rights after the Large-scale Share Purchase, as well as the reasons therefor. If the Large-Scale Share Purchase is conducted as an investment to consider a long-term capital alliance, the necessity thereof.
- 9) If the purpose of the Large-scale Share Purchase is to make a proposal for substantive matters, etc. or there is possibility to make a proposal for substantive matters, etc. after the Large-scale Share Purchase, the purpose, substance, necessity and timing of such proposal as well as information as to when such proposal will be made.
- 10) If the Large-scale Share Purchaser intends to acquire additional share certificates, etc. after the Large-scale Share Purchase, the reason and substance thereof.
- 11) Policies regarding the treatment of employees, business partners, customers, local communities, etc. as contemplated post-Large-scale Share Purchase.
- 12) If the Large-scale Share Purchaser engages in businesses similar to those of the Company and its group, an opinion as to the legality under the anti-monopoly law or other foreign competition laws post-Large-scale Share Purchase.

If the Board of Directors objectively and reasonably determines that the information initially provided by the Large-scale Share Purchaser in accordance with the above-described list is not sufficient for the shareholders to make an informed decision, nor for the Board of Directors to complete its evaluation, examination, etc. in light of the conditions and method of such Large-scale Share Purchase, then the Large-scale Share Purchaser will be required to provide such supplementary information as is requested by the Board of Directors.

The Board of Directors will disclose all or part of the fact of the submission of the Statement of Intention and the information provided by the Large-scale Share Purchaser if the Board of Directors determines it is appropriate for the shareholders to make their decision according to a timeline that the Board of Directors determines is appropriate.

If the Board of Directors objectively and reasonably determines that the Large-scale Share Purchaser has completely provided the Large-scale Share Purchase Information, the Board of Directors will give notice (the “Notice of Completion of Information Provision”) to the Large-scale Share Purchaser thereof and promptly disclose such fact to the shareholders.

(3) The Board of Directors Evaluation Period, etc.

After giving the Notice of Completion of Information Provision, the Board of Directors will fix the period in item (i) or (ii) below (in each case, excluding the initial day; the “Board of Directors Evaluation Period”), in accordance with the manner of the Large-scale Share Purchase, as the period necessary for the Board of Directors’ evaluation and examination of the Large-scale Purchase Information, holding negotiations with the Large-scale Share Purchaser, formulating its opinion on the

Large-scale Share Purchase and the establishment of alternative proposals, etc. The Large-scale Share Purchaser may initiate a Large-scale Share Purchase only after the expiration of the Board of Directors Evaluation Period. A Board of Directors Evaluation Period has been established taking into consideration the level of difficulty, etc. in evaluating the Company's business performance, formulating an opinion and establishing alternative proposals, etc.

- (i) In the case of a purchase of all of the Company's shares via a tender offer that limits the purchase price to cash (Japanese Yen): sixty (60) days.
- (ii) In the case of Large-scale Share Purchases other than that mentioned in item (i) above: ninety (90) days.

During the Board of Directors Evaluation Period, the Board of Directors will seek, as necessary, advice from external experts, evaluate and examine the conditions and manner, etc. of the Large-scale Share Purchase from the perspective of protecting and enhancing the Company's corporate value and the shareholders' common interests, based on the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser. The Board of Directors will carefully draw up its opinion and provide the substance of such opinion to the Large-scale Share Purchaser and, at the same time, disclose this information to the shareholders in a timely and appropriate manner. The Board of Directors will, as necessary, consult and negotiate with the Large-scale Share Purchaser with respect to the conditions and manner of the Large-scale Share Purchase or present an alternative proposal to the shareholders.

If there is a unavoidable reason which prevents the Board of Directors from performing its evaluation and examination, formulating its opinion or completing the establishment of an alternative proposal for the shareholders, as described above, during the Board of Directors Evaluation Period, the Board of Directors may then extend the Board of Directors Evaluation Period by up to thirty (30) days (excluding the initial day of such extended period). If the Board of Directors resolves to extend the Board of Directors Evaluation Period, the Company will promptly disclose the specific length of the resolved extension period and the reason for the necessity of such period to the shareholders.

(4) Response Policy upon the Commencement of a Large-scale Share Purchase

(i) Conditions for Implementing Countermeasures

(A) Cases where the Large-scale Share Purchaser commences the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules

In the case where the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the Board of Directors may, regardless of the actual conditions and manner, etc. of such Large-scale Share Purchase, deem such Large-scale Share Purchase a hostile takeover which might materially damage the Company's corporate value and shareholders' common interests and take the appropriate and necessary countermeasures (for their specific substance, see paragraph (ii) below).

(B) Cases where the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules

In the case where the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, even if the Board of Directors objects to such Large-scale Share Purchase, the Board of Directors will not, in principle, take countermeasures against such Large-scale Share Purchase, although it does not deny the option that the Board of Directors may express its objections, present an alternative plan or give an explanation, etc. to shareholders. Individual shareholders will decide whether he/she accepts the Large-scale Share Purchaser's proposal for the Large-scale Share Purchase

based on the Large-scale Purchase Information regarding such Large-scale Share Purchase and the Board of Directors' opinion or alternative proposal, etc. thereto.

However, even in the case that the Large-scale Share Purchaser commences, or intends to commence, the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, if the Board of Directors determines such Large-scale Share Purchase materially damages the Company's corporate value and shareholders' common interests, the Board of Directors may take the necessary and appropriate countermeasures to protect and enhance the Company's corporate value and shareholders' common interests (for the specific substance, see paragraph (ii) below).

Specifically, if it is objectively and reasonably determined that the Large-scale Share Purchase falls under any of those listed in Exhibit 2, such Large-scale Share Purchase will be, in principle, deemed to be materially damaging to the Company's corporate value and shareholders' common interests.

(ii) Substance of Countermeasures

The Board of Directors will issue a free-of-charge-allotment of share purchase warrants (*shinkabu-yoyakuken*) (the "Share Purchase Warrants") to all its shareholders as a countermeasure to be taken in accordance with Paragraph (i), Item (A) or (B) above.

The outline of the Share Purchase Warrants is as set forth in Exhibit 3.

The Company intends to file a shelf registration statement for the Share Purchase Warrants in order to ensure that the free-of-charge-allotment countermeasure of the Share Purchase Warrants to all its shareholders will be efficiently implemented.

3. System for Ensuring the Reasonableness and Fairness of the Plan

(1) Establishment of the Special Committee and Inquiry Procedures, etc.

(i) Establishment of the Special Committee

The Board of Directors will make a final decision on (a) whether a series of procedures are followed in accordance with the Large-scale Share Purchase Rules, and (b) if the Large-scale Share Purchase Rules were complied with, whether it will take a countermeasure determined to be necessary and appropriate to protect and enhance the Company's corporate value and shareholders' common interests. In order to ensure the reasonableness and fairness of such decision and the Plan, the Company will establish a special committee (the "Special Committee") that is independent from the Board of Directors. The members of the Special Committee will consist of three (3) or more people and be appointed from outside corporate auditors, lawyers, tax accountants, certified public accountants, people of experience or academic standing, people with knowledge in investment banking and outside people who formerly served as directors or executive officers of other companies, etc.

(ii) Procedures for Implementing the Countermeasures

For the Board of Directors to implement the countermeasures, it must follow certain procedures to ensure the reasonableness and fairness of its decision.

First, the Board of Directors must make an inquiry to the Special Committee, in advance of implementing the countermeasure about the appropriateness of implementing such countermeasure. Upon such inquiry, the Special Committee may seek, as necessary, advice

from external experts, etc. and make recommendations to the Board of Directors with respect to the appropriateness of implementing the countermeasure. The Board of Directors must respect the Special Committee's recommendation to the greatest extent possible in making a decision on whether or not to implement the countermeasure.

In addition to the above-mentioned inquiry, the Board of directors will seek, as necessary, advice from external experts, etc. and examine any effect on the Company's corporate value and the shareholders' common interest which might be caused by the relevant Large-scale Share Purchase based on the Large-scale Purchase Information and other information provided by the Large-scale Share Purchaser. Based on such considerations, the Board of Directors will decide whether to implement a countermeasure.

(iii) Discontinuance or Withdrawal of Implemented Countermeasure

Even in case that the Board of Directors has implemented the countermeasure in accordance with the procedures set forth in Paragraph (ii) above, (a) if the Large-scale Share Purchaser discontinues or withdraws the Large-scale Share Purchase; or (b) if the facts, etc. on which the Board of Directors' decision to implement the countermeasure was based change and it determined that it is inappropriate to maintain such countermeasures from the viewpoint of protecting and enhancing the Company's corporate value and shareholders' common interests, the Board of Directors must make an inquiry to the Special Committee again with respect to the appropriateness of maintaining of the countermeasures. In addition, the Board of Directors will seek, as necessary, advice from external experts, etc. and examine the appropriateness of maintaining the countermeasures. Upon such inquiry, the Special Committee will examine the maintenance of the countermeasure and make recommendations to the Board of Directors. The Board of Directors must respect the Special Committee's recommendation to the greatest extent possible in making a decision on whether to maintain the countermeasures.

If, based on the Special Committee's recommendation as mentioned above, the Board of Directors determines that it is inappropriate to maintain the countermeasures from the viewpoint of protecting and enhancing the Company's corporate value and shareholders' common interests, the Board of Directors will resolve to discontinue or withdraw the implemented countermeasure and promptly disclose such fact.

(iv) Other Inquiries to the Special Committee

The Board of Directors may at its discretion make an inquiry to the Special Committee with respect to any issue other than the appropriateness of implementing a countermeasure or maintaining an implemented countermeasure as mentioned above, (x) if the Board of Directors questions whether the information provided by the Large-scale Share Purchaser is necessary and sufficient to meet the Large-scale Share Purchase Information requirements; (y) if the Board of Directors presents an alternative proposal to the shareholders; or (z) if, for any other issues, the Board of Directors determines it necessary. Upon such inquiry, the Special Committee will seek, as necessary, advice from external experts, etc., examine the inquired matters and provide a recommendation to the Board of Directors. The Board of Directors must also respect such recommendation of the Special Committee to the greatest extent possible.

If the Board of Directors resolves to extend the Board of Directors' Evaluation Period as described in Paragraph 2(3) above, the Board of Directors must make an inquiry to the Special Committee with respect to the appropriateness and length of an extension of such period in advance. Upon such inquiry, the Special Committee will seek advice from external experts, etc., as necessary, and make a recommendation with respect to the appropriateness of the extension and length of such period. The Board of Directors must respect this recommendation of the Special Committee to the greatest extent possible in making a decision

on whether or not to extend the Board of Directors' Evaluation Period and length of such extension.

(2) Effective Term of the Plan and Respect for Shareholder's Decisions with respect to the Continuance, Abolishment or Modification of the Plan

The effective term of the Plan will expire on the closure of the Board of Directors' meeting to be held immediately following the closure of the Company's ordinary shareholders' meeting to be held in 2009. However, the Plan will be introduced on the condition that the Plan is approved by a majority of voting rights of shareholders present at the Ordinary Shareholders' Meeting. If a majority of voting rights of shareholders present at the Ordinary Shareholders' Meeting does not agree to the Plan, the Plan will not be introduced.

Even during such effective term, (i) if the Company's shareholders' meeting approves a proposal to abolish the Plan or (ii) if the Company's Board of Directors resolves to abolish the Plan, the Plan will be abolished at the time of such approval or resolution.

The Company may modify the Plan, subject to the Special Committee's approval, (i) to the extent such modification is consistent with the Basic Policy or (ii) to the extent such modification is deemed reasonably necessary as a result of (a) any amendment of the Corporation Law, the Securities and Exchange Law and other applicable laws or regulations, or rules of relevant Stock Exchanges, or a change in the interpretation or operation of any of the foregoing, or (b) any change in tax systems, court ruling and so on.

The Company will deliberate and resolve to continue, abolish or modify the Plan at every Board of Directors' meeting to be held immediately after the closing of the Company's ordinary shareholders' meeting in 2008.

If the Plan is abolished or modified, the Company will promptly disclose the fact of such abolishment or modification, the substance of the modification in the case of a modification, or any other matter the Board of Directors determines appropriate in accordance with applicable laws and the rules of the relevant stock exchange.

4. Reasonableness of the Plan

(1) The Plan Fully Satisfies the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the following three principles set forth under the "Guidelines Regarding Takeover Defenses for Protecting and Enhancing Corporate Value and Shareholders' Common Interests" (*Kigyo-kachi/Kabunushi-kyodo no Rieki no Kakuho mataha Kojo no Tame no Baishu-boei-saku ni Kansuru Shishin*) jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) protection and enhancement of corporate value and shareholders' common interests; (ii) prior disclosure and shareholders' intentions; and (iii) securing necessity and suitability.

(2) Introduction of the Plan to Protect and Enhance Corporate Value and Shareholders' Common Interests

As described in Paragraph 1. above, for the purpose of protecting and enhancing the Company's corporate value and the shareholders' common interests, the Plan will be introduced as a

measure against a Large-scale Share Purchaser which enables the shareholders to receive, in advance, any necessary information with respect to the Large-scale Share Purchase proposed by a Large-scale Share Purchaser and to ensure there is adequate time to evaluate and examine, etc. the substance of the proposal.

(3) Respect for the Company's Shareholders' Intention (Resolution of a Shareholders' Meeting and Sunset Clause)

In order to ensure the Plan reflects the shareholders' intentions, the Company will introduce the Plan on the condition that the Plan is approved by a majority of shareholders present at an Ordinary Shareholders' Meeting.

As described in Paragraph 3.(2) above, the effective term of the Plan will expire upon the closure of the Board of Directors' meeting to be held immediately following the closure of the Company's ordinary shareholders' meeting in 2009. Even during such effective term, (i) if a Company's shareholders' meeting approves a proposal to abolish the Plan; or (ii) if the Company's Board of Directors' resolves to abolish the Plan, the Plan will be abolished at the time such approval or resolution is affirmed. In addition, the term of office of a Company director is one (1) year. Even during the effective term of the Plan, the shareholders will be able to express their intention through the appointment of directors. Therefore, the introduction or abolishment of the Plan is designed to fully reflect the shareholders' intentions.

(4) Establishment of Reasonably Objective Conditions

As described in Paragraph 2(4)(i) above, the Plan is established in such a way that it will not be implemented unless reasonable and objective conditions have been satisfied, and therefore, ensures a structure to prevent the Board of Directors from arbitrarily operating the Plan or implementing any countermeasures.

(5) Establishment of the Special Committee

As described in Paragraph 3.(1) above, in introducing the Plan, the Company will establish the Special Committee, which is independent from the Board of Directors, in order to ensure (x) the reasonableness and fairness of Board of Directors' decisions on: (a) whether procedures are followed in accordance with the Large-scale Share Purchase Rules; and (b) if the Large-scale Share Purchase Rules were complied with, whether it will implement a necessary and appropriate countermeasure in order to protect and enhance the Company's corporate value and shareholders' common interests, and (y) the reasonableness and fairness of the Plan itself.

This structure ensures the Board of Directors will be prevented from arbitrarily operating the Plan or implementing any countermeasures.

(6) No Dead-Hand Takeover Defense Measures, etc.

As described in Paragraph 3.(2) above, the Plan may, at any time, be abolished by the Board of Directors consisting of directors elected at a Company shareholders' meeting. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure that cannot prevent the implementation of the countermeasures even if a majority of the members of the board of directors are

replaced). In addition, since the term of office of a Company director is one (1) year, the Plan is not a takeover defense measure that takes more time to prevent the implementation of the countermeasures because the members of the board of directors cannot be replaced at once.

5. Effect upon Shareholders and Investors

(1) Effect of Plan Introduction on Shareholders and Investors

At the time the Plan is introduced, no Share Purchase Warrants will be allotted free of charge. Accordingly, the legal rights and economic interests concerning the Company's shares held by shareholders and investors will not be directly or specifically affected.

(2) Effect upon Shareholders and Investors When Share Purchase Warrants Are Allotted Free of Charge

If the Board of Directors decides to implement a countermeasure and resolves to allot the Share Purchase Warrants free of charge to all Company shareholders, the Share Purchase Warrants will be allotted, free of charge, to all shareholders entered or recorded in the latest shareholder register or substantial shareholder register as of a record date separately fixed, at a ratio of one (1) Share Purchase Warrant per share held. Under this arrangement of the countermeasure, at the time of the free-of-charge-allotment, although the economic value per share of the Company held by each shareholder and investor will be diluted, the economic value of the entire Company shares held by each shareholder and investor will not be diluted, and the voting rights per share of the Company shares will also not be diluted. Therefore, we do not expect any measure to directly or specifically affect the legal rights or economic interests of the entire shares held by each shareholder or investor.

Even in the case where the Board of Directors resolves to allot the Share Purchase Warrants free of charge as a countermeasure, if the Board of Directors decides to discontinue or withdraw the countermeasure implemented in accordance with the procedures, etc. described in Paragraph 3.(1)(iii) above, please note that, since the economic value per share of the Company held by shareholders and investors will not be diluted, the investors who traded the Company shares under the expectation of such dilution may suffer a loss due to a change in the share price.

If the Share Purchase Warrants are provided with discriminatory conditions for their exercise by holders or when acquired by the Company, it is anticipated that the legal rights, etc. of the Large-scale Share Purchaser will be diluted upon such exercise or acquisition. However, even in such case, we do not expect that the legal rights, etc. or economic interests of the entire Company shares held by shareholders and investors other than the Large-scale Share Purchaser will be directly or specifically affected.

(3) Necessary Procedures for Shareholders in Connection with the Free-of-Charge-Allotment of the Share Purchase Warrants

(i) Entry of Shareholder Name Change

If the Board of Directors decides to implement a countermeasure and resolves to allot the Share Purchase Warrants free of charge, the Board of Directors will fix a record date and give public notice of such record date. The Share Purchase Warrants will be allotted to shareholders entered or recorded in the latest shareholder register or substantial shareholder register as of the record date in accordance with the number of shares they hold. The

shareholders who have not entered their name changes in the shareholder register will be required to make such entries by the record date publicized. (However, no procedures for entry of name changes are required for share certificates deposited with the Japan Securities Depository Center, Inc.)

(ii) Other Procedures

No other procedure for the application of an allotment of the Share Purchase Warrants is required, because as of the effective date of the free-charge-allotment of the Share Purchase Warrants, the shareholders entered or recorded in the latest shareholder register or substantial shareholder register as of the record date will automatically receive the Share Purchase Warrants.

Shareholders may be required to exercise the Share Purchase Warrants to acquire new shares within a specified period (in such case, payment of a specified amount is required). In this situation, the Company will disclose the details of the procedures in a timely and appropriate manner in accordance with any applicable laws or rules of stock exchanges.

6. Other Matters

The Plan was resolved upon by an affirmative vote of all directors at a meeting of the Board of Directors held today. At such meeting, all corporate auditors of the Company, including 3 outside corporate auditors presented and expressed their opinion to approve the Plan.

Exhibit 1

The Status Of The Share Of The Company (as of March 31, 2007)

1. Total number of shares authorized to be issued : 1,000,000,000 shares
2. Total number of shares issued : 382,863,603 shares
3. Major shareholders :

Name	Address	Number of shares held (thousand shares)	Percentage of Shares held(%)
Japan Trustee Services Bank, Ltd. (trust account)	1-8-11, Harumi, Chuo-ku, Tokyo	23,805	6.22
The Master Trust Bank of Japan, Ltd. (trust account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	23,426	6.12
The Chase Manhattan Bank, N.A. LONDON	Woolgate House, Coleman Street London 2HD, England	21,382	5.58
National Mutual Insurance Federation of Agricultural Co-operatives	2-7-9, Hirakawacho, Chiyoda-ku, Tokyo	13,695	3.58
Nippon Life Insurance Company	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	12,061	3.15
MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	One Boston Place, Boston, MA 02108, U.S.A.	8,326	2.17
Meiji Yasuda Life Insurance Company	2-1-1, Marunouchi, Chiyoda-ku, Tokyo	8,066	2.11
Japan Trustee Services Bank, Ltd. (trust account 4)	1-8-11, Harumi, Chuo-ku, Tokyo	8,014	2.09
BNP PARIBAS Securities (Japan) Limited	1-7-2, Otemachi, Chiyoda-ku, Tokyo	7,919	2.07
Mizuho Corporate Bank, Ltd.	1-3-3, Marunouchi, Chiyoda-ku, Tokyo	7,396	1.93
Total	-	134,093	35.02

(Notes 1.) The Company holds 14,877,000 shares (3.89%) of treasury stock. However, the Company is excluded from the above-listed major shareholders.

(Notice 2.) (a) As of August 14, 2006, Nippon Life Insurance Company and one of its affiliated companies (collectively the “Nissay Group”) filed the substantially holding reports; and (b) as of April 6, 2007, Capital Research and Management Company and one of its affiliated companies (collectively the “Capital Group”) filed the substantially holding reports (change reports); by which the Company was reported that the Nissay Group and the Capital Group held the shares listed in the following tables, respectively. However, the Nissay Group and the Capital Group are not included in the above-listed major shareholders because the Company cannot confirm the number of shares actually held by them as of the close of the fiscal year in question. The contents of the said substantially holding reports are as follows;

(a) Nippon Life Insurance Company and one of its affiliated companies (as of July 31, 2006)

Name	Address	Number of shares held (thousand shares)	Percentage of Shares held (%)
Nippon Life Insurance Company	3-5-12, Imabashi, Chuo-ku, Osaka	19,086	4.99
Nissay Asset Management Corporation	1-6-6, Marunouchi, Chiyoda-ku, Tokyo	7,264	1.90
Total	-	26,350	6.88

(b) Capital Research and Management Company and one of its affiliated companies (As of March 30, 2007)

Name	Address	Number of shares held (thousand shares)	Percentage of Shares held (%)
Capital Research and Management Company	333 South Hope Street, Los Angeles, CA 90071, U.S.A.	25,610	6.69
Capital International Limited	25 Bedford Street, London WC2E 9HN, England	35	0.01
Total	-	25,646	6.70

Exhibit 2

**Types of Share Purchases which are Deemed to Materially Damage
the Company's Corporate Value and Shareholders' Common Interests**

- (1) The Purchaser conducts or intends to conduct the purchase of share certificates, etc. of the Company solely for the purpose of boosting the share price and thereafter cause parties concerning to the Company to purchase such shares (so called "green mailer").
- (2) The Purchaser purchases the share certificates, etc. of the Company for the purpose of temporarily controlling the Company's management and thereby transferring assets of the Company or its group companies (including intellectual property rights, know-how, confidential corporate information, key business partners, customers or similar assets necessary for the Company's and its group companies' business operations) to itself, its group companies, etc.
- (3) The Purchaser purchases the share certificates, etc. of the Company for the purpose of diverting the assets of the Company or its group companies as collateral or repayment resources to meet the obligations of the purchaser or its group companies, etc. after the purchaser acquires the control over the Company.
- (4) The Purchaser purchases the share certificates, etc. of the company for the purpose of temporarily controlling the management of the Company and thereby (x) sells or otherwise disposes of highly-valued assets, such as real property or securities, etc., that are not currently related to the business of the Company or the Company's group companies and temporarily distributes greater dividends from the gains of such disposals, or (y) to sell its share certificates, etc. at an inflated price caused by such temporarily higher dividends.
- (5) The conditions (including, without limitation, the type, amount and calculation basis of the purchase price, the specific substance of other conditions such as timing and manner of purchase, existence or non-existence of illegality, the plausibility, etc. of such purchase) of the Large-scale Share Purchase for the share certificates, etc. of the Company proposed by the Large-scale Share Purchaser are substantially inadequate or inappropriate.
- (6) The manner of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser might restrict the shareholders' opportunity or liberty to make decisions and essentially forces them to sell their share certificates, etc. of the Company in a detrimental process, such as the "two-phase acquisition" (which means an acquisition of shares, including tender offers, under which the purchaser does not offer to acquire all shares in the initial acquisition and sets unfavorable acquisition conditions or does not set clear conditions for the second stage).
- (7) The acquisition of control of the Company by the Large-scale Share Purchaser might prevent, to a large extent, the protection or enhancement of the Company's corporate value and shareholders' common interests, such as in the case where it causes material damage to the benefits of not only the shareholders but also customers, employees and other stake holders.
- (8) The fact of the Large-scale Share Purchaser's acquisition of control itself materially impairs the Company's corporate value, for example, by causing the loss of the Company's important business partners.
- (9) It is determined that, if the Large-scale Share Purchaser becomes a controlling shareholder of the Company, the Company's business might be materially or adversely affected, such as in the case where the Large-scale Share Purchaser is a highly inappropriate controlling shareholder of the Company from the perspective of public policy or good morals.
- (10) It is determined that the Company's corporate value and shareholders' common interests are materially damaged in cases analogous to those specified in items (1) through (9) above.

Exhibit 3

Outline of the Share Purchase Warrants

1. Total Number of Allotted Share Purchase Warrants

The total number of allotted Share Purchase Warrants shall be the same number as the total number of the latest issued and outstanding ordinary shares of the Company (excluding the number of Company ordinary shares held by itself at the time) as of the date separately specified by the Board of Directors (the “Allotment Date”) in the board resolution for the free-of-charge-allotment of the Share Purchase Warrants (the “Resolution of a Free-of-charge-allotment of the Share Purchase Warrants”).

2. Shareholders Eligible for Allotment

The Share Purchase Warrants shall be allotted to shareholders entered or recorded in the Company’s latest shareholder register or substantial shareholder register as of the Allotment Date at a ratio of one (1) Share Purchase Warrant per one (1) ordinary share held (excluding ordinary shares of the Company currently held by itself at the time).

3. Effective Date of Free-of-charge Allotment of the Share Purchase Warrants

The effective date of an allotment shall be separately specified by the Board of Directors in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.

4. Class and Number of Shares Subject to the Share Purchase Warrants

The class of shares subject to the Share Purchase Warrants are the Company’s common shares. The number of shares subject to one (1) Share Purchase Warrant is one (1) share (the “Number of Subject Shares”). However, if the Company carries out a stock split or stock consolidation, the Number of Subject Shares shall be adjusted as necessary.

5. Substance and Value of Assets Contributed upon the Exercise of the Share Purchase Warrants

The capital contribution to be made upon the exercise of a Share Purchase Warrant shall be cash, and the amount of the capital contribution to be made upon the exercise of a Share Purchase Warrant shall be the amount separately specified by the Board of Directors in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants, which will be an amount of not less than one (1) yen.

6. Restriction on the Transfer of Share Purchase Warrants

The transfer of the Share Purchase Warrants will be subject to the Board of Directors’ approval.

7. Conditions for the Exercise of Share Purchase Warrants

The following persons will not be able to exercise any Share Purchase Warrants (those mentioned in items (1) through (6) are collectively referred to as the “Ineligible Person”):

- (1) Specified large holder¹;
- (2) Joint holder² of the specified large holder;
- (3) Specified large-scale purchaser³;
- (4) Person having a special relationship with a specified large-scale purchaser;
- (5) Person who acquires or succeeds to the Share Purchase Warrants from a person falling under any of items (1) through (4) without the approval of the Board of Directors; or
- (6) An affiliate⁴ of any person falling under any of items (1) through (5) .

The details of the conditions for exercising Share Purchase Warrants shall be specified separately in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.

8. The Company’s Acquisition of Share Purchase Warrants

On a day separately specified by the Board of Directors, the Company may acquire the Share Purchase Warrants held by a person other than an Ineligible Person and deliver the Company’s common shares equivalent to the Number of Subject Shares per Share Purchase Warrant to him/her in

¹ The term “specified large holder” means a person 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 20% or more, or a person who is determined to be a specified large holder by the Board of Directors. However, the specified large holder shall not include (x) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors not to be in conflict with the Company’s corporate value and shareholders’ common shares; and (y) any other person as separately specified by the Board of Directors in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.

² The term “joint holder” means a joint holder set forth in Article 27-23, Paragraph 5 of the Securities and Exchange Law and includes a person who is deemed to be a joint holder in accordance with Paragraph 6 of said article.

³ The term “specified large-scale purchaser” means (x) a person who makes a public announcement of purchase, etc. (as set forth in Article 27-2, Paragraph 1 of the Securities and Exchange Law; the same applies hereafter) of share certificates, etc. (as set forth in Article 27-2, Paragraph 1 of the Securities and Exchange Law; the same applies hereafter) issued by the Company through a tender offer and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. after such purchase, etc. is 20% or more together with those of a person having a special relationship with such person or (y) a person who is determined to be a specified large-scale purchaser by the Board of Directors. However, the specified large-scale purchaser shall not include (a) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors to not be in conflict with the Company’s corporate value and shareholders’ common shares and (b) any other person as separately specified by the Board of Directors in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.

⁴ The term “affiliate” of any person means a person deemed by the Board of Directors to substantially control, be controlled by, or be under such common control with such person (including any person who is deemed by the Board of Directors to be an affiliate) or a person deemed by the Board of Directors to act in concert with such person. The term “control” means to “control the determination of the financial and business policies” (as set forth in Article 3, Paragraph 3 of the Enforcement Regulations of the Company Law) of other company or entity.

exchange for the Share Purchase Warrants so acquired. The details of the conditions for the acquisition of the Share Purchase Warrants shall be separately specified in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.

9. Free-of-charge Acquisition of Share Purchase Warrants in the Case of a Discontinuance, etc. of the Countermeasures

If the Board of Directors resolves to discontinue or withdraw the countermeasures implemented or as otherwise prescribed in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants, the Company will be entitled to acquire all of the Share Purchase Warrants free of charge.

10. Exercise Period, etc. of Share Purchase Warrants

The exercise period and other necessary matters regarding the Share Purchase Warrants shall be determined separately by the Board of Directors in the Resolution of a Free-of-charge-allotment of the Share Purchase Warrants.