

May 15, 2008

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### **Introduction of a Policy for Countermeasures to Large-Scale Acquisitions of the Company's Share Certificates, etc. (Takeover Defense Measures)**

FUJI MACHINE MFG. CO., LTD. (the "Company"), hereby announces that at the Company's Board of Directors meeting held on May 15, 2008, the Company resolved to introduce a basic policy regarding those who control decisions on the Company's financial matters and business policies (defined in a proviso of Article 127 of the Ordinance for Enforcement of the Corporation Law; hereinafter the "Basic Policy") and a policy for countermeasures to large-scale acquisitions of the Company's share certificates, etc. (hereinafter "This Policy"), as a specific measure (under Article 127, Item 2-b, of the Ordinance for Enforcement of the Corporation Law) to prevent decisions on the Company's financial matters and business policies from being controlled by a party deemed to be inappropriate with regard to the Basic Policy, for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders. The major shareholders of the Company as of March 31, 2008, are listed in Attachment 1. Please note that as of today the Company has received no specific notice or proposal to effect such a large-scale acquisition of the Company's share certificates, etc.

This Policy shall become effective as of today. The Company, however, intends to seek shareholders' approval to reflect their intention regarding This Policy. To this end, the Board of Directors has resolved that the effective period of This Policy is temporarily deemed to remain until the Ordinary General Meeting of Shareholders to be held on June 27, 2008 (hereinafter "This Annual Shareholders' Meeting"), and it will continue to be applied on the condition that shareholders' approval is obtained at This Annual Shareholders' Meeting.

#### **I. Basic Policy Regarding Those Who Control Decisions on the Company's Financial Matters and Business Policies**

The Company considers that those who control decisions on the Company's financial matters and business policies must fully understand the features of the businesses and the sources of corporate value of the Company, and be able to continuously ensure and enhance the corporate value of the Company and the common interests of its shareholders.

In recent years, we have seen an increase in cases of forced one-sided large-scale acquisitions of shares without sufficient consultation or the following of the preferred processes to achieve consensus with the management and shareholders of the target companies.

The Company does not generally oppose the acquisition of a large amount of the Company's shares, if it contributes to the corporate value of the Company and the common interests of its shareholders. Also, the Company believes a decision regarding any proposed acquisition that would involve a transfer of corporate control of a target company must ultimately be based on the intent of all the shareholders of the target company. Nonetheless, there are some large-scale acquisitions that do not enhance the corporate value of the target company or serve the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; and those that do not provide sufficient time or information for the target company's shareholders and its Board of Directors to consider the terms and conditions and the like of the large-scale acquisition or to allow for the target company's Board of Directors to make an alternative proposal.

The Company considers that those who intend to conduct a large-scale acquisition of shares that does not contribute to the corporate value and the common interests of the shareholders are inappropriate as the parties to control decisions on the Company's financial matters and business policies. Consequently, the Company believes that it must secure the corporate value and the common interests of the shareholders by taking necessary and significant countermeasures against such a large-scale acquisition of shares.

## II. Special Measures to Contribute to Realizing the Basic Policy

### 1. Measures to enhance the corporate value

The FUJI Group endeavors to create higher corporate values for shareholders, customers, business partners and employees by advocating the following basic management philosophies based on the corporate motto of “Providing state-of-the-art technologies by fully responding to user needs through consistent R&D efforts.” The basic management philosophies of the Group are enumerated below.

- 1) We comply with laws, regulations, social norms, the Articles of Incorporation and in-house rules in all aspects of executing business duties at worksites;
- 2) We supply valuable products and services that contribute to creating a more convenient and comfortable society through consistent technology development and quality improvement;
- 3) We establish cheerful and active worksites with a corporate culture that respects individuality and nurtures a strong team spirit;
- 4) We break through into new business fields based on our global and innovative business administration; and,
- 5) We conduct environment-friendly business activities in recognition that the protection of the global environment is a vital theme common to all human beings.

Since its foundation in 1959 as an industrial equipment manufacturer in the mainstay fields of electronics assembly equipment and machine tools, the FUJI Group has supplied digital equipment manufacturers of mobile phones and PCs and automobile manufacturers with state-of-the-art technologies and services throughout the world. In recent years, the Group has proactively established a high-profitability financial structure to ensure the continued growth of diverse businesses via further cost reduction to conquer the market competition, given an increasingly harsh business environment that includes diversifying customer requests against a backdrop of technological innovations, market globalization, intensifying price competition and fluctuations in capital investment demand. Initiatives in this line included reinforcing the sales and service systems, promoting reforms of the development and manufacturing processes and continuous launches of leading-edge, differential products that effectively meet customer needs.

As part of its medium- and long-term management strategy, the Group aims to improve the competitiveness of its products and the sustainable growth of its businesses to ensure swifter and more flexible responses to changes in the business environment and markets and the continued provision of high-value-added products that are manufactured with trustworthy technology and high quality. The specific priority policies of the Group are described below.

#### 1) Reinforcing R&D capabilities

We will enhance the elemental, processing and simulation technologies, all of which derive from our high-precision, high-speed surface mount technology and high-precision assembly technology, to allow for the creation of new values ahead of current market requests and swifter commercialization. Concurrently, we are actively promoting the improvement of product safety and environmental performance.

#### 2) Raising our cost competitiveness

We will promote VE (value engineering)-focused cost reduction in the design and development stages through the overall improvement of the design, procurement, manufacturing and sales processes. At the same time, we will endeavor to improve production efficiency via the establishment of a just-in-time system for the provision of components by reducing the lead time required for faster procurement of components. In addition, we will further strengthen cost competitiveness with the enhanced efficiency improvement for indirect operations by functionally integrating intra-group organizations.

#### 3) Reinforcing marketing and sales capabilities

We will promote the consecutive launches of leading-edge products to meet customer needs in well-selected target markets for each business with our improved marketing function. Furthermore, as part of our enhanced sales function, we will aim to increase the number of new customers and the market share by enhancing the service support system and supplying customer-oriented solutions toward higher customer satisfaction.

#### 4) Development and effective use of human resources

We will actively encourage the succession of excellent technologies and skills at worksites by solidifying our personnel- and education-related schemes to nurture monozukuri (manufacturing)-focused, talented employees and carry out a right-person-in-the-right-place policy.

#### 5) Enhancing corporate governance

We will actively commit not only to increasing product value but also further reinforcing internal controls in combination with the thorough dissemination of compliance and a more stringent risk management system. Furthermore, we will strive for sustainable improvement of our corporate value in the pursuit of harmonious coexistence with society by promoting social contribution programs and environmental preservation activities.

The Company believes that groupwide performance of the above strategic medium-term policies taking into account social environment and safety should serve to improve our business performance. This, in turn, should also raise the Company's corporate value and enhance the common interests of our shareholders, thereby contributing to realizing the Basic Policy.

## 2. Initiatives toward enhanced corporate governance

The FUJI Group recognizes it as a top priority management task to make the utmost efforts to create higher corporate value for the sake of shareholders, customers, business partners and employees. Accordingly, all the group companies endeavor to establish and enhance their respective organizational systems to quickly and precisely cope with environmental changes and create fair and transparent management systems, as well as to reinforce the risk compliance systems.

To this end, the Company has introduced an executive officer system to separate the decision-making function and the business execution function in management. This system will speed up the managerial decision-making process and clarify responsibility through the delegation of authority to executive officers, thereby allowing them to fulfill their operational duties and assume the responsibility to report the execution of operational duties and determine policies at regular and ad hoc meetings of the Operations Executive Board. The Company intends to submit, at This Annual Shareholders' Meeting, a proposal for an amendment to the Articles of Incorporation that limits the term of office of directors until the conclusion of the ordinary general meeting of shareholders pertaining to the last business year that ends within one (1) year after their election in order to clarify the management responsibilities of directors and establish an agile and flexible management system to swiftly cope with changes in the business environment. The Company also intends to submit a proposal for the election of highly independent outside directors at This Annual Shareholders' Meeting with the aim of ensuring transparency in management and reinforcing the management oversight function to be assumed by the Board of Directors.

Furthermore, the Company has established the Risk Compliance Committee as an internal control organ chaired by the President. The Risk Compliance Committee supports the streamlining of cross-departmental risk management systems in the respective departments and promotes their improvement from a companywide viewpoint. At the same time, the Company is committed to various risk management efforts through the Quality Control Committee to supervise quality risks and the Environment Control Committee and the Health and Safety Committee with regard to environment- and health/safety-related risks associated with corporate social responsibility. The Internal Control Council, for which the responsible chief officer is the President, supervises the relevant operations for the setup, improvement, operation and evaluation of internal controls involved in financial reporting. In addition to the organs described above, apart from the auditors, the Internal Audit Department, which reports directly to the President, conducts audits about the risk management conditions in the respective departments and reports the results to the President. The regular Operations Executive Board meetings, which are attended by representatives from the subsidiaries, report on the management situation of the respective subsidiaries to the Company's Board of Directors to assure that business activities are properly and effectively carried out. Moreover, the Internal Audit Department audits that business duties are properly executed at the subsidiaries and that compliance and risk management systems are properly operated, including those of the subsidiaries, and reports the results to the President.

### **III. Measures to Prevent Decisions on the Company's Financial Matters and Business Policies from Being Controlled by a Party Deemed Inappropriate Regarding the Basic Policy**

#### 1. Purpose of This Policy

This Policy will be introduced for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, with regard to the Basic Policy stated in I. above. The Company's Board of Directors has reached a conclusion that a framework would be indispensable to deter an offer to make a large-scale acquisition of the Company's shares that might harm the corporate value or the common interests of the shareholders, to ensure that enough time and the necessary information are provided to allow the shareholders to decide whether to accept such an offer or to allow the Board of Directors to make an alternative proposal for the shareholders and discuss and negotiate with the acquirer on behalf of the shareholders.

## 2. Outline of This Policy

In the event any party who intends to effect an acquisition of the Company's share certificates, etc. (hereinafter the "Large-Scale Acquirer"), offers a proposal of acquisition (any part of which ignores the specific method used, such as market buying and tender offers, excluding those for which the Company's Board of Directors has given prior accord; hereinafter the "Large-Scale Acquisition") of the Company's share certificates, etc., that aims to increase the ratio of voting rights (*giketsuken wariai*)<sup>2</sup> of a specified shareholder (*tokutei kabunushi*)<sup>1</sup> to 20% or more or which results in 20% or more of the ratio of voting rights of a specified shareholder, This Policy sets out procedures regarding the Large-Scale Acquisition of the Company's share certificates, etc., as described below (hereinafter the "Large-Scale Acquisition Rules") and requests the Large-Scale Acquirer to comply with the Large-Scale Acquisition Rules in order to ensure prior provision of necessary information on the Large-Scale Acquisition and enough time for the Company's shareholders to make decisions and the Board of Directors to evaluate and consider the details of the proposed Large-Scale Acquisition.

i) If the Large-Scale Acquirer does not comply with the Large-Scale Acquisition Rules, or ii) if the Large-Scale Acquisition clearly causes irrecoverable damages to the Company given that the Large-Scale Acquisition Rules are followed, or otherwise the Large-Scale Acquirer acts in a way that is deemed to threaten to harm the Company's corporate value or the common interests of its shareholders, the Company's Board of Directors intends to take certain countermeasures.

Meanwhile, as described in 5 below, the Company will establish an Independent Committee, which will consist of outside directors, outside auditors and outside experts who are independent from the Board of Directors, in compliance with the Independent Committee Rules (which are outlined in Attachment 2), in order to ensure transparency, objectivity, fairness and rationality of the decisions of the Board of Directors on the possible effects of a Large-Scale Acquisition on the Company's corporate value and the common interests of shareholders and the implementation of any countermeasures pursuant to This Policy. The Company shall maximally respect the recommendation by the Independent Committee.

Notes:

1. "Specified shareholder (*tokutei kabunushi*)" means

- 1) the party who is a holder (defined in Article 27-23 (1) of the Financial Products and Exchange Act of Japan, including persons described as a holder under Article 27-23 (3) of said Act; unless otherwise provided for in this document, this definition is applied throughout this document) of share certificates, etc. (defined in Article 27-23 (1) of the Financial Products and Exchange Act of Japan; unless otherwise provided for in this document, this definition is applied throughout this document), issued by the Company, or
- 2) the party who conducts acquisitions (defined in Article 27-2 (1) of the Financial Products and Exchange Act of Japan; this definition is applied throughout this document) of share certificates, etc. (defined in Article 27-2 (1) of the Financial Products and Exchange Act of Japan; unless otherwise provided for in this document, this definition is applied throughout this document), issued by the Company, and persons having a special relationship (*tokubetsu kankeisha*) (defined in Article 27-2 (7) of the Financial Products and Exchange Act of Japan; this definition is applied throughout this document) with such a party.

2. "Ratio of voting rights (*giketsuken wariai*)" means

- 1) the holding ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) (defined in Article 27-23 (4) of the Financial Products and Exchange Act of Japan; this definition is applied throughout this document), of a holder as stated in Note 1 i) above, or
- 2) a total of the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) (defined in Article 27-2 (8) of the Financial Products and Exchange Act of Japan; this definition is applied throughout this document), of a party who conducts acquisitions and persons having a special relationship with such a party as stated in Note 1. ii) above.

## 3. Details of the Large-Scale Acquisition Rules

The Company's Board of Directors considers that a Large-Scale Acquisition conducted in compliance with the Large-Scale Acquisition Rules is in agreement with the Company's corporate value and the common interests of its shareholders. Such Large-Scale Acquisition Rules should refer to the following procedures: i) prior provision of necessary and sufficient information by the Large-Scale Acquirer to the Board of Directors, and ii) the Large-Scale Acquisition shall be initiated only after the elapse of a predetermined period for consideration by the Company's Board of Directors.

### (1) Submission of the Statement of Intent

If a Large-Scale Acquirer intends to effect a Large-Scale Acquisition, the Large-Scale Acquirer is first requested to submit to the Board of Directors a document (hereinafter the "Statement of Intent") in Japanese that contains a written oath that the Large-Scale Acquirer will comply with the Large-Scale Acquisition Rules in conducting the Large-Scale Acquisition. The Statement of Intent must include the following items.

#### 1) Outline of the Large-Scale Acquirer;

- (i) Name and address
- (ii) Corporate purpose and business lines

- (iii) Outline of the major shareholders or major capital investors (the number of shares held or equity position for the top 10 parties)
  - (iv) Applicable law under which the company was established
  - (v) Representative
  - (vi) Contact in Japan
- 2) The number of the Company's share certificates, etc., currently held by the Large-Scale Acquirer, as well as the transactions thereby in the period of 60 days just before the submission of the Statement of Intent;
  - 3) Outline of the Large-Scale Acquisition proposed by the Large-Scale Acquirer (including the type and number of share certificates, etc., intended for the Large-Scale Acquisition by the Large-Scale Acquirer, outline of the purpose thereof (including the gist and outline of the plan if the Large-Scale Acquirer has any other purposes such as assignment of the Company's share certificates, etc., to third parties or an action of significant proposals<sup>3</sup> after its acquisition of control of the Company's management; participation in the management, net investment, policy investment or the Large-Scale Acquisition; and, should the Large-Scale Acquisition have several purposes, an explanation of the respective reasons for each);
  - 4) A written oath to the effect that the Large-Scale Acquirer will comply with the Large-Scale Acquisition Rules.

Upon the submission of the Statement of Intent, a certified copy of commercial registration, a copy of the Company's Articles of Incorporation and other documents evidencing the existence of the Large-Scale Acquirer shall accompany the Statement of Intent.

Note:

3. "Action of significant proposals (juyo teian koi to)" is defined, respectively, in Article 27-26 (1) of the Financial Products and Exchange Act of Japan, Article 14-8- 2(1) of the Enforcement Order of the Financial Products and Exchange Act and Article 16 of the Cabinet Office Regulations concerning Disclosure of the Status of Large Holding of share certificates, etc.

## (2) Provision of information regarding the Large-Scale Acquisition

Within 10 business days<sup>4</sup> after receipt of the Statement of Intent, the Company's Board of Directors will deliver a list of information to be initially provided (hereinafter the "Initial Information List") by the Large-Scale Acquirer, which would be necessary to allow the shareholders to make decisions and the Board of Directors to evaluate and consider the details of the proposed Large-Scale Acquisition. The Large-Scale Acquirer, therefore, is requested to provide sufficient information to the Company's Board of Directors according to the Initial Information List. The Company's Board of Directors will promptly make available the information provided by the Large-Scale Acquirer to the Independent Committee. In case the Board of Directors, after maximally respecting the opinion and/or advice given by the Independent Committee, reasonably determines that the content of the initially provided information according to the Initial Information List is insufficient to allow the Company's shareholders to make decisions on and the Board of Directors to evaluate and consider the details of the proposed Large-Scale Acquisition, it may fix a reasonable time limit for responses by and requests of the Large-Scale Acquirer to additionally provide information otherwise requested by the Board of Directors (information to be initially provided according to the Initial Information List and information to be additionally provided shall be collectively referred to as the "Large-Scale Acquisition Information"). The Company's Board of Directors will also promptly make available the additionally provided information to the Independent Committee.

Principal matters that should be included in the Large-Scale Acquisition Information are as follows:

- 1) Details (including the name, location, corporate purpose and substance of business thereof, corporate history, names, experience and the number of shares held by the representatives, officers, shareholders, employees and other members, capital composition and other corporate profiles, accounting conditions, operating results and other financial conditions for the most recent three (3) years, and applicable laws for incorporation) of the Large-Scale Acquirer and its group (including joint holders<sup>5</sup> and persons having a special relationship).
- 2) The purpose (specific details of the purpose disclosed in the Statement of Intent), method and terms of the Large-Scale Acquisition (including the amount and type of consideration for the Large-Scale Acquisition, the time frame of the Large-Scale Acquisition, the scheme of any related transactions, the legality of the Large-Scale Acquisition method, the probability that the Acquisition will be effected, and the gist and reasons if delisting of the Company's common stock is anticipated).
- 3) The basis for the calculation of the price of the Large-Scale Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Large-Scale Acquisition, and the name, summary of the opinion and circumstances in which pricing was decided with reference to such third party's opinion if an opinion of a third party was used in making the calculation).

- 4) Financial support for the Large-Scale Acquisition (including the name, financing methods and the terms of a related series of transactions, and transaction schemes of the funds providers (including all substantive funds providers)).
- 5) Existence of communication with third parties with regard to the Large-Scale Acquisition and the content thereof if any.
- 6) Post-acquisition management policies, business plan, financial plan, capital policy and dividend policy for the Company and the FUJI Group after the Large-Scale Acquisition is completed.
- 7) Post-acquisition policies dealing with stakeholders in the Company such as the employees, business partners and local communities after the Large-Scale Acquisition is completed.

The Company will disclose, wholly or in part, the fact of the proposed Large-Scale Acquisition and the Large-Scale Acquisition Information at a time the Board of Directors considers appropriate by maximally respecting the opinion of the Independent Committee.

Notes:

4. "Business day" means days other than those enumerated in each provision of Article 1, Paragraph 1, of the Law Concerning Holidays of Administrative Organs. This definition is applied throughout this document.
5. "Joint holders" are defined in Article 27-23 (5) of the Financial Products and Exchange Act of Japan, including persons regarded as a joint holder under Article 27-23 (6) of said Act. This definition is applied throughout this document.

(3) Evaluation and consideration by the Company's Board of Directors

After the Large-Scale Acquirer has provided the Large-Scale Acquisition Information to the Company's Board of Directors, the Board of Directors will set an appropriate reply period of either i) or ii) below (hereinafter the "Board of Directors Consideration Period") as a period required for evaluation and consideration thereof, negotiation and formation of opinion thereon and planning an alternative proposal by the Board of Directors. In addition, the Company will disclose the fact that the provision of the Large-Scale Acquisition Information has been completed at a time the Board of Directors considers appropriate by maximally respecting the opinion of the Independent Committee.

- 1) A 60-day period in case of a Large-Scale Acquisition by a tender offer<sup>6</sup>, with cash-only (in Japanese yen) consideration targeting all the Company's share certificates, etc.; or
- 2) A 90-day period in case of a Large-Scale Acquisition other than that falling under category 1) above.

The Company's Board of Directors may extend the Board of Directors Consideration Period to a maximum of 30 days by maximally respecting the opinion of the Independent Committee in case it deems that such evaluation, consideration, negotiation, formation of opinion and/or planning an alternative proposal have not yet been fully completed with regard to the Large-Scale Acquisition upon the expiration of the Board of Directors Consideration Period. In this case, the intended specific time period and the reason that necessitates the extension will be informed to the Large-Scale Acquirer and disclosed to all the shareholders.

During the Board of Directors Consideration Period, while asking for advice of outside experts and the like, as required, the Company's Board of Directors will fully evaluate and consider the provided Large-Scale Acquisition Information, carefully prepare its opinion and inform the Large-Scale Acquirer thereof and disclose its opinion to shareholders appropriately in a timely manner. If deemed necessary, the Company's Board of Directors may negotiate with the Large-Scale Acquirer on the terms of the Large-Scale Acquisition and possibly submit an alternative proposal to the shareholders. Upon taking receipt of the Statement of Intent and the Large-Scale Acquisition Information from the Large-Scale Acquirer, the Board of Directors shall make an inquiry to the Independent Committee in request for its opinion as to whether any countermeasures should be implemented within the Board of Directors Consideration Period. In this case, the Board of Directors will provide the Independent Committee with all the information provided by the Large-Scale Acquirer.

The Large-Scale Acquirer shall be allowed to initiate the Large-Scale Acquisition only after the elapse of the Board of Directors Consideration Period.

Note:

6. "Tender offer" is defined in Article 27-2 (6) of the Financial Products and Exchange Act of Japan. This definition is applied throughout this document.

(4) Recommendation of the Independent Committee for the implementation of countermeasures

After receiving the request for its opinion, within the Board of Directors Consideration Period, the Independent Committee will consider the specific proposal to make a recommendation to the Company's

Board of Directors as to whether the Large-Scale Acquisition falls under 4 (1) or any of the following (i) through (ix) of 4 (2) below, whether any countermeasures should be implemented against the Large-Scale Acquisition or any other matters. Meanwhile, the Independent Committee may set a reasonable deadline and request the Large-Scale Acquirer to provide additional information that would be necessary for such consideration. To ensure that the Independent Committee's decision ensures and enhances the Company's corporate value and the common interests of its shareholders, the Independent Committee may, at the expense of the Company, obtain advice from outside experts (including investment banks, securities companies, financial advisors, Certified Public Accountants, lawyers, consultants and other professionals) who are independent from the management executives engaged in the execution of the Company's business affairs.

(5) Resolutions of the Board of Directors

The Company's Board of Directors shall maximally respect the recommendation of the Independent Committee as stated in 3 (4) above, and determine whether any countermeasures should be implemented from the viewpoint of ensuring and enhancing the Company's corporate value and the common interests of its shareholders as soon as possible. The Board of Directors will immediately disclose the outline of the recommendation of the Independent Committee and the like that it deems appropriate.

4. Handling policies toward a Large-Scale Acquisition

In case the Company's Board of Directors judges that it would be reasonable and appropriate to take certain countermeasures because the Large-Scale Acquisition is deemed to fall under any of the following requirements through its evaluation and consideration thereof and/or as a result of the consultation and negotiation with the Large-Scale Acquirer, the Board of Directors may implement certain countermeasures by maximally respecting the opinion of the Independent Committee. Such countermeasures may include a gratis allotment of stock acquisition rights as described in 4. (3) below and other measures that are permitted by laws and regulations such as the Corporation Law and the Company's Articles of Incorporation.

(1) If the Large-Scale Acquirer does not comply with the Large-Scale Acquisition Rules

If the Large-Scale Acquirer does not comply with the Large-Scale Acquisition Rules, the Company's Board of Directors may regard the Large-Scale Acquisition as a purchasing act that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders regardless of the specific acquisition method, and take necessary and appropriate countermeasures to ensure and enhance the Company's corporate value and the common interests of its shareholders.

(2) If the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules

If the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Company does not necessarily take countermeasures to oppose the Large-Scale Acquisition, as a general rule, although there are possibilities of expressing an objection, submitting an alternative proposal and/or persuading the shareholders not to accept the proposal even if the Board of Directors takes an opposing position. The shareholders will be required to decide by themselves whether to accept the proposed Large-Scale Acquisition by taking into account the details of the proposal and the corresponding opinions and any alternative proposal provided by the Board of Directors.

Nevertheless, if the Large-Scale Acquisition is deemed to clearly cause irrecoverable damages to the Company, thereby considerably harming the common interests of its shareholders even if the Large-Scale Acquisition Rules are followed, the Board of Directors may resolve to implement any countermeasures for the purpose of protecting the Company's corporate value and the common interests of its shareholders.

Specifically, a Large-Scale Acquisition that falls under any of the following (i) through (ix) is deemed to be an action that obviously harms the common interests of its shareholders, as a general rule. On the contrary, if the Large-Scale Acquisition is deemed not to fall under any of the following, the Company will not initiate any countermeasures.

- 1) In case the Large-Scale Acquirer is deemed to acquire the Company's share certificates, etc., with no intention to participate in the Company's management, but only to raise the stock price and demand that any parties concerned with the Company acquire the share certificates, etc., at considerably inflated prices (a so-called Green Mailer);
- 2) In case the Large-Scale Acquirer is deemed to acquire the Company's share certificates, etc., through temporary control of the Company's management for the purpose of conducting a forced transfer of intellectual properties, know-how, trade secrets and any major business partners, customers and others, all of which are deemed indispensable for the Company's business activities, to the Large-Scale Acquirer and any of its group companies;
- 3) In case the Large-Scale Acquirer is deemed to acquire the Company's share certificates, etc., through temporary control of the Company's management for the purpose of appropriating the Company's assets as

collateral for liabilities or as the source of funds for payments for the sake of the Large-Scale Acquirer or any of its group companies;

- 4) In case the Large-Scale Acquirer is deemed to acquire the Company's share certificates, etc., through temporary control of the Company's management for the purpose of causing the Company's management to dispose of its highly valued assets, which have no specific relevance to the Company's ongoing businesses, to make management distribute temporarily higher dividends with the profit from the disposal, or temporarily shore up the Company's share certificates, etc., by leveraging a temporarily raised stock price through temporarily increased dividends;
- 5) In case the acquisition method proposed by the Large-Scale Acquirer is deemed to refer to a structurally compulsory action, in effect, through a forced two-tiered acquisition procedure that restricts the opportunity or freedom of voluntary judgment and coerces shareholders to sell their share certificates, etc., in effect (i.e., making the purchase in the form of a tender offer, etc., by unilaterally setting an unfavorable second-tier purchase conditions without inviting shareholders to acquire all share certificates, etc., at the first tier or intentionally not clarifying the second-tier purchase conditions to the shareholders) (Provided, however, that a tender offer with a conditional setting of an upper limit in the number of shares of the intended acquisition does not necessarily fall under this category.);
- 6) In case the purchase conditions (including the value and type of consideration, the grounds for calculation, the purchase timing, the legality of acquisition method, the probabilities of acquisitions to be effected and post-acquisition policies dealing with stakeholders in the Company such as the employees, customers, business partners and local communities) are deemed to be inadequate or inappropriate in light of the Company's intrinsic value;
- 7) In case the Large-Scale Acquisitions is deemed to materially threaten the corporate value of the Company and the common interests of the shareholders by destroying the Company's relationship with shareholders, employees, customers, business partners and other stakeholders, which are indispensable for creating the Company's corporate value, or the Company's brand value;
- 8) In case it is deemed improper to allow the Large-Scale Acquirer to take control of the Company from the viewpoint of good public order and morality; and
- 9) In case it is deemed that the Large-Scale Acquisitions is deemed to significantly impair the Company's corporate value and/or the common interests of the shareholders in any cases comparable to the aforementioned items.

(3) Details of the countermeasures

A countermeasure to be implemented in compliance with This Policy against a Large-Scale Acquisition would be a gratis allotment of stock acquisition rights (hereinafter the "Stock Acquisition Rights"), as a general rule. However, if the implementation of any other countermeasures, which are stipulated and permitted by the applicable laws and regulations such as the Corporation Law and the Company's Articles of Incorporation, is deemed reasonable and appropriate with regard to the Large-Scale Acquisition, other countermeasures may possibly be implemented. The outline of the Stock Acquisition Rights is described in Attachment 3, "Outline of the Stock Acquisition Rights."

(4) Cancellation of implementation or withdrawal of the implemented countermeasure

After it has been resolved to implement any countermeasures or even after a countermeasure has been implemented, the Board of Directors may consult and negotiate with the Large-Scale Acquirer, as required. If the Large-Scale Acquirer cancels or withdraws the Large-Scale Acquisition or if there is a change in the facts or circumstances on which the decision as to whether the countermeasure should be implemented was made, and it has become unreasonable and improper to maintain the once-implemented countermeasure from the viewpoint of ensuring the Company's corporate value and the common interests of the shareholders, the Board of Directors may decide to cancel or withdraw the implementation of the countermeasures while requesting the advice of outside experts, as required. For example, in a case where the Company's Board of Directors resolves to conduct a gratis allotment of the Stock Acquisition Rights as a countermeasure, the Company may cancel the gratis allotment of Stock Acquisition Rights during the period up until the business day immediately before the previous day of the date for forfeiture relating to the record date set for the gratis allotment of the Stock Acquisition Rights (hereinafter the "Ex-Rights Date"). In this case, the Company may also cancel the implementation of countermeasures by acquiring the Stock Acquisition Rights without consideration during the period from the effective date of the gratis allotment of Stock Acquisition Rights up until the day immediately preceding the commencement date of the exercise period for the Stock Acquisition Rights. (In these cases, shareholders who made selling transactions on the assumption of dilution in per-share economic value of the Company's shares may suffer corresponding losses on stock price fluctuation, as set out in 7. (2) below).

In determining the cancellation or withdrawal of the countermeasures for which implementation has been

resolved, the Board of Directors will present the specific circumstances in which a situation where it is inadequate to maintain the once-implemented countermeasures has been reached and again make an inquiry to the Independent Committee to ask for its advice. The Independent Committee will again consider whether the countermeasure should be maintained by taking into account the advice of outside experts, as required, and make a new recommendation on the subject. The Company's Board of Directors shall determine whether the implementation should be cancelled or the implemented countermeasure should be withdrawn by maximally respecting the recommendation by the Independent Committee.

#### 5. Establishment of the Independent Committee

The Board of Directors shall make a final judgment as to whether a series of necessary procedures have been followed in compliance with the Large-Scale Acquisition Rules and whether certain countermeasures, which are deemed necessary and reasonable to ensure and enhance the Company's corporate value and the common interests of the shareholders, should be taken. To ensure the objectivity and rationality of its judgment, the Company will establish the Independent Committee as an independent organization that will eliminate arbitrary decisions by the directors in the interests of the shareholders and maximally respect its recommendations in compliance with the Independent Committee Rules (which are outlined in Attachment 2). The Independent Committee shall consist of not less than three (3) members designated by the Board of Directors from among outside directors, outside auditors and outside experts (lawyers, certified tax accountants, Certified Public Accountants, academic experts, persons familiar with investment banking affairs or outside parties having experience as directors, executive officers or auditors at corporations) who are independent from the management executives engaged in the execution of the Company's business affairs. Yoshihiro Asano, Kaneyoshi Hasegawa and Eiji Ueda are expected to be the initial committee members. See Attachment 4, "Career Summary of Members of the Independent Committee," for the names and career summaries of the members of the initial Independent Committee.

#### 6. Effective period, abolition and amendment of This Policy

The effective period of This Policy shall be from today until the conclusion of This Annual Shareholders' Meeting. Provided, however, that the Company will seek shareholders' approval for extension of the effective period of This Policy by submitting a proposal for extension thereof on the agenda. Accordingly, the effective period of This Policy will be extended until the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2011 if the proposal is approved at This Annual Shareholders' Meeting.

Meanwhile, the Company intends to submit another proposal for an amendment to the Articles of Incorporation that makes the term of office of directors until the conclusion of the ordinary general meeting of shareholders pertaining to the last business year that ends within one (1) year after their election. If such an amendment to the Articles of Incorporation is approved at This Annual Shareholders' Meeting, thereby making this change in the term of office effective, it will become possible to reflect the shareholders' intent regarding This Policy through the election of directors every year even before the expiration of the effective period of This Policy. Furthermore, if, even before the expiration of the effective period, a general meeting of shareholders or the Company's Board of Directors passes a resolution to abolish or revise This Policy, This Policy shall be abolished or revised at that time.

#### 7. Impact on the shareholders and investors

##### (1) Impact on the shareholders and investors at the time of introducing This Policy

At the time of its introduction, no countermeasure will be implemented. Accordingly, This Policy will have no direct or material impact on the legal rights and economic interests of the shareholders and investors.

As described in 4. above, the Company's handling policies toward the Large-Scale Acquisition differ depending on whether the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules. The shareholders and the investors are, therefore, requested to pay close attention to the actions of the Large-Scale Acquirer.

##### (2) Impact on the shareholders and investors at the time of the gratis allotment of Stock Acquisition Rights

The Company's Board of Directors may possibly take countermeasures as described in 4. (3) above against the proposed Large-Scale Acquisition for the purpose of protecting the Company's corporate value and the common interests of the shareholders. However, if the Board of Directors decides to take any specific countermeasures, it will appropriately disclose the information at a proper time in accordance with the relevant applicable laws and the Stock Exchange Rules. If the Company's Board of Directors decides to implement a countermeasure and adopts a resolution on a gratis allotment of Stock Acquisition Rights (hereinafter the "Gratis Allotment Resolution"), the Stock Acquisition Rights will be allotted without consideration to the shareholders whose names are recorded or registered in the last register of shareholders or the register of beneficiary shareholders as of the recorded date to be separately determined at a ratio of one (1) or more Stock

Acquisition Rights for every one (1) Company share held, which will be separately fixed by the Board of Directors, as of the effective date to be also separately determined. Due to the nature of the mechanism of such countermeasures, the gratis allotment of Stock Acquisition Rights does not assume any circumstances where it may cause direct deprivation of legal right or economic interests to the shareholders and investors because neither the dilution in economic values of the Company's overall shares they hold nor the dilution of voting rights per share is incurred although the per share economic values may be incurred regarding the Company's shares held by the shareholders and the investors. The public announcement of This Policy aims to arouse their attention so that the Large-Scale Acquirer does not violate the Large-Scale Acquisition Rules and induces the Large-Scale Acquirer to comply with the Large-Scale Acquisition Rules.

In the case where the implementation of the gratis allotment of Stock Acquisition Rights has been resolved as a countermeasure, if the Company cancels the gratis allotment of Stock Acquisition Rights or acquires the Stock Acquisition Rights without consideration, the shareholders and investors who made selling transactions on the assumption of dilution may suffer corresponding losses on stock price fluctuation because any dilution of per share economics is not incurred.

(3) Impact on the shareholders and investors upon the exercise or the acquisition of the Stock Acquisition Rights after the gratis allotment thereof has been implemented

As the inclusion of certain discriminating conditions is intended for the exercise of the Stock Acquisition Rights or the acquisition thereof pursuant to the acquisition clause for the Stock Acquisition Rights set out in 9 of Attachment 3, "Outline of the Stock Acquisition Rights," it is assumed that any dilution of legal rights, etc., of non-qualified parties set out in 8 of Attachment 3, "Outline of the Stock Acquisition Rights," might be incurred. Even in this case, however, the gratis allotment of Stock Acquisition Rights does not assume any circumstances where it may cause direct deprivation of legal rights and economic interests with regard to the Company's overall shares held by the shareholders and investors other than the non-qualified parties.

8. Procedures required for the shareholder for the gratis allotment of Stock Acquisition Rights

If the Company's Board of Directors decides to implement a countermeasure and passes the Gratis Allotment Resolution, the Board of Directors will first fix a record date and make public notice thereof. In this case, the Company will allocate the number of the Stock Acquisition Rights, in proportion to the number of the Company's shares held thereby, to the shareholders who are entered or recorded in the Company's last register of shareholders and register of beneficial shareholders as of the record date. Accordingly, it will be necessary for shareholders to complete the procedures for entry of name transfer by and before the publicly noticed record date. (Please note that no procedures for entry of name transfer are required for those share certificates deposited with the Japan Securities Depository Center, Inc.)

Furthermore, in exercising the Stock Acquisition Rights, shareholders will need to subscribe for a certain amount within the predetermined period to receive new shares. In the case where the Company's Board of Directors acquires the Stock Acquisition Rights in accordance with the acquisition clause set out in 9 of Attachment 3, "Outline of the Stock Acquisition Rights," the shareholders are not required to follow the procedure to exercise the Stock Acquisition Rights. Details of these procedures will be otherwise made known to the shareholders in accordance with the applicable laws and regulations and the Stock Exchange Rules when such procedures become necessary, in fact.

9. Others

- (1) This Policy was determined with unanimous approval of all the directors at the Board of Directors meeting held today. All the auditors, including the three (3) outside auditors of the Company, attended the meeting, and all of them expressed their approval of This Policy on the condition that its specific operation is properly conducted.
- (2) The Company's Board of Directors intends to flexibly review This Policy, as required, and take appropriate measures including the possible introduction of another takeover defense countermeasures instead of This Policy from the viewpoint of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders even during the effective period thereof, in view of the revisions to the relevant laws and regulations, trends of judiciary judgments in the future and responses at public agencies such as the stock exchanges.

#### **IV. Judgment by the Company's Board of Directors over the above Measures and Reasons for Such Judgment**

1. Measures to contribute to realizing the Basic Policy (described in II. above)

The respective corporate policies of the Company described in II. above have been formulated as specific measures to secure and enhance the Company's corporate value and the shareholders' common interests on a consistent basis. They should, therefore, truly contribute to realizing the Basic Policy.

Therefore, they satisfy the requirements of the Basic Policy and do not impair the common interests of the Company's shareholders or serve merely to keep management entrenched in the positions of their respective offices.

2. Measures to prevent decisions on the Company's financial matters and business policies from being controlled by a party deemed inappropriate regarding the Basic Policy (described in III. above)

(1) Complying with the Basic Policy

This Policy is a framework that is needed when a Large-Scale Acquisition is proposed. Its purpose is to secure the Company's corporate value and the shareholders' common interests by making it possible for the shareholders to decide whether to accept this proposal, to secure the information and time needed so that the shareholders and the Board of Directors can determine whether the Large-Scale Acquisition is an improper acquisition proposal, and to allow the Board of Directors to negotiate in the interest of the shareholders. This Policy, therefore, satisfies the requirements of the Basic Policy.

(2) These measures do not damage shareholders' common interests and do not serve merely to keep management entrenched

Due to the following reasons, the Company does not think that the measures will damage shareholders' common interests or are aimed merely to keep management entrenched.

1) Fully satisfying the requirements of the Guidelines for Takeover Defense Measures

This Policy fully satisfies the three (3) principles set out in the Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests 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 respect of shareholders' intentions; and (iii) securing necessity and suitability.

2) To respect shareholders' intent

As set out in III. 6., the effective period of This Policy shall be until the conclusion of This Annual Shareholders' Meeting. The Company intends to seek shareholders' approval to reflect their intent regarding This Policy. To this end, the Company will submit a proposal for extension of the effective period of This Policy on the agenda. Consequently, if the proposal is approved thereat, the effective period of This Policy will be extended for three (3) years until the conclusion of an ordinary general meeting of shareholders pertaining to the last business year that ends within three (3) years from This Annual Shareholders' Meeting (i.e., the Ordinary General Meeting of Shareholders to be held in June 2011). If the shareholders' approval is not obtained for the proposal, This Policy shall be immediately abolished at that time.

In addition, the Company intends to submit a proposal for an amendment to the Articles of Incorporation that makes the term of office of directors until the conclusion of the ordinary general meeting of shareholders pertaining to the last business year that ends within one (1) year after their election. If such amendment to the Articles of Incorporation is approved at This Annual Shareholders' Meeting, thereby making this change in the term of office effective, it will become possible to reflect the shareholders' intent regarding This Policy through the election of directors every year even before the expiration of the effective period of This Policy. Furthermore, if, even before the expiration of the effective period, a general meeting of shareholders or the Company's Board of Directors passes a resolution to abolish or revise This Policy, This Policy shall be abolished or revised at that time. In this way, the introduction and abolition of This Policy are based on the intent of the shareholders of the Company.

3) Emphasis on the decisions of independent parties

As set out in III. 5., in case of triggering This Policy, the Board of Directors will make the final decision on whether a Large-Scale Acquisition has complied with the Large-Scale Acquisition Rules and on whether any countermeasures, which are deemed necessary and appropriate to secure the Company's corporate value and the shareholders' common interests, should be taken even if the Large-Scale Acquisition Rules are observed. The Independent Committee shall be established to guarantee the objectivity, fairness and rationality of judgments made by the Company's Board of Directors as an independent organ, and the Board of Directors shall maximally respect its recommendation.

The Independent Committee shall consist of three (3) or more members designated by the Board of Directors from among outside directors, outside auditors and outside experts (lawyers, certified tax accountants, Certified Public Accountants, academic experts, persons familiar with investment banking

affairs, or outside parties having experience as directors, executive officers or auditors at corporations) who are independent from the management executives engaged in the execution of the Company's business affairs. In case of a Large-Scale Acquisition, the Board of Directors will make an inquiry to the Independent Committee, and the Independent Committee shall consider whether the Large-Scale Acquisition considerably harms the Company's corporate value and the shareholders' common interests in accordance with the Independent Committee Rules and then make a recommendation as to whether any countermeasures should be implemented against the Large-Scale Acquisition. The Company's Board of Directors shall finally make a decision on the implementation of countermeasures by maximally respecting the recommendation of the Independent Committee. The outline of recommendation and the reason for the judgment of the Independent Committee will be disclosed to the shareholders at the appropriate time.

Thus, a scheme to prevent arbitrary judgments of the Board of Directors through its stringent oversight is ensured so that This Policy can be operated in such a way that the Independent Committee works to contribute to the corporate value of the Company and the common interests of the shareholders.

4) Setting of reasonable and objective requirements for the implementation of countermeasures

As set out in III. 4. (2), This Policy is designed in a way that the countermeasures against the Large-Scale Acquisition cannot be easily taken unless the reasonable and objective requirements are satisfied to prevent arbitrary implementation by the Company's Board of Directors.

5) Obtaining the advice of third-party experts

In case of a Large-Scale Acquisition, the Independent Committee may, at the expense of the Company, obtain the advice of third parties (investment banks, securities companies, financial advisors, Certified Public Accountants, lawyers, consultants and other professionals) who are independent from the management executives engaged in the execution of the Company's business affairs. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions of the Company's Board of Directors, which are made by maximally respecting the recommendation of the Independent Committee.

6) No dead-hand or slow-hand takeover defense measures

As set out in III. 6 above, if the proposal regarding the extension of the effective period of This Policy is approved at This Annual Shareholders' Meeting, the effective period of This Policy will be until the conclusion of the Ordinary General Meeting of Shareholders to be held in June 2011. Furthermore, if, even before the expiration of the effective period, a general meeting of shareholders or the Company's Board of Directors passes a resolution to abolish or revise This Policy, This Policy may be abolished or revised any time. Therefore, This Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of This Policy cannot be stopped). In addition, the Company intends to submit a proposal for an amendment to the Articles of Incorporation that makes the term of office of directors until the conclusion of the ordinary general meeting of shareholders pertaining to the last business year that ends within one (1) year after their election. If such amendment to the Articles of Incorporation is approved at This Annual Shareholders' Meeting, thereby making this change in the term of office effective, the term of office of directors will be one (1) year. As a result, This Policy is not a slow-hand takeover defense measure (in which triggering of the measure takes more time to stop due to the fact that directors cannot be replaced all at once).

The Company does not add any requirement such as a special resolution with regard to the dismissal of directors.

## Attachment 1:

**Major Shareholders of the Company**  
(as of March 31, 2008)

Shareholder Name	Investment in the Company	
	Number of shares held (thousands)	Equity position (%)
Daido Life Insurance Co.	3,342	6.8
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,440	5.0
Japan Trustee Services Bank, Ltd. (Trust account)	2,346	4.8
The Master Trust Bank of Japan, Ltd. (Trust account)	2,126	4.4
State Street Bank and Trust Company	1,968	4.0
Sagami Ltd.	1,200	2.5
State Street Bank and Trust Company 505019	996	2.0
JP Morgan Chase Bank 385078	791	1.6
Morgan Stanley & Co. Inc.	784	1.6
Melon Bank N.A. as Agent for Its Client Melon Omnibus US Pension	783	1.6

Attachment 2:

**Outline of the Independent Committee Rules**

1. The Independent Committee shall be established by resolution of the Company's Board of Directors.
2. There shall be not less than three (3) members of the Independent Committee, and the Company's Board of Directors shall elect, according to a resolution thereof, the members from (i) outside directors of the Company, (ii) outside auditors of the Company or (iii) outside experts (lawyers, certified tax accountants, Certified Public Accountants, academic experts, persons familiar with investment banking affairs, or outside parties having experience as directors, executive officers or auditors at corporations) who are independent from the management executives engaged in the execution of the Company's business affairs. The Company will enter into agreements with the committee members, which should contain provisions obligating such experts to exercise due diligence as a good manager and confidentiality.
3. The term of office of members of the Independent Committee shall be until the conclusion of the ordinary general meeting of shareholders pertaining to the last business year that ends within one (1) year after their election or until any another date with which the committee member concerned and the Company has separately agreed. Provided, however, that the same shall not apply to the case in which the Board of Directors has otherwise stipulated with resolution thereof.
4. The Independent Committee shall be convened by the President of the Company or any of the Committee members.
5. The chairman of the committee shall be designated by mutual election.
6. Resolutions of the Independent Committee shall be adopted by a majority of all the Committee members who should be present thereat, in principle. If any committee member is unable to attend thereat due to an accident or any other unavoidable reason, the Independent Committee shall pass a resolution with a majority of the votes cast when a majority of the committee members are in attendance.
7. The Independent Committee shall deliberate and resolve the matters listed below and submit recommendations to the Company's Board of Directors containing the details of and reasons for the recommendation.
  - (1) Whether any countermeasures set forth in This Policy should be implemented;
  - (2) Cancellation of implementation or withdrawal of the already implemented countermeasures regarding This Policy;
  - (3) Abolition or revision to This Policy;
  - (4) Whether the Board of Directors Consideration Period should be extended; and
  - (5) Any other matters that should be determined by the Company's Board of Directors in respect to which it makes inquiry to the Independent Committee for advice.
8. The Independent Committee may request the attendance of a director, an auditor or an employee of the Company, or any other person that the Independent Committee considers necessary, and may ask for an opinion and/or require explanation of any matter it requests.
9. The committee members shall fulfill their duties as set forth in Article 7 above from the viewpoint of only contributing to the Company's corporate value and the common interests of the shareholders and shall not aim merely to keep management entrenched in the positions of their respective offices.
10. In fulfilling its duties as set forth in Article 7 above, the Independent Committee may, at the Company's expense, obtain advice from outside experts (including investment banks, securities companies, financial advisors, Certified Public Accountants, lawyers, consultants and other professionals) who are independent from the management executives engaged in the execution of the Company's business affairs.

### **Outline of the Stock Acquisition Rights**

1. Total number of allotted Stock Acquisition Rights

The total number of Stock Acquisition Rights to be allotted to the shareholders shall be not less than the total number of the issued shares of the Company (however, excluding the number of the Company's shares of common stock held by the Company as of the record date) as of the record date and separately specified by the Board of Directors in the Gratis Allotment Resolution.

2. Shareholders eligible for allotment

The Company will allot the Stock Acquisition Rights without consideration to the eligible shareholders who are entered or recorded in the Company's final register of shareholders or register of beneficial shareholders as of the record date, at a ratio of one (1) or more Stock Acquisition Rights for every one (1) Company share, which will be separately fixed by the Company's Board of Directors, for the Company's shares they hold (excluding the shares of common stock held by the Company).

3. Effective date of the gratis allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights shall be a date separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

4. Type and number of shares to be acquired upon the exercise of the Stock Acquisition Rights

The type of shares to be acquired upon the exercise of the Stock Acquisition Rights shall be the common stock of the Company. The number of shares to be acquired upon the exercise of each Stock Acquisition Right (hereinafter the "The Applicable Number of Shares") shall be one (1) Company share. In the event that the Company conducts a stock split or a reverse stock split, the Applicable Number of Shares shall be adjusted accordingly.

5. The amount of properties to be contributed upon the exercise of the Stock Acquisition Rights

Contributions upon the exercise of the Stock Acquisition Rights shall be in cash, and the value per Company share of properties to be contributed upon the exercise of the Stock Acquisition Rights shall be one (1) yen or more, to be separately determined by the Board of Directors in the Gratis Allotment Resolution.

6. Restriction on assignment of the Stock Acquisition Rights

The assignment of the Stock Acquisition Rights shall require the approval of the Company's Board of Directors.

7. Exercise period of the Stock Acquisition Rights

The exercise period of the Stock Acquisition Rights shall be separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

8. Exercise conditions of the Stock Acquisition Rights

Depending on the specific acquisition method used by the Large-Scale Acquirer, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (i) through (vi) below shall collectively be referred to as "Non-Qualified Parties"):

- 1) Specified Large Holders<sup>7</sup>;
- 2) Joint Holders of Specified Large Holders;
- 3) Specified Large Acquirers<sup>8</sup>;
- 4) Persons having a special relationship with Specified Large Acquirers;
- 5) Any transferee of or successor to the Stock Acquisition Rights of any person falling under (i) through (iv) without the approval of the Company's Board of Directors; or
- 6) Any Affiliated Party<sup>9</sup> of any person falling under (i) through (v).

Details of the exercise conditions of the Stock Acquisition Rights shall be separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

9. Acquisition of the Stock Acquisition Rights by the Company

On the date separately determined by the Company's Board of Directors, the Company may acquire all of the Stock Acquisition Rights that are held by parties other than Non-Qualified Parties and, in exchange, deliver the Company's shares as of the date of such acquisition in the number equivalent to the number of the Applicable Number of Shares for every one (1) Stock Acquisition Right. In addition, the Company may separately

determine the matters regarding the acquisition of Stock Acquisition Rights (including those regarding the acquisition of the Stock Acquisition Rights from the Non-Qualified Parties) in the Gratis Allotment Resolution. The details of the acquisition-related provisions for the Stock Acquisition Rights shall be separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

#### 10. Others

Other necessary matters shall be separately determined by the Company's Board of Directors in the Gratis Allotment Resolution.

##### Notes:

7. "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc., in respect of such share certificates, etc., is at least 20%, including persons that the Company's Board of Directors recognizes as falling under the above. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder.
8. "Specified Large Acquirers" means, in principle, a person who makes a public announcement of purchase, etc., of share certificates, etc. (defined in Article 27-2(1) of the Financial Products and Exchange Act; this definition is applied throughout this Note), issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7(1) of the Enforcement Order of the Financial Products and Exchange Act), is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship, or any party who is deemed to fall under the above by the Company's Board of Directors. Provided, however, that a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Company's Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Acquirer.
9. An "Affiliated Party" of a given party means a person who substantially Controls, is Controlled by or is under common Control with such given party (including persons that the Company's Board of Directors recognizes as falling under the above), or a party deemed by the Company's Board of Directors to act in concert with such given party. "Control" means to "control the decisions on the Company's financial matters and business policies" (defined in Article 3(3) of the Ordinance for Enforcement of the Corporation Law) of other corporations or entities.

Attachment 4:

### **Career Summary of Members of the Independent Committee**

Yoshihiro Asano (Date of birth: September 11, 1947)

August 1980 Registered as a Certified Public Accountant

October 1980 Registered as a certified tax accountant

December 1986 President, ASK Corporation (current position)

January 1999 President, Asano Kaikei Co., Ltd. (current position)

June 2003 Auditor, FUJI MACHINE MFG. CO., LTD. (current position)

Yoshihiro Asano is outside auditor as stipulated by Article 2, Item 16, of the Corporation Law.

Kaneyoshi Hasegawa (Date of birth: July 10, 1942)

February 1969 Registered as a certified tax accountant

February 1975 Registered as a Certified Public Accountant

October 1982 Associate partner of the Uny Accounting Firm (renamed MISUZU Audit Corporation)

December 1987 Representative partner of the Uny Accounting Firm

July 2007 Retired from MISUZU Audit Corporation

August 2007 Established the Kaneyoshi Hasegawa Certified Public Accountant Office (current position)

Eiji Ueda (Date of birth: April 15, 1960)

April 1991 Registered as a lawyer, served at the Suzuki & Hasegawa Law Firm

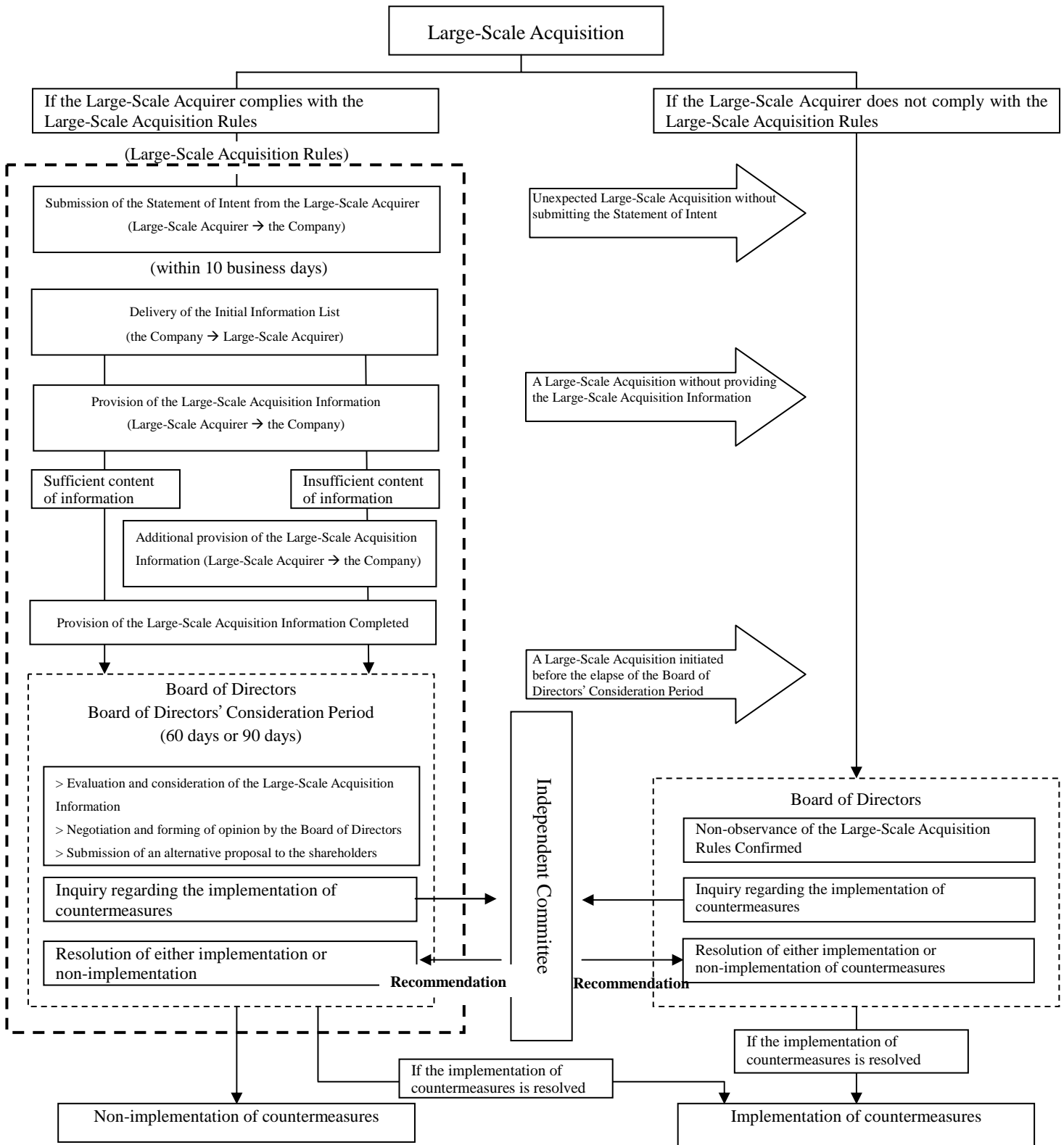
July 1999 Established the Ginza Aoba Law Firm as a representative

November 2001 Established the Kobikicho Law Offices as a representative (current position)

There are no special interests between any of the three members and the Company.

Attachment 5:

**Policy for Countermeasures to Large-Scale Acquisitions of  
the Company's Share Certificates, etc. (Takeover Defense Measures)**  
(Schematic Flow Chart)



The schematic flow chart is prepared only for a typical flow of procedures so that readers can easily understand the outline of This Policy and the Large-Scale Acquisition Rules. For details, refer to the text.