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To whom it may concern:

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**Continuation of Countermeasures (Takeover Defense) in Response to  
Large-scale Purchases of Kuraray Shares**

Kuraray Co., Ltd. (the “Company”) obtained the approval of shareholders concerning the introduction of the response measures (the “Current Plan”) to large-scale purchases of the Company’s shares to prevent vexatious purchases thereof, which was the Company’s effort to protect and enhance its corporate value and the common interests of its shareholders, at the Company’s 128th ordinary shareholders’ meeting held on June 19, 2009, and introduced the Current Plan as of the same date.

Thereafter, continuing to observe the progress of revision of the Financial Instruments and Exchange Act and related cabinet orders and ministerial ordinances, and based on recent developments of understanding of takeover defense, the Company has reviewed the Current Plan in furtherance of protection and enhancement of its corporate value and the common interests of its shareholders.

The Company is pleased to announce that, as a result of its consideration, the Company has decided, at the meeting of its board of directors (the “Board of Directors”) held today, to introduce the response measures (the “New Plan”) described below, to large-scale purchases of the Company’s shares, which will follow the Current Plan expiring at the time of the closure of the Company’s 131st ordinary shareholders’ meeting to be held in June 2012 (the “Ordinary Shareholders’ Meeting”) on the condition that the New Plan is approved by a majority of voting rights of shareholders present at the Ordinary Shareholders’ Meeting.

The New Plan clarifies that the extension of the Board of Directors Evaluation Period (as defined in Section III, Paragraph 2.(3) below) may only occur once. Also, some terms are revised as appropriate. However, there is no substantial change from the content of the Current Plan.

The effective term of the New Plan will be from the expiration of the effective term of the Current Plan to the closure of the Company’s 134th ordinary shareholders’ meeting to be held in June 2015.

## **I. The Summary of the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs**

Recently, the structure of Japanese corporate society has undergone drastic changes. For example, the dissolution of share cross-holding is occurring more frequently. 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 large-scale purchases of shares may be undertaken "hostilely" and suddenly without benefiting from sufficient discussion or a process of agreement with the management of the target company. Of course, the Company acknowledges that even such hostile large-scale purchases of shares may contribute to an enhancement of corporate value and the shareholders' common interests depending on the specific conditions and method, etc. of such purchases. So long as the Company is a stock company (*kabushiki kaisha*) whose shares are publicly traded on the capital markets, the Company believes that each shareholder should ultimately determine whether to accept a proposal for the purchases 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 purchases and will effectively be forced to sell their shares; (ii) the shareholders are not given enough time to consider the conditions, method, etc. of such purchases and the Board of Directors is not given enough time to present alternative proposals, etc.; or (iii) the large-scale purchasers do not intend to manage the Company in a reasonable and serious manner, etc.

The Company believes that the person controlling the Company's decisions over financial and business affairs should be someone who fully understands the corporate philosophy of the Company and its important management resources from which the Company's corporate value is generated. Moreover, such person should sincerely intend to protect and enhance 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 that 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 decisions over financial and business affairs.

## **II. Summary of Efforts Contributing to the Realization of the Basic Policy**

The Company has undertaken and will undertake 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 realization of the basic policy regarding persons controlling the Company's decisions over financial and business affairs (the "Basic Policy") described in Section I above.

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

The Company's core competence (core competitive superiority) is its highly original technology in the fields of polymer chemistry, synthetic chemistry, textile engineering and the peripheral areas thereof and its ability to develop an application to match its technology with the market needs. Taking a stance to contribute to society through our business activities and endeavoring to be a pioneer at all times, which have been reflected in our corporate culture since our incorporation "For the society and people, we do something which other people can not do.", the Company has continuously produced a unique product family leading the global market in many fields, primarily in vinyl acetate and isoprene which are the core business of the Company. These products include high-performance resin and films, chemical products, synthetic fiber, man-made leather, medical products and environment-related products. It is indispensable that we continue to invest resources from a long-term standpoint into developing unique technology and launching pioneering businesses. No one can rival us in terms of our accumulation of highly original technologies and our know-how acquired throughout the process, the knowledge and information in the specific market acquired through our persistent efforts of development, deep confidential relationships with customers built by resolving problems over the years, and qualified personnel who are experts in their specialized fields. These strengths further improve the Company's core competitive superiority. The Company considers the core competence, which is now and will continue to be unique to us, to be our important management resources from which corporate value is generated.

In order to develop the core competence to the utmost extent and to enhance the corporate value and shareholders' common benefits, the Company believes that it will be required to engage in research and development activities and exploitation of markets from a middle and long-term perspective and to realize sustainable growth by taking measures in a timely manner in accordance with the market trends.

Since 1984, the Company has made efforts to strengthen and expand its business through the establishment and implementation of medium-term management plans.

In recent years, the Company had been promoting its Medium-term Plan, "GS-Twins," a three-year plan covering fiscal years 2009 to 2011, toward achieving its "Long-Term Corporate Vision," which indicates the Company's targeted long-term direction, and implemented the following measures in order to restore the Company's profit structure as its primary goal. For details of "GS-Twins," please refer to the Company's press release dated April 30, 2009, "Establishment and Launch of the GS-Twins Medium-term Action Plan."  
([http://www.kuraray.co.jp/en/release/2009/pdf/090430\\_3.pdf](http://www.kuraray.co.jp/en/release/2009/pdf/090430_3.pdf))

(1) Improvement of profit structure

- Reduction of capital investment and reduction of fixed costs
- Improvement of the prices of goods and of the business portfolio
- Structural reforms of less profitable business fields

(2) Creation and expansion of new businesses

- In environmental areas: Development of aqua business (Sewage treatment, valuables recycling systems, ballast water management systems)
- In energy areas: Commercialization of concentrating lenses for solar power generation and the commencement of the LiB negative-electrode material business
- In the optics and electronics areas: Expansion of the application of LED reflectors and expansion of materials for elementary particles detection
- Others: Commercialization of new elastomer businesses and the development of liquid rubber for tires

(3) Acceleration of the global strategy for core businesses

- Investments to expand PVA resin and PVB resin and film production in Europe and investments to expand EVOH resin production in North America
- Forming an alliance relating to dental materials and opening an office in France
- Cultivation of the emerging markets through offices in India and Brazil

Through the implementation of these measures, the Company aimed to establish a profit structure that would generate net sales of 450.0 billion yen and an operating income of 50.0 billion yen in fiscal year 2011. For fiscal year 2011, the Company achieved a record operating income of 54.7 billion yen that exceeded the profit target following fiscal year 2010, despite net sales of 368.9 billion yen falling short of the target due to the effects of the strong yen and other similar factors. A foundation has been laid to overcome future challenges in order to achieve the “Long-Term Corporate Vision.”

The Company launched a new medium-term management plan, “GS-III,” which is a three-year action plan (fiscal years 2012 to 2014) toward achieving the “Long-Term Corporate Vision.” The “GS-III” upholds the following five core business strategies and promotes the implementation of the action plan that would enable a leap forward to the next stage of growth. For details of “GS-III,” please refer to the Company’s press release dated April 5, 2012, “GS-III New Medium-Term Management Plan.”

([http://www.kuraray.co.jp/en/release/2012/pdf/120405\\_en.pdf](http://www.kuraray.co.jp/en/release/2012/pdf/120405_en.pdf))

(1) Technological innovation

According to the concept of the “Long-Term Corporate Vision” that the Company will contribute to effective solutions to issues that threaten our planet and living things by providing highly creative technology, the Company will expand its operations by developing new products and new applications through technological innovations that will lead to future growth. In addition, the Company will ensure its competitiveness in both

construction costs and production costs through process innovations. The Company will also contribute to the environment through energy conservation.

(2) Geographical expansion

The Company will improve and promote the multi-polarity of its business hub in markets where there is room for growth for its business– in Japan and abroad, both in developed countries and emerging ones – in order to accelerate its business expansion.

(3) Utilization of external resources

The Company has created many superior original materials through in-house development. While firmly maintaining this tradition, the Company will seek fusion with and effective utilization of external resources through M&A and alliances in areas which can complement and develop the Company's technologies.

(4) Strengthening of the global management foundation

In order to support its business that is becoming spread out and complicated with its growth in and outside of Japan, the Company will strengthen its back-office functions that cover each business site, such as global HR management, CSR management, risk management, and global financial and accounting strategies.

(5) Environmental measures

Recognizing that our mission is to provide, at low environmental load, materials and intermediate materials that are essential for products and systems contributing to the environment, we aim to improve the “eco-efficiency” (net sales per environmental load) of our products.

Through the implementation of various measures based on these strategies, the Company aims to achieve net sales of 550.0 billion yen and an operating income of 85.0 billion yen in fiscal year 2014, the final year of “GS-III.”

## 2. Establishment of a Corporate Governance System

In addition to the above-described measures, as part of the efforts to contribute to the realization of the Basic Policy described in Section I above, the Company has established a corporate governance system. An effective corporate governance system ensuring the efficiency and fairness of management enables the Company to maintain appropriate relationships with various stakeholders and to fulfill its responsibility to society. The Company understands that this measure, continually and in the long term, enhances its corporate value and shareholders’ common interests, and therefore, contributes to the realization of 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 prepare for strengthening the foundation of our global management and the development of our business with a view to our “Long-Term Corporate Vision” and the new medium-term management plan, “GS-III”, upon the approval of shareholders present at the Ordinary Shareholders’ Meeting, the Company will make an amendment to the Company’s Articles of Incorporation that the maximum number of directors is increased from ten (10) to twelve (12). Moreover, the Company prescribed their term of office to be one (1) year for the purpose of clarifying responsibility to the Company’s shareholders. The Company appointed two outside directors who supervise management from an independent third party standpoint. In addition, the Company adopted a performance-linked compensation plan and a stock option plan that reinforce the directors’ incentives for improving shareholders’ interests.

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

(2) Company auditors

The Company has five (5) company auditors, three (3) of which are appointed as outside company auditors from independent third parties.

(3) Management Advisory Committee

The Company established the Management Advisory Committee, which is responsible for giving advice with respect to complying with laws, protecting shareholders’ rights and ensuring management transparency.

The Management Advisory Committee has seven (7) permanent members, among which four (4) members are persons with external knowledgeable and have strong experience in corporate management and corporate legal affairs. The Committee meets regularly and advises the President on important management policies or challenges, questions of whether the President should resign, the selection of successor candidates, compensation of the President, etc.

3. Basic Policy of Distribution of Profits to Shareholders

The distribution of profits to shareholders is one of management’s primary objectives. In order to enhance its corporate value and shareholders’ common interests, the Company endeavors to ensure appropriate distribution of profits, in consideration of management results and securing growth potential in the future. Specifically, the Company has targeted a payout ratio of 30% or higher of the consolidated net income and has increased the dividend due to continued improvement of business performance. Annual dividend per share has increased from 9 yen for the fiscal year 2002 to 33 yen for the fiscal year 2011.

As described in Paragraph 1 above, the Company commenced the “GS-III,” a medium-term management plan which has duration of three years. Under this plan, the Company targets a payout ratio of 35% or higher of the consolidated net income.

From a middle and long-term perspective, the Company will endeavor to ensure appropriate distribution of profits, in consideration of management results and securing growth potential in the future.

### **III. Effort to Prevent Decisions concerning the Company’s Financial and Business Affairs from Being Controlled by Inappropriate Persons in light of the Basic Policy**

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

The Company will introduce the New 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 New 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. The Company group consists of many affiliated companies and its business field covers a wide range of businesses primarily in vinyl-acetate and isoprene which are the core business of the Company. These businesses include high-performance resin and films, chemical products, synthetic fiber, man-made leather, medical products, and environmental-related products, etc.

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 corporate value based on its various efforts to enhance its corporate value and shareholders’ common interests, and the status of each business; and b) the specific conditions, method, 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 which is responsible for the management of the Company and is familiar with the Company’s businesses and the details of the above-described efforts and the Board of Directors’ opinion regarding the purchase proposal. 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, if the Company determines it necessary to modify or improve the conditions and method of the purchaser’s purchase proposal, the Company shall negotiate the conditions and method of the proposal with the purchaser and present an alternative proposal, etc. Thus, it should be necessary to allow the necessary time therefor.

Furthermore, the Board of Directors will evaluate and examine the conditions and method, etc. of the proposed purchase, including the Company’s management policy, etc. proposed by the purchaser after the purchase and other related matters. As a result of such evaluation and examination, if the purchaser’s proposal is determined to be materially adverse to the Company’s corporate value or the

shareholders' common interests because (i) the purchaser intends to purchase the shares of the Company and manage the Company as a major shareholder in a vexatious manner strictly for its own benefit; (ii) the purchaser effectively forces the shareholders to sell their shares or (iii) enough time is not ensured for the shareholders to examine the conditions and method, etc. of the proposed purchase or for the Board of Directors to present alternative proposals, then the Company considers it necessary to trigger necessary and appropriate countermeasures against such purchase.

The Board of Directors decided to introduce the New Plan against a purchaser and purchase offeror (collectively, the "Large-scale Share Purchaser") to prevent purchases that would materially damage the Company's corporate value or the shareholders' common interests, which will permit shareholders, in advance, to receive any necessary information with respect to a purchase proposed by the Large-scale Share Purchaser and ensure there is sufficient 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 hereinafter) provide sufficient information and an adequate period of time for examining, etc. such information, such Large-scale Share Purchaser might refuse such request. The Large-scale Share Purchaser may, in fact, conduct or intend to conduct a Large-scale Share Purchase that would materially damage the Company's corporate value or the shareholders' common interests. In those situations, the New Plan prescribes that countermeasures will be triggered against such Large-scale Share Purchaser. Thus, the New Plan will prevent such Large-scale Share Purchaser from conducting a Large-scale Share Purchase. The introduction of the New Plan constitutes an effort to prevent the Company's decisions over financial and business affairs from being controlled by inappropriate persons in light of the Basic Policy described in Section I above.

Naturally, in order to introduce the New Plan, it is desirable to confirm the shareholders' opinions thereto. For this purpose, the Company has determined to introduce the New Plan on condition that the New 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 New Plan, there was 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, please see Exhibit 1.

## 2. The New Plan's Content

### (1) Large-scale Share Purchase Triggering Countermeasures

Under the New Plan, countermeasures may be triggered 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.<sup>1</sup> issued by the Company by a holder<sup>2</sup> that will cause such holder's holding ratio of share certificates, etc.<sup>3</sup> to become 20% or greater.
- (b) Any tender offer<sup>4</sup> for share certificates, etc.<sup>5</sup> issued by the Company that will cause the total of an offeror's holding ratio of share certificates, etc.<sup>6</sup> subject to the tender offer and the aggregate holding ratio of share certificates of person(s) in special relationship<sup>7</sup> to become 20% or greater.

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<sup>1</sup> The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act unless otherwise specified (including the share and the other rights of which certificates are not issued). If the Companies Act, the Financial Instruments and Exchange Act or any rule, cabinet order, cabinet office ordinance or ministerial ordinance relating thereto (collectively, the "Acts") are amended (including a change of the name of the Acts and formulation of new Acts which replace the old Acts), the provisions and terms of the Acts referred to by the New Plan shall be deemed to be replaced with the provisions and terms of the Acts which effectively succeed to the provisions and terms of the amended Acts, unless otherwise specified by the Board of Directors.

<sup>2</sup> The term "holder" refers to "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act and includes a person who is included as a holder pursuant to Paragraph 3 of the same article, unless otherwise specified.

<sup>3</sup> 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 Financial Instruments and Exchange Act unless otherwise specified. For the purpose of calculating each holding ratio of share certificates, etc., the latest annual securities report, quarterly securities report and share buyback report may be referred to with respect to the "total number of issued shares" (as defined in the same Paragraph of the Financial Instruments and Exchange Act unless otherwise specified).

<sup>4</sup> The term "tender offer" refers to "the tender offer" as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Act unless otherwise specified.

<sup>5</sup> 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 Financial Instruments and Exchange Act (including the share and other rights of which certificates are not issued.).

<sup>6</sup> 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 Financial Instruments and Exchange Act unless otherwise specified. For the purpose of calculating the holding ratio of share certificates, etc., the latest annual securities report, quarterly securities report and share buyback report may be referred to with respect to the "total number of voting rights" (as defined in the same Paragraph of the Financial Instruments and Exchange Act unless otherwise specified).

<sup>7</sup> The term "person(s) in a special relationship" refers to "person(s) in a special relationship" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Act. 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 (*Hakkoshaigai no Mono ni Yoru Kabuken-to no Kokai-kaitsume no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded unless otherwise specified.

- (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 New 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 class and number of share certificates, etc. of the Company that the Large-scale Share Purchaser intends to acquire through the Large-scale Share Purchase, and the outline of the purpose of the Large-scale Share Purchase, for example, acquisition of control or participation in management, net investment or investment for policy considerations, transfer of the share certificates, etc. of the Company to any third party after the Large-scale Share Purchase or act of making important suggestion, etc.<sup>8</sup> or if there is any other purpose, such fact and outline. If there are multiple 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 necessary and sufficient information for the shareholders' determination and for the Board of Directors' evaluation

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<sup>8</sup> The term “act of making important suggestion, etc.” refers to “act of making important suggestion, etc.” as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act and Article 16 of the Cabinet Office Ordinance concerning Disclosure of Large Holding of Share Certificates, etc. (*Kabuken-to no Tairyo-hoyu no Jokyo no Kaiji ni Kansuru Naikakufu-rei*) unless otherwise specified.

and examination, etc. of the Large-scale Share Purchase (the “Large-scale Share Purchase Information”) according to the following procedures.

Within ten (10) business days<sup>9</sup> 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 (the “Large-scale Purchase Information List”) at the contact address in Japan described in paragraph (i), item (a) above.

The specific substance of information to be provided will differ depending on the attributes of the Large-scale Share Purchaser and the conditions and method, etc. of the Large-scale Share Purchase. In principle, the information described in the following paragraph will be a part of the Large-scale Purchase Information List. The specific substance of information to be contained in the Large-scale Purchase Information List shall be determined by the Board of Directors at its reasonable discretion, in light of the conditions and method of such Large-scale Share Purchase.

(A) Information Concerning the Large-scale Share Purchaser

Particulars of the Large-scale Share Purchaser and its group.

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

- 1) The purpose, method and substance of the Large-scale Share Purchase.
- 2) The details of the purchase price under the Large-scale Share Purchase, and the calculation basis and circumstances of purchase price.
- 3) If there is contact with any third party in connection with the Large-scale Share Purchase, 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.
- 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 substance of the Pledge 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

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

Large-scale Share Purchaser after the Large-scale Share Purchase, the substance of the Pledge Agreement.

- 7) If the purpose of the Large-scale Share Purchase is the acquisition of control or participation in management, the method 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, etc., that 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 conduct an act of making an important suggestion, etc. or there is possibility of conducting an act of making an important suggestion, etc. after the Large-scale Share Purchase, the substance of such suggestion.
- 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 after the completion of the 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 Act on Prohibition of Private Monopolization and Maintenance of Fair Trade 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 Large-scale Share Purchase Information 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, 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 to the shareholders 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 in a timely and appropriate manner.

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

(iii) Language

The Large-scale Share Purchaser will be required to submit the Statement of Intention described in paragraph (i) above and provide the Large-scale Share Purchase Information described in paragraph (ii) above in Japanese.

(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 reasonably necessary for the Board of Directors to evaluate and examine the conditions and method of the Large-scale Share Purchase, to consult and negotiate with the Large-scale Share Purchase, to formulate its opinion regarding the Large-scale Share Purchase and to establish alternative proposals (the “Board of Directors Evaluation Period”), up to the periods set forth in item (i) or (ii) below (in each case, excluding the initial day), in accordance with the substance of the Large-scale Share Purchase, taking into consideration the level of difficulty in formulating an opinion and establishment of 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): up to sixty (60) days.
- (ii) In the case of Large-scale Share Purchases other than that mentioned in item (i) above: up to ninety (90) days.

During the Board of Directors Evaluation Period, the Board of Directors will evaluate and examine the conditions and method, 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 information provided by the Large-scale Share Purchaser. The Board of Directors will carefully reach its opinion and provide on a timely basis the substance of such opinion to the Large-scale Share Purchaser and, at the same time, disclose it to the shareholders in an appropriate manner. The Board of Directors will, as necessary, consult and negotiate with the Large-scale Share Purchaser with respect to the conditions and method of the Large-scale Share Purchase and establish alternative proposals for the shareholders.

If there is an unavoidable reason that prevents the Board of Directors from completing its evaluation and examination, its consultation and negotiation with the Large-scale Share Purchaser, its formulation of the opinion regarding the Large-scale Share Purchase or its establishment of alternative proposals for the shareholders, as described above, during the Board of Directors Evaluation Period, the Board of Directors will explain to the Special Committee the necessity and reasons for extension of the Board of Directors Evaluation Period and make inquiry to the Special Committee about the appropriateness of such extension, and may then extend the Board of Directors Evaluation Period by up to the period reasonably determined to be necessary, respecting the Special Committee's recommendation to the greatest extent possible. However, the extension may be made only once, and the period of extension is no longer than thirty (30) days (excluding the first day). If the Board of Directors resolves to extend the Board of Directors Evaluation Period, the Company will disclose the specific length of the resolved extension period and the reason for the extension to the shareholders in accordance with applicable laws and regulations and rules of the relevant financial instruments exchange in a timely and appropriate manner.

The Large-scale Share Purchaser may initiate a Large-scale Share Purchase only after the expiration of the Board of Directors Evaluation Period. If a Shareholders' Meeting Confirming Shareholders' Opinion is called, see Paragraph (4)(i)(C) below.

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

(i) Conditions for Triggering Countermeasures

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

(A-1) Triggered by Recommendation of Special Committee

If 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 method, etc. of such Large-scale Share Purchase, deem such Large-scale Share Purchase to be a hostile takeover that might materially damage the Company's corporate value and shareholders' common interests and trigger the necessary and appropriate countermeasures (for their specific substance, see paragraph (ii) below).

In such case, as described in Paragraph 3.(1)(ii) below, the Board of Directors must make an inquiry to the Special Committee, in advance of triggering the countermeasures, regarding the appropriateness of triggering such countermeasures. Upon such inquiry, the Special Committee may obtain, as necessary, advice from the financial advisors, legal counsel, certified public accountants and other external experts who are independent of the Board of Directors (collectively, the "External Experts"), and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. 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 trigger the countermeasures.

(A-2) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (A-1) above, if the Special Committee recommends the calling of a shareholders' meeting to confirm the shareholders' opinion regarding the appropriateness of triggering the countermeasures (the "Shareholders' Meeting Confirming Shareholders' Opinion"), the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures.

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

(B-1) Triggered by Recommendation of Special Committee

If 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, trigger the countermeasures against such Large-scale Share Purchase. Individual shareholders will decide whether they accept the Large-scale Share Purchaser's proposal for the Large-scale Share Purchase based on the information provided by Large-scale Share Purchaser 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 clearly determines that such Large-scale Share Purchase would materially damage the Company's corporate value and shareholders' common interests, the Board of Directors may trigger the necessary and appropriate countermeasures (for the specific substance, see paragraph (ii) below) to protect and enhance the Company's corporate value and shareholders' common interests.

Specifically, this may be the case if it is objectively and reasonably determined that the Large-scale Share Purchase falls under any of those listed in Exhibit 2 and, as a result, the Large-scale Share Purchase causes irreparable damage to the Company or effectively forces the shareholders to sell their shares of the Company.

In addition, the Board of Directors will not trigger the countermeasures against a Large-scale Share Purchase only by reason that it falls under any of those listed in Exhibit 2 as a matter of form. The Board of Directors will trigger the countermeasures against a Large-scale Share Purchase only if it is clearly determined that the

Company's corporate value and shareholders' common interests would be materially damaged.

In such case, as described in Paragraph 3.(1)(ii) below, the Board of Directors must make an inquiry to the Special Committee, in advance of triggering the countermeasures regarding the appropriateness of triggering such countermeasures. The Special Committee may obtain, as necessary, advice from the External Experts and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. 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 trigger the countermeasures.

(B-2) Triggered by Resolution of Shareholders' Meeting Confirming Shareholders' Opinion

Notwithstanding (B-1) above, if the Special Committee recommends the calling of a Shareholders' Meeting Confirming Shareholders' Opinion, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures. In addition, without such recommendation of special committee, if the Board of Directors determines it appropriate to confirm shareholders' opinion regarding whether or not to trigger the countermeasures, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures.

(C) Handling of Case Where Shareholders' Meeting Confirming Shareholders' Opinion is Called

If the Board of Directors calls a Shareholders' Meeting Confirming Shareholders' Opinion, the Board of Directors will be subject to the resolution of the Shareholders' Meeting Confirming Shareholders' Opinion regarding the appropriateness of triggering the countermeasures.

If the Board of Directors determines to call a Shareholders' Meeting Confirming Shareholders' Opinion, the Large-scale Share Purchaser may not initiate the Large-scale Share Purchase before such Shareholders' Meeting Confirming Shareholders' Opinion adjourns. If the Shareholders' Meeting Confirming Shareholders' Opinion is not called, as described in paragraph (3) above, the Large-scale Share Purchase may be initiated after the expiration of the Board of Directors Evaluation Period.

(ii) Substance of Countermeasures

The Board of Directors will trigger an allotment of share options (*shinkabu-yoyakuken*) (the "Share Options") without contribution to all its shareholders as a countermeasure to be triggered in accordance with Paragraph (i), Item (A) or (B) above.



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

The Company intends to file a shelf registration statement for the Share Options in order to ensure that the allotment of the Share Options without contribution to all its shareholders as a countermeasure will be efficiently triggered.

### 3. System for Ensuring the Reasonableness and Fairness of the New 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 or not to extend the Board of Directors Evaluation Period, (b) whether or not to trigger the countermeasures, and (c) whether the triggered countermeasures are to be maintained (however, if a Shareholders' Meeting Confirming Shareholders' Opinion is called, subject to a resolution of such meeting). In order to ensure the reasonableness and fairness of such decision and the New 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 directors and outside company auditors. At the time of introduction of the New Plan, the three (3) members of the Special Committee will be: Mr. Kensaku Aomoto, Mr. Takafusa Shioya and Ms. Mie Fujimoto. A brief personal history of each member is set forth in Exhibit 4 "Brief History of Members of Special Committee."

##### (ii) Procedures for Triggering the Countermeasures

For the Board of Directors to trigger the countermeasures, it must follow the procedures below 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 triggering the countermeasures regarding the appropriateness of triggering such countermeasures. Upon such inquiry, the Special Committee may obtain, as necessary, advice from External Experts and make recommendations to the Board of Directors with respect to the appropriateness of triggering the countermeasures. 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 trigger the countermeasures. However, as described in Paragraph 2.(4)(i) above, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures against the Large-scale Share Purchaser.

In addition to the above-mentioned inquiry, the Board of Directors will examine any effect on the Company's corporate value and the shareholders' common interest that might be caused by the Large-scale Share Purchase based on the information provided by the Large-scale Share Purchaser and

other information. Based on such considerations, the Board of Directors will decide whether or not to trigger the countermeasures.

(iii) 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 extension of the Board of Directors Evaluation Period, the appropriateness of triggering the countermeasures or maintaining the triggered countermeasures as mentioned above, if (x) the Board of Directors questions whether the information provided by the Large-scale Share Purchaser is sufficient to meet the Large-scale Share Purchase Information requirements; (y) the Board of Directors formulates an alternative proposal to the shareholders; or (z) for any other issues, the Board of Directors determines it necessary. Upon such inquiry, the Special Committee will obtain, as necessary, advice from External Experts, examine the inquired matters and make a recommendation to the Board of Directors. The Board of Directors must respect such recommendation of the Special Committee to the greatest extent possible.

(2) Confirmation of Shareholders' Opinion

(i) Confirmation of Shareholders' Opinion regarding Introduction of the New Plan

In order to confirm the shareholders' opinion regarding introduction of the New Plan, the Board of Directors resolved that it would submit a proposal for introduction of the New Plan to the Ordinary Shareholders' Meeting and that the New Plan would be introduced on the condition that the proposal is approved by a majority of the voting rights of shareholders present at such meeting. Accordingly, if a majority of the voting rights of the shareholders present at the Ordinary Shareholders' Meeting do not agree to the introduction of the New Plan, the New Plan will not be introduced and the Current Plan will terminate upon the expiration of its effective term.

(ii) Confirmation of Shareholders' Opinion regarding Triggering of the Countermeasures

As described in Paragraph 2.(4)(i) above, in the specified cases, in advance of triggering the countermeasures, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm the shareholders' opinion regarding whether or not to trigger the countermeasures.

(3) Advice from External Experts

The Board of Directors shall obtain advice from External Experts, in the cases where (x) the Board of Directors deliberates and makes decisions regarding (a) the specific substance of information to be contained in the Large-scale Purchase Information List, (b) whether information provided by the Large-scale Share Purchaser is sufficient to meet the Large-scale Share Purchase Information requirements, (c) fixing the Board of Directors Evaluation Period, (d) the appropriateness of extension of the Board of Directors Evaluation Period, (e) the appropriateness of triggering the

countermeasures or (f) the appropriateness of maintaining the triggered countermeasures; (y) the Board of Directors evaluates and examines the conditions and method, etc. of the Large-scale Share Purchase; or (z) for any other issues the Board of Directors determines it necessary, in order to ensure the reasonableness and fairness of such decision and the New Plan.

(4) Discontinuance or Withdrawal of Triggered Countermeasures

Even if the Board of Directors has triggered the countermeasures based on the New Plan, if (a) the Large-scale Share Purchaser discontinues or withdraws the Large-scale Share Purchase; or (b) the facts, etc. on which the Board of Directors based its decision to trigger the countermeasures change and the Board of Directors determines 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 examine the appropriateness of maintaining the countermeasures and make an inquiry to the Special Committee again regarding the appropriateness of maintaining the countermeasures, presenting specific circumstances described in (a) or (b) above. Upon such inquiry, the Special Committee will obtain, as necessary, advice from External Experts and examine the appropriateness of maintaining the countermeasures 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 or not to maintain the countermeasures.

If, based on the Special Committee's recommendation as mentioned above, the Board of Directors determines that it would be 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 discontinue or withdraw the triggered countermeasures and promptly disclose such fact.

(5) Effective Term of the New Plan and Respect for Shareholder's Decisions regarding the Continuance, Abolishment or Modification of the New Plan

The effective term of the New Plan will expire on the closure of the 134th ordinary shareholders' meeting to be held in 2015. However, the New Plan will be introduced on the condition that the New 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 do not agree to the New Plan, the New Plan will not be introduced.

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

The Board of Directors may modify the New Plan, subject to the Special Committee's approval, to the extent such modification is deemed reasonably necessary as a result of (a) any amendment of the Companies Act, the Financial Instruments and Exchange Act and other applicable laws or regulations, or rules of relevant financial instruments exchanges, or a change

in the interpretation or operation of any of the foregoing, or (b) any change in tax systems, or court ruling.

The Company will deliberate and resolve to continue, abolish or modify the New Plan at each Board of Directors' meeting held immediately after the closing of the Company's ordinary shareholders' meeting in 2013 and thereafter.

If the New 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, and any other matter the Board of Directors determines appropriate in accordance with applicable laws and the rules of the relevant financial instruments exchanges.

#### 4. Reasonableness of the New Plan

- (1) The New Plan Fully Satisfies the Requirements of the Guidelines for Takeover Defense Measures, etc.

The New Plan fully satisfies the following three principles set forth under the "Guidelines Regarding Takeover Defenses for the Purposes of Protection and Enhancement of 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) the principle of the protection and enhancement of corporate value and shareholders' common interests; (ii) the principle of the prior disclosure and shareholders' opinion; and (iii) the principle of the securing of necessity and reasonableness. In addition, the New Plan reflects the "Takeover Defense Measures in Light of Recent Environmental Changes" released by the Corporate Value Study Group on June 30, 2008 and other recent discussions concerning takeover defense measures such as expressing clearly that the Board of Directors reasonably decides the specific substance of information to be provided by Large-scale Purchaser and that the Board of Directors will not trigger the countermeasures merely because the Large-scale Share Purchase falls under a certain matter of form, but rather, only if it is clearly determined that the Company's corporate value and shareholders' common interests would be materially damaged. Furthermore, the New Plan is in accordance with the purposes of rules on introduction of takeover defense measures established by the Tokyo Stock Exchange.

- (2) Introduction of the New 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 New Plan will be introduced as a response measure against a Large-scale Share Purchaser, which enables the shareholders, in advance, to receive 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 Large-scale Share Purchase.

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

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

As described in Paragraph 2.(4)(i) above, under specified circumstances, in advance to triggering the countermeasures, the Board of Directors may call a Shareholders' Meeting Confirming Shareholders' Opinion and confirm shareholders' opinion regarding whether or not to trigger such countermeasures.

As described in Paragraph 3.(5) above, the effective term of the New Plan will expire upon the closure of the Company's 134th ordinary shareholders' meeting in 2015. Even before expiration of such effective term, (i) if a Company's shareholders' meeting approves a proposal to abolish or modify the New Plan; or (ii) if the Company's Board of Directors' resolves to abolish the New Plan, the New Plan will be abolished or modified at the time of such approval or resolution.

In addition, the term of office of a Company director is one (1) year. Even before the expiration of the effective term of the New Plan, the shareholders will be able to express their opinion through the appointment of directors.

Therefore, the introduction, abolishment or modification of the New Plan, or triggering the countermeasures is designed to fully reflect the shareholders' opinion.

(4) Establishment of Reasonably Objective Conditions

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

(5) Establishment of the Special Committee

As described in Paragraph 3.(1)(i) above, in introducing the New 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 or not to extend the Board of Directors Evaluation Period; (b) whether or not to trigger the countermeasures, and (c) whether or not to maintain the triggered countermeasures, and (y) the reasonableness and fairness of the New Plan.

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

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

As described in Paragraph 3.(5) above, the New Plan may, at any time, be abolished by the Board of Directors consisting of directors elected at a Company shareholders' meeting. Therefore, the New Plan is not a dead-hand takeover defense measure (a takeover defense measure that cannot prevent triggering the countermeasures even if a majority of the members of the board of directors are

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

## 5. Effect upon Shareholders and Investors

### (1) Effect of New Plan Introduction on Shareholders and Investors

At the time the New Plan is introduced, no Share Options will be allotted without contribution. 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 Options Are Allotted without Contribution

If the Board of Directors decides to trigger the countermeasures and resolves to allot the Share Options without contribution to all Company shareholders, the Share Options will be allotted without contribution to all shareholders recorded in the latest shareholder register as of the Allotment Date (as defined in Paragraph 1 of Exhibit 3), at a ratio of one (1) Share Option per one (1) Company share held. Under this system of countermeasures, at the time of the allotment without contribution, although the economic value per Company share held by each shareholder and investor will be diluted, the economic value of all Company's shares held by each shareholder and investor will not be diluted, and the voting rights per share of the Company's shares will also not be diluted. Therefore, we do not expect any countermeasure to directly or specifically affect the legal rights or economic interests of all Company's shares held by each shareholder and investor.

Even in the case where the Board of Directors resolves to allot the Share Options without contribution as a countermeasure, if the Board of Directors discontinues or withdraws the countermeasures triggered in accordance with the procedures, etc. described in Paragraph 3.(4) above, please note that, because the economic value per Company share held by each shareholder and investor will not be diluted, the investors who traded the Company's shares under the expectation of such dilution may suffer a loss due to a change in the share price.

If the Share Options are allotted 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 all Company's 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 Allotment of the Share Options without Contribution

No other procedure for the application of an allotment of the Share Options is required because, as of the effective date of the allotment of the Share Options without contribution, the shareholders recorded in the latest shareholder register as of the Allotment Date will automatically receive the Share Options.

Shareholders may be required to exercise the Share Options to acquire new shares within a specified period (in such case, payment of a specified amount is required). In that case, the Company will publicly announce the details of the procedures in a timely and appropriate manner in accordance with any applicable laws or rules of financial instruments exchanges.

#### 6. Other Matters

The New Plan was resolved by an affirmative vote of all directors of the Company, including 2 outside directors at a meeting of the Board of Directors held today. At such meeting, all company auditors of the Company, including 3 outside company auditors agreed to the New Plan.

Exhibit 1

**The Status of the Shares of the Company (as of March 31, 2012)**

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	Number of shares held (thousand shares)	Percentage of Shares held(%)
The Master Trust Bank of Japan, Ltd. (account in trust)	23,466	6.74
Japan Trustee Services Bank, Ltd. (account in trust)	22,091	6.35
Nippon Life Insurance Company	13,061	3.75
National Mutual Insurance Federation of Agricultural Co-operatives	11,002	3.16
SSBT OD05 Omnibus Account – Treaty Clients	7,704	2.21
Meiji Yasuda Life Insurance Company	6,453	1.85
Mellon Bank Treaty Clients Omnibus	5,686	1.63
Mellon Bank, N.A. as agent for its Client Mellon Omnibus US Pension	5,289	1.52
Northern Trust Co. (AVFC) Sub A/C American Clients	5,067	1.46
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	4,568	1.31

(Note) In calculation of the percentage of shares held, the treasury shares (34,506,810 shares) of the Company are excluded from the total number of shares issued.



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

- (1) The Large-scale Share 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 Large-scale Share 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 or its group companies, etc.
- (3) The Large-scale Share 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 Large-scale Share Purchaser or its group companies, etc. after the Large-scale Share Purchaser acquires the control over the Company.
- (4) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of temporarily controlling the management of the Company and thereby causes the Company or its group companies to sell or otherwise dispose of highly-valued assets, such as real property or securities, etc., that are not currently related to the business of the Company or its group companies and (x) causes the Company temporarily to distribute greater dividends from the gains of such disposals, or (y) sells 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 method of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser is likely to restrict the shareholders' opportunity or liberty to make decisions and effectively 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 is likely to materially damage the Company's important

management resources from which its corporate value is generated (such as highly original technologies and know-how, knowledge and information in the specific markets, deep confidential relationships with customers built over the years, and qualified personnel who are experts in their specialized field, see Section II 1. above for details) and thereby materially damage the Company's corporate value and shareholders' common interests.

### **Outline of the Share Options**

1. Total Number of Allotted Share Options

The total number of allotted Share Options shall be the same number as the total number of the latest issued ordinary shares of the Company (excluding the number of ordinary shares of the Company 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 allotment of the Share Options without contribution (the “Resolution of an Allotment of the Share Options without Contribution”).

2. Shareholders Eligible for Allotment

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

3. Effective Date of Allotment of the Share Options without Contribution

The effective date of an allotment shall be separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

4. Class and Number of Shares Subject to the Share Options

The class of shares subject to the Share Options is the Company’s common shares. The number of shares subject to one (1) Share Option 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 Options

The capital contribution to be made upon the exercise of a Share Option shall be cash, and the amount of the capital contribution to be made upon the exercise of a Share Option shall be the amount separately specified by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution, which will be an amount of not less than one (1) yen.

6. Restriction on the Transfer of Share Options

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

7. Conditions for the Exercise of Share Options

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

- (1) Specified large holder<sup>10</sup>;
- (2) Joint holder<sup>11</sup> of the specified large holder;
- (3) Specified large-scale purchaser<sup>12</sup>;
- (4) Person having a special relationship with a specified large-scale purchaser;
- (5) Person who acquires or succeeds to the Share Options from a person falling under any of items (1) through (4) above without the approval of the Board of Directors; or
- (6) An affiliate<sup>13</sup> of any person falling under any of items (1) through (5) above.

The details of the conditions for exercising Share Options shall be specified separately in the Resolution of an Allotment of the Share Options without Contribution.

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<sup>10</sup> The term “specified large holder” means a person who is a holder of share certificates, etc. of the Company and whose holding ratio of share certificates, etc. of the Company 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 an Allotment of the Share Options without Contribution.

<sup>11</sup> The term “joint holder” refers to the “joint holder” as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Act and includes a person who is deemed to fall under the joint holder pursuant to paragraph 6 of the same article unless otherwise specified.

<sup>12</sup> 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 Financial Instruments and Exchange Act; the same applies hereinafter) of share certificates, etc. (as set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter) issued by the Company through a tender offer and whose holding ratio of 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 an Allotment of the Share Options without Contribution.

<sup>13</sup> 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 Companies Act) of other company or entity.

8. The Company's Acquisition of Share Options

On a day separately specified by the Board of Directors, the Company may acquire the Share Options held by a person other than an Ineligible Person and deliver the ordinary shares of the Company equivalent to the Number of Subject Shares per Share Option to him/her in exchange for the Share Options so acquired. If the Company acquires the Share Options held by an Ineligible Person, no cash will be offered in exchange for the Share Options. The details of the conditions for the acquisition of the Share Options shall be separately specified in the Resolution of an Allotment of the Share Options without Contribution.

9. Acquisition of Share Options without Contribution in the Case of a Discontinuance, etc. of the Countermeasures

If the Board of Directors resolves to discontinue or withdraw the countermeasures triggered or as otherwise prescribed in the Resolution of an Allotment of the Share Options without Contribution, the Company will be entitled to acquire all of the Share Options without contribution.

10. Exercise Period, etc. of Share Options

The exercise period and other necessary matters regarding the Share Options shall be determined separately by the Board of Directors in the Resolution of an Allotment of the Share Options without Contribution.

## Exhibit 4

### Brief History of Member of Special Committee

#### 1. Kensaku Aomoto

April 1963	Entered Export-Import Bank of Japan ("EIB")
June 1989	Director General, Loan Department IV
April 1991	Director General, Policy Planning and Coordination Department
January 1995	Senior Executive Director, EIB
June 1998	Deputy Governor, EIB
June 2000	President (Chief Executive Officer), Japan Institute for Overseas Investment
June 2008	Director of the Company (outside director) (current position)
June 2010	Director (outside director), IBJ Leasing Company, Limited (current position)
June 2011	President, Meiji Gakuin (current position)

#### 2. Takafusa Shioya

April 1966	Entered Economic Planning Agency of Japan ("EPA")
July 1990	Director, Minister's Secretariat Division, EPA
June 1993	Deputy Director-General, Social Policy Bureau, EPA
July 1997	Director-General, Coordination Bureau, EPA
June 1998	Administrative Vice-Minister, EPA
February 2000	President, National Institute for Research Advancement
June 2008	Director of the Company (outside director) (current position) and Chairman, Economic Research Association (current position)
October 2009	President, the Institute for Science of Labour (current position)

#### 3. Mie Fujimoto

April 1993	Registered as an attorney-at-law (Daini Tokyo Bar Association)
April 1993	Entered New Tokyo Sogoh Law Offices (currently Sakai Mimura & Aizawa Law Office)
January 2003	Became a partner of New Tokyo International Law Office (currently Sakai Mimura & Aizawa Law Office) (current position)
June 2009	Company Auditor (outside company auditor) (current position)

\* The persons mentioned above do not have any special interests in or with the Company.