

(Summary translation for reference only)

Notice of the Annual Shareholders' Meeting

(Securities Code: 9107)

June 2, 2009

8 Kaigan-dori, Chuo-ku, Kobe
Kawasaki Kisen Kaisha, Ltd.
Hiroyuki Maekawa, President

To our Shareholders:

You are invited to participate in the Annual Shareholders' Meeting of Kawasaki Kisen Kaisha, Ltd. (hereinafter "the Company"), details of which are set forth below. If you are unable to attend the meeting, you may exercise your vote in either one of the following methods. Should you wish to exercise your vote, please kindly review the enclosed "Reference Materials for the Shareholders' Meeting" and exercise your vote by June 23 (Tuesday), 2009, 5:00 p.m. Japan time.

To exercise your vote in writing

Complete the enclosed voting form, indicating whether you approve or disapprove of each of the Propositions to be voted on, and return it by mail to us.

To exercise your vote electronically (via the Internet)

To exercise your vote via the Internet, while referring to "Exercise of Voting Rights via the Internet" on page 62, please access the designated voting website (<http://www.web54.net>) using the "Voting Code" and "Password" printed on the enclosed voting form. Follow the instructions on the screen to indicate whether you approve or disapprove of each of the Propositions to be voted on.

Date and time: June 24 (Wednesday), 2009, 10:00 a.m. Japan time
Location: 2-6-4 Hirakawa-cho, Chiyoda-ku, Tokyo
Kaiun Building, Kaiun-Club (Nihon Kaiun Kaikan)
2nd Floor, Large Hall

Agenda:

Matters to be reported on:

1. Business Report, Consolidated Financial Statements and results of audit by Accounting Auditor and the Board of Corporate Auditors on the Consolidated Financial Statements for Fiscal Year ended March 31, 2009
2. Non-consolidated Financial Statements for Fiscal Year ended March 31, 2009

Matters to be voted on:

- Proposition 1 Partial amendment to the Articles of Incorporation
Proposition 2 Election of fifteen (15) Directors
Proposition 3 Election of two (2) Corporate Auditors
Proposition 4 Renewal of Plan on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)

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- For those attending the meeting on the day, please submit the enclosed voting form at the reception desk.
 - If a shareholder duplicates his or her vote by exercising voting rights via both postal mail and the Internet, the vote received latest will be considered to be the valid one. However, if the duplicate votes are received on the same date, the Internet vote will be considered to be the valid one.
 - If any circumstance should arise which should necessitate revision of Reference Materials for the Shareholders' Meeting, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, the revised items will be posted on the Company's website at <http://www.kline.co.jp/>.

Reference Materials for the Shareholders' Meeting

Proposition 1: *Partial amendment to the Articles of Incorporation*

1. Reason for amendment

- (1) The proposed Article 2, Item 18: In order to keep pace with the expansion and diversification of business areas, we propose to add a business purpose to the current Article 2 (Purposes) of the Company's Articles of Incorporation.
- (2) The proposed Article 20: In order to clarify the administrative responsibilities of Directors and build an administrative structure that can quickly respond to changes in the business environment, we propose to shorten the term of office of each Director that is stipulated in Article 22 (Term of Office) of the Company's Articles of Incorporation from two (2) years to one (1) year, and a new structure shall be established so that all Directors will be elected at each Annual Shareholders' Meeting.
- (3) The proposed Article 29: In line with bringing Outside Directors on board, in order to ensure further transparency of corporate management and reinforce the function of monitoring by the Board of Directors, the Company proposes to establish a new provision relating limited liability of Outside Directors pursuant to Article 427, Paragraph 1 of the Companies Act. Each of the Corporate Auditors has given consent to the establishment of the provision.
- (4) The Act for Partial Revision of the Act on Book-Entry Transfer of Company Bonds, etc. for Streamlining Settlement Concerning Share Trading, etc. (Act No. 88 of 2004) was issued on June 9, 2004 and enforced on January 5, 2009. As a result, all listed shares are treated in accordance with the share depository system (the so-called electronic share certification system.) Accordingly, we propose to delete the current provisions that are based on the existence of share certificates and make some required changes as follows:

(The article numbers are same as the current articles.)

- 1) Deletions: These are in line with the elimination of share certificates.
Article 7 (Share-voting Unit), Paragraph 2; Article 9 (Issuance of Share Certificates); Article 10 (Share Certificates)
- 2) Changes: These are to meet changes in procedures for the Register of Beneficial Shareholders and/or the registration of transfer of shares, both of which are no longer necessary.
Article 8 (Request of Sale of Additional Shares by Shareholders); Article 11 (Share-Handling Regulations); Article 12 (Agent to Manage Shareholders Registry), Paragraph 3

(The article numbers are those of the proposed amendment.)

- 3) Establishment of new provisions: These are to stipulate transitional measures related to the changes.
Article 1 and Article 2 of Supplementary Provisions
- (5) In addition, we propose to make changes the numbering of articles as a result of establishment and deletion of articles.

2. Amendment to the Articles of Incorporation
 Contents of amendments are as follows:

(Underlined parts are to be changed.)

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>(Purposes)</p> <p>Article 2.</p> <p>The business purposes of the Company are as follows:</p> <p>(1) Marine transportation;</p> <p>(2) Land transportation;</p> <p>(3) Air transportation;</p> <p>(4) Handling business and agency business for marine, land and air transportation;</p> <p>(5) Through transportation involving one or more of marine, land and air transportation as well as handling business and agency business therefore;</p> <p>(6) Purchase and sale of vessels;</p> <p>(7) Harbor transportation;</p> <p>(8) Warehousing;</p> <p>(9) Casualty insurance agency brokering business and sales of life insurance;</p> <p>(10) Business concerning management of information;</p> <p>(11) Purchase, sale, lease, management and agency business of real estate;</p> <p>(12) Loans, guarantees and investment in other businesses;</p> <p>(13) Travel-related businesses;</p> <p>(14) Management, lease and operation of lodging facilities and general urban-type hotels;</p> <p>(15) Management, lease and operation of various kinds of sporting facilities and amusement facilities such as playgrounds;</p> <p>(16) Management, lease and operation of restaurants;</p> <p>(17) Temporary support service and recruiting;</p> <p>(New)</p> <p><u>(18)</u> Any other businesses incidental to any of the foregoing</p> <p>Article 3. to Article 5. (Omitted)</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>(Purposes)</p> <p>Article 2.</p> <p>The business purposes of the Company are as follows:</p> <p>(1) to (17) (No change)</p> <p><u>(18) Support services of ocean resource development;</u></p> <p><u>(19)</u> Any other businesses incidental to any of the foregoing</p> <p>Article 3. to Article 5. (No change)</p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 6 to Article 6-2 (Omitted) (Share-voting Unit)</p> <p>Article 7.</p> <p>1. The share-voting unit (“tangen-kabu”) of the Company shall consist of one thousand (1,000) shares.</p> <p>2. <u>The Company shall not issue any share certificate if shares held constitute less than the share-voting unit. However, the scope of the Share-Handling Regulations may not be limited by this article.</u></p> <p>(Request of Sale of Additional Shares by Shareholders)</p> <p>Article 8.</p> <p>In compliance with the Share-Handling Regulations, the shareholders who possess less than one share-voting unit, <u>including beneficial shareholders</u>, may request the Company to sell the necessary number of shares in order to be entitled to the voting unit. <u>(In each article that follows hereunder, the language of shareholders shall include beneficial shareholders.)</u></p> <p><u>(Issuance of Share Certificates)</u></p> <p>Article 9.</p> <p><u>The Company shall issue share certificates.</u></p> <p><u>(Share Certificates)</u></p> <p>Article 10.</p> <p><u>The denominations of share certificates to be issued by the Company shall be stipulated in the Share-Handling Regulations instituted by the Board of Directors of the Company.</u></p>	<p style="text-align: center;">CHAPTER II SHARES</p> <p>Article 6 to Article 6-2 (No change) (Share-voting Unit)</p> <p>Article 7.</p> <p>The share-voting unit (“tangen-kabu”) of the Company shall consist of one thousand (1,000) shares.</p> <p>(Deleted)</p> <p>(Request of Sale of Additional Shares by Shareholders)</p> <p>Article 8.</p> <p>In compliance with the Share-Handling Regulations, the shareholders who possess less than one share-voting unit may request the Company to sell the necessary number of shares in order to be entitled to the voting unit.</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Articles of Incorporation	Proposed Amendment
<p>(Share-Handling Regulations)</p> <p>Article <u>11</u>.</p> <p><u>The registration of transfer of shares, the purchase and sale of shares constituting less than one share-voting unit including the purchase of additional shares by existent shareholders, entry and recording into the Register of Rights to subscribe for new shares, other procedures relating to shares of the Company as well as fees and procedures pertaining to the exercise of shareholders' voting rights, etc. shall be governed by the Share- Handling Regulations instituted by the Board of Directors in addition to the relevant laws and ordinances as well as these Articles of Incorporation.</u></p> <p>(Agent to Manage Shareholders Registry)</p> <p>Article <u>12</u>.</p> <ol style="list-style-type: none"> 1. The Company shall have an Agent to Manage Shareholders 2. The Agent to Manage Shareholders Registry and its place of business shall be determined by a resolution of the Board of Directors and public notice shall be given thereof. 3. <u>The Agent to Manage Shareholders Registry shall always maintain in its place of business: Register of Shareholders, the Register of Rights to subscribe for new shares and the Register of Lost Shares of Company Stock.</u> The Agent to Manage Shareholders Registry shall be in charge of <u>the registration of transfer of shares, the administration of the Register of Rights to subscribe for new shares, the registration of the right of pledge and any indications of trusts or deletion of the same, non-possession of stock certificates, issuance of stock certificates, procedures of registration of lost shares of company stock, purchase and sale of shares less than one share-voting unit and other matters relating to shares of the Company's stock, and the Company itself shall not be involved in such matters.</u> <p style="text-align: center;">Chapter III SHAREHOLDERS' MEETING</p> <p>Article <u>13</u>. to Article <u>20</u>. (Omitted)</p>	<p>(Share-Handling Regulations)</p> <p>Article <u>9</u>.</p> <p><u>The recording into the Register of Shareholders of shares, the purchase and sale of shares constituting less than one share-voting unit including the purchase of additional shares by existent shareholders, entry and recording into the Register of Rights to subscribe for new shares, other procedures relating to shares of the Company as well as fees and procedures pertaining to the exercise of shareholders' voting rights, etc. shall be governed by the Share- Handling Regulations instituted by the Board of Directors in addition to the relevant laws and ordinances as well as these Articles of Incorporation.</u></p> <p>(Agent to Manage Shareholders Registry)</p> <p>Article <u>10</u>.</p> <ol style="list-style-type: none"> 1. The Company shall have an Agent to Manage Shareholders 2. The Agent to Manage Shareholders Registry and its place of business shall be determined by a resolution of the Board of Directors and public notice shall be given thereof. 3. The Agent to Manage Shareholders Registry shall be in charge of <u>the preparation and retention of the Register of Shareholders and the Register of Rights to subscribe for new shares, other matters relating to the Register of Shareholders and the Register of Rights to subscribe for new shares, and other matters relating to shares of the Company's stock, and the Company itself shall not be involved in such matters.</u> <p style="text-align: center;">Chapter III SHAREHOLDERS' MEETING</p> <p>Article <u>11</u>. to Article <u>18</u>. (No change)</p>

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND COUNSELLORS</p> <p>Article <u>21</u>. (Omitted) (Term of Office)</p> <p>Article <u>22</u>. The term of office of each Director shall expire at the close of the Annual Shareholders' Meeting for the last business year that ends within <u>two (2) years</u> after their election.</p> <p>Article <u>23</u>. to Article <u>30</u>. (Omitted) (New)</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS, BOARD OF DIRECTORS AND COUNSELLORS</p> <p>Article <u>19</u>. (No change) (Term of Office)</p> <p>Article <u>20</u>. The term of office of each Director shall expire at the close of the Annual Shareholders' Meeting for the last business year that ends within <u>one (1) year</u> after their election.</p> <p>Article <u>21</u>. to Article <u>28</u>. (No change) <u>(Limited Liability Contract with Outside Director)</u></p> <p><u>Article 29. The Company may conclude a contract with an Outside Director to bear the onus within the limit of the amount of ten million (10,000,000) yen or more specified in advance or the amount specified by the law, whichever is higher, for the relevant Outside Director's liabilities specified in Article 423, paragraph 1 of the Companies Act providing there is no breach of good faith and no serious negligence involved.</u></p>
<p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article <u>31</u>. to Article <u>40</u>. (Omitted)</p>	<p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>Article <u>30</u>. to Article <u>39</u>. (No change)</p>
<p style="text-align: center;">CHAPTER VI ACCOUNTING AUDITORS</p> <p>Article <u>41</u>. to Article <u>42</u>. (Omitted)</p>	<p style="text-align: center;">CHAPTER VI ACCOUNTING AUDITORS</p> <p>Article <u>40</u>. to Article <u>41</u>. (No change)</p>
<p style="text-align: center;">CHAPTER VII ACCOUNTS</p> <p>Article <u>43</u>. to Article <u>46</u>. (Omitted)</p>	<p style="text-align: center;">CHAPTER VII ACCOUNTS</p> <p>Article <u>42</u>. to Article <u>45</u>. (No change)</p>

Current Articles of Incorporation	Proposed Amendment
(New)	<u>Supplementary Provisions</u> <u>Article 1. The Agent to Manage Shareholders Registry shall be in charge of the preparation, retention of the Register of Lost Shares of Company Stock, other matters relating to the Register of Lost Shares of Company Stock, and the Company itself shall not be involved in such matters.</u>
(New)	<u>Article 2. The preceding Article and this Article shall remain valid until January 5, 2010, and shall be deemed to have been deleted upon the said date.</u>

Proposition 2: Election of fifteen (15) Directors

At the end of this Annual Shareholders' Meeting, the terms of office for six (6) Directors, Hiroyuki Maekawa, Tetsuo Shiota, Katsue Yoshida, Kozo Eguchi, Takashi Saeki and Takashi Torizumi will expire, and Eiichi Suzuki, Yoichi Hasegawa and Norio Tsutsumi will resign. In the case that the Proposition 1 will be approved and resolved, the term of office of each Director will change from two (2) years to one (1) year. In accordance with the change, at the end of this Annual Shareholders' Meeting, the terms of office for three (3) Directors who were elected at the 140th Annual Shareholders' Meeting on June 25, 2008, Toshio Shimizu, Toshinori Morita and Keisuke Yoshida will expire.

It is requested that fifteen (15) Directors be elected at this meeting.

The candidates are:

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
1	Hiroyuki Maekawa (August 2, 1947)	April, 1971 Joined the Company June, 1999 Director, General Manager of Consolidated Management Promoting Division June, 2000 Managing Director June, 2002 Representative Director, Senior Managing Director April, 2005 Representative Director, President June, 2006 Representative Director, President & CEO (Current) (Representation for other companies : President, The Japanese Shipowners' Association)	163,000 shares
2	Toshio Shimizu (January 6, 1947)	April, 1971 Joined the Company July, 2000 General Manager of Containerships Business Department April, 2001 General Manager of Containerships Business Group June, 2002 Director June, 2004 Managing Director April, 2005 Representative Director, Senior Managing Director June, 2006 Representative Director, Senior Executive Officer April, 2009 Representative Director, Vice President, in charge of Assistant to President (Current)	52,000 shares

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
3	Toshinori Morita (September 13, 1949)	<p>April, 1973 Joined the Company</p> <p>January, 2001 General Manager of Car Carrier Group No.2 of Car Carrier Department</p> <p>April, 2001 General Manager of Car Carrier Group No. 2</p> <p>December, 2001 General Manager of Car Carrier Business Planning and Coordination Group, General Manager of Car Carrier Business Second Group</p> <p>June, 2002 Director</p> <p>June, 2004 Managing Director</p> <p>June, 2006 Director, Managing Executive Officer</p> <p>April, 2009 Representative Director, Senior Executive Officer, Control of General Affairs, Legal, Accounting, Technical sector, in charge of Human Resources, Information System (Current)</p>	53,000 shares
4	Eiichi Murakami (January 24, 1949)	<p>April, 1972 Joined the Company</p> <p>July, 2001 General Manager of Nagoya Branch</p> <p>June, 2006 Managing Executive Officer</p> <p>April, 2009 Senior Executive Officer, Control of Car Carrier Sector (Current)</p>	14,000 shares
5	Yoshikazu Minagawa (November 12, 1949)	<p>April, 1974 Joined the Company</p> <p>July, 2000 General Manager of Finance Department</p> <p>April, 2001 General Manager of Finance Group</p> <p>July, 2001 General Manager of Corporate Planning Group</p> <p>April, 2003 Managing Director of "K"LINE (HONG KONG) LIMITED (Transferred)</p> <p>June, 2005 Director of the Company cum, Managing Director of "K"LINE (HONG KONG) LIMITED (Transferred)</p> <p>June, 2006 Executive Officer of the Company cum, Managing Director of "K"LINE (HONG KONG) LIMITED (Transferred)</p> <p>April, 2007 Managing Executive Officer</p> <p>April, 2009 Senior Executive Officer, Control of Energy Resources Transportation Sector, in charge of Heavy Lifter Business, New Business Planning and Development (Current)</p>	23,000 shares

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
6	Jiro Asakura (July 31, 1950)	<p>April, 1974 Joined the Company</p> <p>July, 2000 General Manager of Bulk Carrier Department, Coal & Iron Ore Carrier Group</p> <p>April, 2001 General Manager of Coal & Iron Ore Carrier Group</p> <p>June, 2005 Director, General Manager of Coal & Iron Ore Carrier Group</p> <p>June, 2006 Executive Officer, General Manager of Coal & Iron Ore Carrier Group</p> <p>April, 2007 Managing Executive Officer</p> <p>April, 2009 Senior Executive Officer, Control of Drybulk Sector, in charge of Coal and Iron Ore Carrier Business, Drybulk planning (Current)</p>	32,000 shares
7	Takashi Saeki (August 28, 1950)	<p>April, 1974 Joined the Company</p> <p>July, 2002 General Manager of Containerships Business Group</p> <p>July, 2004 General Manager of Corporate Planning Group</p> <p>June, 2005 Director</p> <p>June, 2006 Director, Executive Officer</p> <p>April, 2007 Director, Managing Executive Officer</p> <p>April, 2009 Representative Director, Senior Executive Officer, Control of Finance, Corporate Planning, In charge of IR & PR (Current)</p>	28,100 shares
8	Eizo Murakami (February 23, 1953)	<p>April, 1975 Joined the Company</p> <p>July, 2004 General Manager of Containerships Business Group</p> <p>June, 2005 Director, General Manager of Containerships Business Group</p> <p>June, 2006 Executive Officer</p> <p>June, 2007 Managing Executive Officer</p> <p>April, 2009 Senior Executive Officer, Control of Container Business, In charge of Port Business (Current)</p>	52,000 shares

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
9	Keisuke Yoshida (November 11, 1951)	April, 1974 Joined the Company July, 2001 General Manager of Finance Group June, 2006 Director, Executive Officer April, 2009 Director, Managing Executive Officer, In charge of Finance (Current)	9,000 shares
10	Masami Sasaki (April 22, 1951)	October, 1974 Joined the Company October, 1995 Captain April, 2001 General Manager of Marine Technical Group January, 2003 General Manager of Marine Human Resources Group July, 2004 General Manager of Marine Safety Administration Group April, 2007 Executive Officer (Current) April, 2009 Managing Executive Officer, In charge of Marine Sector (Current)	26,000 shares
11	Takashi Torizumi (July 8, 1951)	April, 1975 Joined the Company July, 2001 General Manager of Accounting Group April, 2007 Executive Officer, General Manager of Accounting Group June, 2007 Director, Executive Officer, April, 2009 Director, Managing Executive Officer, In charge of Accounting, General Affairs, Legal, CSR & Compliance, assistance to Internal Audit (Current)	25,000 shares
12	Kenjiro Takenaga (November 1, 1952)	October, 1975 Joined the Company April, 1996 Chief Engineer April, 2003 General Manager of Ship Planning Group July, 2008 General Manager of Environment Management Division April, 2009 Executive Officer, In charge of Ship Planning, Environment (Current)	9,000 shares

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
13	Tsuyoshi Yamauchi (August 15, 1957)	<p>April.1981 Joined the Company</p> <p>June.2006 General Manager of Corporate Planning Group and CSR Division</p> <p>April.2009 Executive Officer, In charge of Corporate Planning, Logistics, Research (Current)</p>	4,000 shares
14	Junnosuke Furukawa (September 25, 1943)	<p>April, 1959 Joined The Furukawa Electric Co., Ltd.</p> <p>March, 1968 Chairman, THE FURUKAWA RINGYO CO., LTD. (Current)</p> <p>June, 1985 Director, The Furukawa Electric Co., Ltd.</p> <p>June, 1989 Managing Director, The Furukawa Electric Co., Ltd.</p> <p>June, 1991 Senior Managing Director, The Furukawa Electric Co., Ltd.</p> <p>June, 1994 Vice-President, Director, The Furukawa Electric Co., Ltd.</p> <p>June, 1995 President, Director, The Furukawa Electric Co., Ltd.</p> <p>June, 1995 Outside Director, FURUKAWA CO., LTD. (Current)</p> <p>June, 2000 Outside Corporate Auditor, The Yokohama Rubber Co., Ltd., (Current)</p> <p>June, 2003 Chairman, Chief Executive Officer ,THE FURUKAWA ELECTRIC CO., LTD.</p> <p>July, 2003 Outside Corporate Auditor, Asahi Mutual Life Insurance Co., Ltd., (Current)</p> <p>March, 2004 Chairman, THE FURUKAWA ELECTRIC CO., LTD.</p> <p>June, 2004 Director and Advisor, THE FURUKAWA ELECTRIC CO., LTD.</p> <p>June, 2005 Outside Director, Internet Initiative Japan Inc (Current)</p> <p>June, 2007 Senior Advisor, The Furukawa Electric Co., Ltd. (Current)</p>	10,000 shares

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
15	Takashi Kobayashi (September 25, 1943)	<p>March, 1967 Joined the Nippon Life Insurance Company</p> <p>July, 1993 Director and General Manager of Related Business Department, Nippon Life Insurance Company</p> <p>June, 1994 Senior Managing Director, SEIWA REAL ESTATE CO.,LTD</p> <p>March, 1996 Managing Director , Nippon Life Insurance Company</p> <p>July, 1999 President, Nissay Information Technology Co., Ltd</p> <p>June, 2006 Chairman, NLI Research Institute (Current)</p> <p>April, 2009 Chairman, Nissay Information Technology Co., Ltd. (Current)</p>	0 shares

- Notes: 1) None of the above directorship candidates has any special interests in the Company.
- 2) Mr. Junnosuke Furukawa and Mr. Takashi Kobayashi are candidates for Outside Directors.
- 3) The Company proposes the election of the candidate for Outside Director Mr. Junnosuke Furukawa, who has a strong character and a keen insight from his many years as a corporate manager, as well as the candidate for Outside Director Mr. Takashi Kobayashi, who has abundant knowledge and considerable experience from his many years as a corporate manager, so that their talents may be utilized for the management of the Company.
- 4) The Furukawa Electric Co., Ltd., for which the candidate for Outside Director Mr. Junnosuke Furukawa served as Director, was found to have committed a violation of the Labor Standards Act in October 2005 (unpaid wages resulting from improper overtime work management; so-called "service overtime work"). That company immediately took preventive steps and investigated the actual conditions, paid the unpaid wages and disclosed the facts to the public. It was also prompted by incidences occurring at other companies to conduct a thorough, group-wide review for the status of implementation of performance tests, which are required by Japanese Industrial Standards (JIS), revealed that the company's Osaka office had been obtaining quality performance values in some of its copper/copper alloy plate/pipes using standards that differ from JIS. As a result, the company's JIS mark certificate was revoked in August 2008 (the company obtained the certificate again on April 9, 2009). Further, as of March 30, 2009, the Japan Fair Trade Commission issued a cease and desist order and a surcharge payment order against the company concluding that a violation of the Anti-Monopoly Law took place with respect to cross-linked highly foaming polyethylene sheets for the period until February 2007. That company is working towards formulating preventive measures based on the facts and further strengthening its legal compliance system.

FURUKAWA CO., LTD., for which the candidate for Outside Director Mr. Junnosuke Furukawa served as Director, accepted in November 2005 the judgment of the Japan Fair Trade Commission that there was a violation of Article 3 of the Anti-Monopoly Law with respect to steel bridge superstructure construction ordered by the Ministry of Land, Infrastructure, Transport and Tourism and the Japan Highway Public Corporation. Also, in April 2008, the company accepted the judgment of the Japan Fair Trade Commission that there was a violation of Article 3 of the Anti-Monopoly Law with respect to sewerage pump facilities construction ordered by the Bureau of Sewerage of the Tokyo Metropolitan Government. Mr. Junnosuke Furukawa was completely unaware of such cases until the incident occurred. Moreover, routinely at meetings of the Board of Directors, in addition to providing advice and suggestions based on his long-standing managerial experience, he also

roused awareness concerning compliance with laws and regulations. Furthermore, even after the incident occurred, he made efforts in ensuring managerial decisions remained as suitable and appropriate as ever.

The Yokohama Rubber Co., Ltd., for which the candidate for Outside Director Mr. Junnosuke Furukawa served as Outside Corporate Auditor, received a cease and desist order from the Japan Fair Trade Commission in December 2004 for violating the Anti-Monopoly Law with respect to its bidding on tires for aircraft to use in the Japan Defense Agency and tires and tubes for general purpose. Moreover, in 2006, the company's internal investigation revealed its involvement in a cartel related to the sale of marine hoses. The company then reported the investigation results to the Japan Fair Trade Commission and applied for immunity from surcharge payment. After the occurrence of the incident, the company organized the Compliance Committee and Corporate Compliance Committee in order to enforce activities to prevent similar incidents from occurring in the future. Mr. Furukawa reviewed the activities of the Compliance Committee during the meetings of the Board of Auditors and emphasized the importance of compliance with laws and regulations in order to prevent reoccurrence of similar incidents.

With respect to Asahi Mutual Life Insurance Co., for which the candidate for Outside Director Mr. Junnosuke Furukawa served as Outside Corporate Auditor, inappropriate non-payment of insurance claims were found as a result of reexamination of the insurance claims and benefits that were made over the past five years from 2001 to 2005. As a result, on July 3, 2008, the Financial Services Agency issued an administrative penalty (order for business improvement) to the company for its insurance claims payment control structure pursuant to the provisions of Article 132, Paragraph 1 of the Insurance Business Act. Although Mr. Furukawa was not involved in any of such cases, he expressed his views on preventive measures after such cases were found and performed his duties.

- 5) The Company may respectively conclude a liability limitation contract with Mr. Junnosuke Furukawa and Mr. Takashi Kobayashi pursuant to Article 427, Paragraph 1 of the Companies Act on the condition that Proposition 2 shall be approved as proposed originally. An overview of the contract is as follows.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, when acting in good faith and in the absence of any serious negligence, Outside Director may bear liability of 10,000,000 yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher, for the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act.

Proposition 3: Election of two (2) Corporate Auditors

At the end of this Annual Shareholders' Meeting, Corporate Auditor, Koichi Otaki will resign.

It is requested that two (2) Corporate Auditors be elected at this meeting. The Board of Corporate Auditors has already given its prior consent to the submission of this proposal.

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and representation of other corporations	Number of the Company's shares held
1	Tetsuo Shiota (July 30, 1947)	April, 1970 Joined the Company July, 1997 General Manager of Finance Division, Finance Group June, 1999 Director June, 2002 Managing Director April, 2005 Representative Director, Senior Managing Director June, 2006 Representative Director, Senior Executive Officer April, 2009 Director (Current)	85,000 shares
2	Jiro Noguchi (June 19, 1944)	April, 1970 Joined Kawasaki Heavy Industries, Ltd. January, 2000 Commissioner, Kawasaki Heavy Industries, Ltd April, 2002 Executive Officer, Kawasaki Heavy Industries, Ltd June, 2005 Representative Director and Managing Director, Kawasaki Heavy Industries, Ltd April, 2008 Director, Kawasaki Heavy Industries, Ltd June, 2008 Advisor, Kawasaki Heavy Industries, Ltd. (Current)	0 shares

- Notes: 1) None of the above candidates for the Corporate Auditor has any special interests in the Company.
- 2) Mr. Jiro Noguchi is a candidate for Outside Corporate Auditor.
- 3) The Company proposes the election of the candidate for Outside Corporate Auditor Mr. Jiro Noguchi, who has abundant knowledge and considerable experience from his many years of corporate management, so that his talents are utilized to conduct effective audits for the management of the Company from an objective, external perspective.
- 4) The Company may conclude a liability limitation contract with Mr. Jiro Noguchi pursuant to Article 427, Paragraph 1 of the Companies Act on the condition that Proposition 3 shall be approved as proposed originally. An overview of the contract is as follows.
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, when acting in good faith and in the absence of any serious

negligence, Outside Corporate Auditors may bear liability of 10,000,000 yen or the minimum limit of the amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher, for the liabilities stipulated in Article 423, Paragraph 1 of the Companies Act.

Proposition 4: *Renewal of Plan on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)*

We propose to update with partial amendments our Plan regarding countermeasures to large-scale acquisitions (takeover defense measures; the “Plan”), which was approved at the Company’s 138th Annual Shareholders’ Meeting held on June 26, 2006.

Details of the update Plan, which were adopted by resolution of the Board of Directors at a meeting held on April 27, 2009, are provided from the next page onward.

Each and all four corporate auditors of the Company, including outside corporate auditors, expressed their opinions in support of the update Plan on condition that the actual operation of the plan be appropriately undertaken.

(Appendix for Proposition 4)

Renewal of Plan on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)

On May 19, 2006, the Company announced its decision, made at a meeting of its board of directors held that day, to introduce its *Plan on Countermeasures to Large-Scale Acquisitions (Takeover Defense Measures)* of Company shares (in this notice, the “**Old Plan**”) on the condition the Old Plan was approved by the Company’s shareholders at a shareholders’ meeting. The Old Plan was introduced after shareholders approved a proposal to introduce it at the Company’s 138th Annual shareholders’ meeting, held on June 26, 2006. The effective period of the Old Plan will end on the closing of the Company’s ordinary shareholders’ meeting scheduled to be held in June 24, 2009.

With a view as always to improving the Company’s corporate value and the common interests of its shareholders (collectively, its “**Corporate Value and Shareholders’ Interests**”), the Company has continued to review the Old Plan’s details since introducing it, paying close attention to legislative trends in the *Financial Instruments and Exchange Act* and relevant Cabinet and Ministry Ordinances and keeping an eye on relevant court decisions.

As a result of such considerations, the Company announces as set out below that it has decided, at a meeting of its board of directors,

- to make certain changes to the Old Plan and renew the Old Plan as “measures for preventing decisions on the Company’s financial and business policies from being controlled by inappropriate persons” (Article 118(iii)(b)(2) of the *Ordinance for Enforcement Regulations of the Companies Act*) in light of the *Company’s Basic Policy Concerning Persons who Control Decisions on the Company’s Financial and Business Policies* (which means the policy provided for in the text of Article 118(iii) of the *Ordinance for Enforcement Regulations of the Companies Act*) and as the *Company Plan on Countermeasures to Large-Scale Acquisitions of Company Shares (Takeover Defense Measures)* (as amended, the “**Plan**”).

These changes are conditional on their being approved and adopted as a resolution with the endorsement of a majority of the voting rights of shareholders in attendance at the Company’s 141st Annual shareholders’ meeting (the “**Annual Shareholders’ Meeting**”), scheduled to be held on June 24, 2009.

The main changes to be made to the Old Plan are as follows (for further details, please see A below):

- The name of *Special Committee* in the Old Plan has changed to the name of *Independent Committee*.
- Procedures for the Plan are provided for in greater detail, and the role of the Independent Committee with respect to these procedures is clearly provided for.
- The Independent Committee's consideration period is clearly set forth as 60 days in principle.
- The Plan clearly provides that a shareholders' meeting might be convened for the purpose of determining whether or not to carry out an allotment of share options without contribution as a countermeasure to an acquisition or the like.
- Certain changes have been made in association with the enactment of, among other legislation, the *Financial Instruments and Exchange Act* and the *Act on Transfer of Bonds, Shares, etc.*

We hereby request the shareholders to approve the proposed update of the Policy.

A Reason for Proposition

I COMPANY'S BASIC POLICY CONCERNING PERSONS WHO CONTROL DECISIONS ON THE COMPANY'S FINANCIAL AND BUSINESS POLICIES

The Company believes that persons who strive for co-existence and co-prosperity with the stakeholders (interested parties) of the Company—such as its shareholders, customers, trading partners, employees, and regional communities—and aim to ensure the Company's Corporate Value and Shareholders' Interests are desirable as persons who control decisions on the Company's financial and business policies. It follows, the Company believes, that persons who act contrary to this thinking are therefore not desirable.

In other words, persons who control decisions on the Company's financial and business policies must fully understand the Company's corporate principles, the various sources of the Company's corporate value, and the trust of the interested parties who have supported the Company and must sincerely aim to ensure and enhance the Company's Corporate Value and Shareholders' Interests over the medium & long term. *Corporate value* in this sense refers to the characteristics of the Company that contribute to the interests of shareholders—such as the Company's assets, earning capacity, stability, efficiency, and growth potential—and the varying degrees to which the Company possesses those characteristics, but corporate value is an estimate of a future value and is potentially easily affected by any one of numerous future variables. The Company therefore believes it is difficult to accurately measure corporate value.

On the other hand, the Company is also aware that the Company's share price does not necessarily always accurately reflect the Company's corporate value, because of perceptions of the

Company's future business environment and earning capacity and the depth of understanding of the Company's business characteristics.

In summary, the Company believes it is particularly difficult to accurately grasp corporate value without a deep understanding of the characteristics inherent in the Company's business activities. When shareholders evaluate the merits of a large-scale acquisitions by a large-scale acquirer, it is therefore critically important that shareholders refer not only to information provided by the large-scale acquirer, but also to, among other things, evaluations and opinions on the large-scale acquisition provided by the Company's board of directors, who have a thorough knowledge of the characteristics of the Company's business.

If a large-scale acquisition is made targeting the shares of the Company, the Company will not repudiate it if it will contribute to the Company's Corporate Value and Shareholders' Interests. However, large-scale acquisitions targeting the Company's shares will not contribute to the Company's Corporate Value and Shareholders' Interests if an aspect of the acquisition, judging for example by the purpose of the acquisition,

- will cause obvious damage to the Company's Corporate Value and Shareholders' Interests
- in effect threatens to cause shareholders to have to sell their shares in the Company,
- does not provide sufficient time or information for the Company's board of directors or shareholders to consider the merits of the large-scale acquisition or for the Company's board of directors to propose an alternative plan or
- makes it necessary for the Company to negotiate with the acquirer for the purpose of improving purchase terms more favorable than the terms proposed by the acquirer.

The Company therefore believes it is necessary to have a framework for deterring large-scale acquisitions that threaten to damage the Company's Corporate Value and Shareholders' Interests.

II MEASURES TO HELP REALIZE THE COMPANY'S BASIC POLICY

To ensure the continued, mid-term and long-term investment in the Company by many shareholders, the Company will introduce measures for boosting its corporate governance based on *1 Measures for Improving Corporate Value by Management Plan* and *2(1) Basic Rationale for Corporate Governance* below. The Company believes that implementing these measures will enable the Company to improve its Value and Shareholders' Interests and appropriately reflect those improvements in the Company's share price, which will make it particularly difficult for persons to carry out large-scale acquisitions that are, as described above, likely to seriously damage the Company's Corporate Value and Shareholders' Interests. These measures will contribute to *1 COMPANY'S BASIC POLICY CONCERNING PERSONS WHO CONTROL DECISIONS ON THE COMPANY'S FINANCIAL AND BUSINESS POLICIES* above (the "**Basic Policy**").

1 Measures for Improving Corporate Value by Management Plan

The Company was established in April of 1919, and it has been engaged in the shipping business since then. During this time it has created numerous management plans, and the top priority of each one has always been to establish a means of providing steady dividend distributions to the Company's shareholders. In March of 2006 it launched its "*K*" *LINE Vision 2008*⁺ mid-term management plan, which included its long-term *Vision*, and began implementing various initiatives to boost its corporate value. The structure of the global economy, however, has undergone a major transformation, driven particularly by economic growth in China, and although it has caused major increases in demand for freight transport and the skyrocketing of market conditions for dry bulk, it has also led to the ballooning of fuel prices, ship prices, and shipping costs, leading to dramatic changes in the business environment in which the Company operates its shipping business. On April 25, 2008, in response to these circumstances, the Company introduced its "*K*" *LINE Vision 100* mid-term management plan to take the Company forward into 2012, aimed also at bringing the Company closer to its 100th anniversary in 2019.

The main themes for the Company's new management plan are "Synergy for All and Sustainable Growth". In bringing the Company closer to its 100th anniversary and in aiming to live and prosper and grow in a sustainable manner together with its stakeholders, the plan sets out the following basic challenges:

- (i) Activities to promote environmental protection
- (ii) Stable safety ship operation administration structure
- (iii) Borderless management through the best and strongest organization
- (iv) Proper allocation of strategic investment and management resources
- (v) Improvement of corporate value and complete risk management

The recent financial and economic crisis, as well as other factors, have led to a rapid cooling down of the global economy. In December 2008 the Company established an Economic Crisis Emergency Response Headquarters, which is developing drastic measures in line with improving profits and cutting costs as well as managing risks. Because of the rapid deterioration of the Company's business environment, the Company has significantly revised its investment plan and is focusing its energies on cash flow-oriented management.

2 Corporate Governance Measures

(1) Basic Rationale for Corporate Governance

To serve its corporate social responsibility, fulfill the mandate of its shareholders and other stakeholders, and continue to grow in a sustainable manner, it is essential the Company enhances its corporate governance.

The Company will continue to work hard toward strengthening its corporate governance system, developing and strengthening its risk management system, and ensuring each group company applies the Company's corporate principles at the same time as creating an organic and effective system of governance to increase its corporate brand value together with strengthening its earnings and financial standing.

(2) Company's Organs and Internal Control System

(i) Company's Basic Organs

The Company's board of directors comprises 12 members at present (of a maximum 15). In aiming to enhance and improve its corporate governance even further, the Company plans to elect two outside directors, on the condition they are approved at the Annual Shareholders' Meeting. Further, for the purpose of, among other things, clarifying the responsibilities of directors for the business year and establishing a flexible management system that can swiftly respond to changes in the management environment at the same time as enabling shareholders to make decisions on the election and dismissal of directors in an even timelier manner, the Company will make a proposal at the Annual Shareholders' Meeting for amendments to its Articles of Incorporation to shorten the term of directors from 2 years to 1 year.

The Company has adopted a system of corporate auditors. Its board of corporate auditors comprises a total of 4 corporate auditors, consisting of 3 standing statutory corporate auditors and 1 non standing statutory corporate auditor. To ensure fairness and transparency, the Company intends, with the approval of the Annual Shareholders' Meeting, to have 5 auditors ; (3 of 5 are outside auditors.)

(ii) Details of Company's Organs and Internal Control System

The Company's board of directors in principle meets once a month and determines the Company's major business matters.

The Company has also adopted a system of executive officers whereby executive officers

elected by the board of directors carry out the Company's business and the board of directors monitors them. A board of executive officers, consisting of the Company's executive officers and corporate auditors, meets in principle twice a month and acts as a deliberative organ for deciding important matters relating to the execution of the business of the President & Chief Executive Officer (the "**President**").

For the board of directors and board of executive officers to operate effectively, the Company has established a management committee as an auxiliary organ that consists of the main executive officers, including the President, as well as an investment committee and a management risk committee. These committees convene when necessary and deliberate on matters for the President's decision, matters for consultation with the board of executive officers, and matters for submission to the board of directors as well as choosing a direction for important management matters and exchanging information.

To co-work with the corporate auditors in their audit, the Company has established an Internal Audit Office that conducts internal audits of the Company relating to its internal control. The results of the audits are reported directly to the President. Depending on the results, recommendations to improve may be issued to audited departments and the responses of those departments subsequently inspected.

III Purpose of Renewing Plan

The details of the Company's rationale for renewing the Plan are as follows.

The businesses of the Company's Group are centered on shipping but extend broadly to buying and selling ships, harbor transportation, non-life insurance agency, broking business, information processing, buying, selling, and leasing of real estate, and dispatch of laborers, among others. As described in *II MEASURES TO HELP REALIZE THE COMPANY'S BASIC POLICY* above, the Company is dedicated to various measures that seek to contribute to the Company's Corporate Value and Shareholders' Interests. To carry out a management policy aimed at improving corporate value over the medium & long term as described in *I Measures for Improving Corporate Value by Management Plan* of Part II above, it is critical, in addition to having an extensive degree of know-how and a wealth of experience, to have a full understanding of the relationships the Company has with its stakeholders, such as its shareholders, customers, trading partners, employees, and regional communities. Without a proper understanding of these matters, it is impossible for shareholders to appropriately judge how capable the Company will be of realizing its corporate value in the future.

The Company is therefore engaged daily in investor-relations activities so that Company shareholders and investors can know what an appropriate value of the Company's shares should be.

If, however, the Company suddenly receives a proposal for **Acquisition** (defined in Paragraph (1) of B.2. *Procedures for the Plan* below) from an acquirer or a person proposing Acquisition of the Company's shares (collectively, an "**Acquirer**"), it may be particularly difficult for shareholders to make an appropriate decision, within a short time frame, on whether to respond to the Acquisition or not after fully understanding all circumstances relating to the Company's businesses, the corporate value of the Company based on the various measures it is actually implementing, and the specific terms and method of the Acquisition.

For those reasons, in order for the Company's shareholders to be able to appropriately make a decision on whether or not to respond to such an Acquisition, it is necessary to provide shareholders with sufficient information including not only information provided by the Acquirer, but also information provided by the Company's board of directors, who are actually engaged in managing the Company and have a thorough knowledge of the Company's businesses and the details of the various measures noted above as well as opinions and the like on the Acquisition from the Company's board of directors. It is also essential that shareholders are afforded the time necessary and sufficient for them to properly consider all of this information. Further, if from the perspective of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests the Company believes it is necessary to change or improve the terms and method of the Acquisition, it may be necessary to negotiate with the Acquirer on the terms and method of the Acquisition and to propose an alternative plan. It will therefore be necessary to ensure the time necessary for that purpose.

For shareholders considering whether to continue holding their shares or not, knowing what effects the Acquisition may have on the Company, what the Acquirer's policy is with respect to the Company's relationships with its employees, related companies, customers, trading partners, and the like, and what management policy and business policy the Acquirer is considering implementing once it can participate in the Company's management are important materials for making a decision in considering whether to continue holding their shares or not.

If after promptly evaluating and considering whether or not the terms, method, and other aspects of the Acquisition (including the Acquirer's post-Acquisition management plans) will contribute to ensuring and enhancing the Company's Corporate Value and Shareholders' Interests the Company's board of directors finds the Acquisition

- will cause obvious damage to the Company's Corporate Value and Shareholders' Interests, such as because it is for the purpose of the Acquirer's acquiring Company shares in pursuit of only its own interests,
- in effect threatens to cause shareholders to have to sell their shares in the Company, or
- will damage the Company's Corporate Value and Shareholders' Interests such as placing shareholders of the Company into a position whereby they are forced to sell their shares in the Company at a low price that does not reflect the Company's true corporate value,

then the Company believes that it will be necessary to invoke necessary and appropriate defensive measures against that Acquirer.

In order for the Company to request the Acquirer to provide in advance the necessary information relating to the Acquisition the Acquirer is attempting and to ensure the time necessary to evaluate and consider the details of the Acquirer's plan, for the purpose of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests, the Company's board of directors therefore approved the renewing of the Plan, on the condition it is approved by shareholders. Under the Plan, defensive measures may be invoked against an Acquirer who has not responded to the Company's requests for the Acquirer to provide sufficient information or to ensure sufficient time for the Company to consider the Acquirer's plans and against an Acquirer making or attempting to make an Acquisition of the Company's shares that will damage the Company's Corporate Value and Shareholders' Interests. By the Company's following these procedures, shareholders will be able to refer to opinions of the board of directors while also considering the Acquirer's proposal and (if an alternative plan is submitted) any alternative plans, thus ultimately affording the shareholders an opportunity to appropriately make a decision on whether or not to agree to selling their shares (to make an informed judgment).

B Contents for Proposition (Contents for the Plan)

1 Overview of the Plan

(1) Purpose

As set out in *A.III Purpose of Renewing Plan*, the aim of the Plan is to ensure and enhance the Company's Corporate Value and Shareholders' Interests by deterring Acquisitions that threaten to damage the Company's Corporate Value and Shareholders' Interests through ensuring that all shareholders have the necessary and sufficient information and time to make appropriate judgments, and by ensuring the opportunity to negotiate with an Acquirer, when a large-scale acquisition is made targeting the Company's shares.

(2) Establishment of Procedures for the Plan

The Plan sets out the procedures to be taken, for the purpose of first ensuring that the Company's Corporate Value and Shareholders' Interests are ensured and enhanced when an Acquisition targeting the Company's shares is made, for presenting the opinions of the Company's management team and alternative plans to Company shareholders and for conducting negotiations and the like with an Acquirer after first requesting the Acquirer to provide the Company information in advance relating to the Acquisition and ensuring time for gathering and considering information on the Acquirer (please refer to *2 Procedures for the Plan* below).

(3) Allotment of Share Options Without Contribution Based on Recommendation of Independent Committee

If it can be shown there is a threat that an Acquisition by an Acquirer will damage the Company's Corporate Value and Shareholders' Interests (for further details, please see 3 *Requirements for Implementing Allotment of Share Options Without Contribution* below), such as where an Acquirer conducts an Acquisition without following the procedures set out in the Plan, then the Company will make an allotment without contribution (Articles 277 through 279 of the *Companies Act*), to all of the Company's shareholders at that time, of share options that come attached with the two following conditions (the "**Share Options**"; for further details, please see 4 *Outline of Allotment of Share Options Without Contribution* below):

- An exercise condition to the effect that no purported exercise of an option by the Acquirer will be valid.
- An acquisition provision to the effect that the Company may acquire the Share Options in exchange for shares in the Company from holders other than the Acquirer.

In order to avoid arbitrary judgments of the Company's board of directors on whether or not to make the allotment, and whether to acquire the Share Options, the Company will obtain a judgment of the Independent Committee, composed only of outside directors, outside auditors, and outside experts who are independent from the management team, which executes the operations of the Company, in accordance with the Regulations of the Independent Committee (for further details, please see *Attachment 1 Overview of Regulations of Independent Committee*).

In addition to the above, if in implementing the allotment of Share Options the Independent Committee makes a recommendation to the Company's board of directors to the effect that it would be reasonable to convene a shareholders' meeting and confirm the intention of the shareholders relating to the implementation of the allotment of Share Options without contribution, then in principle the Company's directors must convene that shareholders' meeting. Further, the Company strives to ensure transparency in the process of carrying out these procedures by disclosing information to its shareholders in a timely manner.

(4) Effect of Exercise of Share Options and Acquisition of Share Option by Company

If the allotment of Share Options without contribution is made in accordance with the Plan and a shareholder other than the Acquirer exercises their Share Options, or Company shares are issued to all shareholders other than the Acquirer in exchange for the acquisition of the Share Options, the voting ratio in our Company's stock of the Acquirer might be diluted down to as much as (but not more than) 50%.

2 Procedures for the Plan

(1) Subject Acquisitions

Under the Plan, if either of the following acquisition or any such similar acts are carried out (an “**Acquisition**”), the allotment without contribution will be made in accordance with the procedures for the Plan.

- 1) A purchase or other such acquisition that would result in the holding ratio of share certificates, etc.,¹ of a holder² amounting to 20% or more of the share certificates, etc.,³ issued by the Company.
- 2) A tender offer⁴ that would result in the owning ratio of share certificates, etc.,⁵ of a person who conducts a tender offer and the owning ratio of share certificates, etc. of a person having a special relationship⁶ with such person totaling at least 20% of the

¹ Defined in Article 27-23(4) of the *Financial Instruments and Exchange Act*. Unless otherwise provided for in this document, the same applies throughout this document. If revisions are made to a law or regulation cited in the Plan (including to the name of a law or regulation and the enactment of a new law or regulation that succeeds an old law or regulation), then unless the Company’s board of directors separately provides otherwise, the provisions and terms of that law or regulation cited in the Plan are to be read as the provisions and terms of the law or regulation in effect succeeding the provisions and terms of that law or regulation as so revised.

² This term has the meaning of *holder* provided for in Article 27-23(1) of the *Financial Instruments and Exchange Act* and includes those persons included as *holders* under Paragraph (3) of that Article (including persons the Company’s board of directors recognize as corresponding to such persons). Unless otherwise provided for in this document, the same applies throughout this document.

³ Defined in Article 27-23(1) of the *Financial Instruments and Exchange Act*. Unless otherwise provided for in this document, the same applies throughout this document. If revisions are made to a law or regulation cited in the Plan (including to the name of a law or regulation and the enactment of a new law or regulation that succeeds an old law or regulation), then unless the Company’s board of directors separately provides otherwise, the provisions and terms of that law or regulation cited in the Plan are to be read as the provisions and terms of the law or regulation in effect succeeding the provisions and terms of that law or regulation as so revised.

⁴ Defined in Article 27-2(6) of the *Financial Instruments and Exchange Act*. Unless otherwise provided for in this document, the same applies throughout this document.

⁵ Defined in Article 27-2(8) of the *Financial Instruments and Exchange Act*. Unless otherwise provided for in this document, the same applies throughout this document.

⁶ Defined in Article 27-2(7) of the *Financial Instruments and Exchange Act* (including persons the Company’s board of directors recognize as corresponding to such persons). However, persons provided for in Article 3(2) of the *Cabinet Ordinance concerning Disclosure of Tender Offer by Acquirer other than the Issuing Company* are excluded from the persons described in Article 27-2(7)(i) of the *Financial Instruments and Exchange Act*. Specifically, persons who have a special relationship with persons making an Acquisition of share certificates, etc. ((1) relation by ownership of shares ((i) a person who jointly acquires or transfers the share certificates, etc., (ii) a person who has agreed to exercise voting rights or other such rights as a shareholder of the issuer (a person in concert), or (iii) a person who has agreed to mutually transfer or receive by transfer or

share certificates, etc.⁷, issued by the Company.

(2) Requests to the Acquirer for the Provision of Information

Unless otherwise approved by the Company's board of directors, the Company will require any Acquirer attempting an Acquisition provided for in (1) *Subject Acquisitions* above first, before carrying out the Acquisition, to submit to the Company in a form prescribed by the Company a document setting out the information necessary for considering the terms of the Acquisition described in items (A) through (H) below ("**Necessary Information**") and a written undertaking to the effect that in making the Acquisition the Acquirer will comply with the procedures set out in the Plan (those documents collectively, the "**Acquisition Documents**"). When the Company's board of directors has received the Acquisition Documents, it will promptly provide them to the Independent Committee, and if the details set out in the Acquisition Documents are found to be insufficient as Acquisition Documents or insufficient for the purposes of the judgment of shareholders or evaluation and consideration by the Company's board of directors, the Acquirer might be requested to provide additional Necessary Information. If the board of directors receives additional information from the Acquirer, it will promptly provide that information to the Independent Committee. Similarly, if after receiving the Acquisition Documents from the board of directors the Independent Committee finds that the details in them are insufficient as Necessary Information, the Independent Committee might, after stipulating an appropriate period within which the Acquirer is to reply, request the Acquirer, directly or indirectly through the board of directors, to provide additional Necessary Information. If it does, the Acquirer will be required to provide the additional Necessary Information within that period.

If the Company's board of directors finds the Acquirer's provision of Necessary Information to be sufficient, it will, after first confirming with the Independent Committee, notify the Acquirer to that effect (the "**Notice of Completion of Provision of Information**") and promptly make a disclosure to that effect.

- (A) Details (specifically including name, capital structure, financial position, and state of compliance with laws and regulations) of the Acquirer and its group (including joint holders⁸, persons with a special relationship, and, in the case of funds, each partner and

acquire share certificates, etc., after the Acquisition), (2) relation as relative, or (3) a person provided for in Cabinet Ordinance (a person who has beneficiary certificates of an investment trust)). Unless otherwise provided for in this document, the same applies throughout this document.

⁷ Defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*. Unless otherwise provided for in this document, the same applies throughout this document.

⁸ Defined in Article 27-23(5) of the *Financial Instruments and Exchange Act* and includes persons considered joint holders under Paragraph (6) of that Article (including persons the Company's board of directors recognize as corresponding to such persons). Unless otherwise provided for in this document, the same applies throughout this document.

other constituent member).

- (B) The purpose, method and terms of the Acquisition (including information on the amount and type of payment for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be carried out).
- (C) The basis for the calculation of the purchase price in the Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, and the details of any expected synergies from any series of transactions relating to the Acquisition, including the details of such synergies to be allocated to minority shareholders).
- (D) Financial support for the Acquisition (specifically including the name of the fund providers as well as all indirect fund providers, financing methods, and the terms of any related transactions).
- (E) Post-Acquisition policies for holding and disposition of, and exercise of voting rights pertaining to, Company shares, etc.
- (F) Post-Acquisition management policy, business plan, and capital and dividend policies for the Company.
- (G) Post-Acquisition treatment of and policies for the Company's employees, related companies, customers, trading partners, and any other interested parties of the Company.
- (H) Any other information reasonably necessary for considering the terms of the Acquisition.

If the Independent Committee finds that an Acquirer has initiated an Acquisition without complying with the procedures set out in the Plan, it will in principle recommend that the Company's board of directors implement an allotment of Share Options without contribution in accordance with item (A) in (4) *Decision-Making Method of Independent Committee* below, except in particular circumstances where the Company should continue with its requests for submission of the Acquisition Documents and the Necessary Information and with its discussions with the Acquirer.

(3) Consideration by the Independent Committee of Information from the Acquirer

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

If the Acquirer submits all Acquisition Documents and any additional Necessary Information that the Independent Committee requests (if any), the Independent Committee may request that the Company's board of directors promptly present an opinion on the terms of the Acquirer's Acquisition (including an opinion to the effect it reserves its opinion; the same applies throughout this document) and supporting materials, an alternative proposal (if any), and any other information or materials that the Independent Committee considers necessary from time to time within a reasonable period determined by the Independent Committee (in principle, up to 60 days) in order to compare the information contained in the Acquisition Documents and the Necessary Information with the business plan and corporate valuation made by the Company's board of directors in light of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests.

(B) Independent Committee Considerations

If the Independent Committee has determined that the information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the Company's board of directors has been so required as set out in (A) *Request to the Company's Board of Directors for the Provision of Information* above) and the board of directors has delivered a Notice of Completion of Provision of Information, the Independent Committee may set an consideration period (in principle up to 60 days, but the Independent Committee may extend the period by its resolution in accordance with (4) (C) *Extensions of the Independent Committee's Consideration Period* below; the "**Independent Committee Consideration Period**").

During the Independent Committee Consideration Period, the Independent Committee considers the terms of the Acquisition, considers alternative plans provided by the Company's board of directors, and collects and compares information on the business plans of the Acquirer and the Company's board of directors from the perspective of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests based on information and materials provided by the Acquirer and the Company's board of directors. Further, when it is necessary to improve the terms of the Acquisition from the perspective of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests, the Independent Committee will directly or indirectly through the board of directors consult with the Acquirer and propose to shareholders the alternative plan provided by the Company's board of directors.

If during the Independent Committee's Consideration Period the Independent Committee directly or indirectly through the Company's board of directors requests the Acquirer provide materials for consideration or other information, or to hold discussions, the Acquirer must promptly respond to that request. The same applies if during the Independent Committee's Consideration Period the Company's board of directors requests the Acquirer to provide materials for consideration or other information.

To ensure that the Independent Committee's decision contributes to the Company's Corporate Value and Shareholders' Interests, the Independent Committee may at the Company's cost obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants, and other experts).

(C) Disclosure of Information to Shareholders

The Independent Committee will promptly disclose, either directly or indirectly through the Company's board of directors, the fact that the Acquisition Documents have been submitted and an outline of them. The Independent Committee will also disclose to shareholders any matters of the Necessary Information or other information that it considers appropriate at a time the Independent Committee considers appropriate.

(4) Decision-Making Method of Independent Committee

If an Acquirer emerges, the Independent Committee will follow the procedures set out below and make certain recommendation to the Company's board of directors. If it makes a recommendation or resolution to the board of directors as provided for in any of the items in Item (A) through Item (C) below, or the Independent Committee otherwise believes it appropriate, the Independent Committee will promptly disclose the fact of the recommendation or resolution, its outline, and information relating to the matters it believes appropriate (and, if the Independent Committee makes a resolution to the effect of Extensions of the Independent Committee's Consideration Period in accordance with Item (C) below, including a note to that effect and an outline of the reasons for the extension)

Even if the Independent Committee finds it appropriate to implement an allotment of Share Options without contribution, if it believes it is appropriate to obtain a resolution of the shareholders' meeting with respect to implementing the allotment of Share Options without contribution, it will recommend that the Company's board of directors convene a shareholders' meeting and submit a proposal to the Company's shareholders for implementing the allotment of Share Options without contribution.

(A) Recommendations for Implementation of Allotment of Share Options Without Contribution

If the Acquirer fails to comply with the procedures set out in (2) *Requests to the Acquirer for the Provision of Information* and (3) *Consideration by the Independent Committee of Information from the Acquirer* above, or if as a result of considering the terms of the Acquisition by the Acquirer or discussions with the Acquirer, the Independent Committee determines that the Acquisition by the Acquirer meets any of the requirements provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* and that it would be reasonable to implement the allotment of Share Options without contribution, then the Independent Committee will recommend the implementation of the allotment of Share Options without contribution to the Company's board of directors, regardless of whether the Independent Committee's Consideration Period has started or ended.

However, even after the Independent Committee has recommended the implementation of the allotment of Share Options without contribution, if it considers either of the events set out below to have occurred, then it may reach a separate decision, including

- on or before the effective date of the allotment of Share Options without contribution—that the Company cancel the allotment of Share Options without contribution, or
- after the effective date of the allotment of Share Options without contribution and until the day immediately prior to the commencement date of the exercise period of the Share Options—that the Company acquire the Share Options without compensation,

and make a new recommendation to the Company's board of directors.

- (1) After the recommendation the Acquirer has revoked the Acquisition after the recommendation or the Acquisition otherwise ceases to exist.
- (2) A change occurs in the factual relationship constituting a premise to the finding leading to the recommendation and the Independent Committee considers the Acquisition by the Acquirer no longer meets any of the requirements provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* or, even if it does, it is no longer reasonable to allow the implementation of the allotment of the Share Options without contribution or the exercise of the Share Options.

(B) Recommendations for Non-Implementation of Allotment of Share Options Without Contribution

If as a result of considering the terms of the Acquirer's Acquisition and discussions with the Acquirer the Independent Committee determines that the Acquisition by the Acquirer does not meet any of the requirements provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* or, even if it does, that the implementation of the allotment of Share Options without contribution is not reasonable, the Independent Committee will recommend not implementing the allotment of Share Options without contribution to the Company's board of directors, regardless of whether the Independent Committee Consideration Period has ended or not.

However, even after the Independent Committee has recommended not implementing the allotment of Share Options without contribution, if a change occurs in the factual relationship constituting a premise to the finding leading to the recommendation and the Independent Committee considers the Acquisition by the Acquirer comes to meet a requirement provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* such that it becomes reasonable to allow the implementation of the allotment of the Share Options without contribution, the Independent Committee may reach a separate decision, including that the Company implement the allotment of Share Options without contribution, and make a new recommendation to the Company's board of directors.

(C) Extensions of the Independent Committee's Consideration Period

If the Independent Committee does not reach a decision to recommend either implementing or not implementing the allotment of Share Options without contribution by the expiry of the initial Independent Committee's Consideration Period, the Independent Committee will pass a resolution to extend the Independent Committee's Consideration Period to a reasonable extent considered necessary for such matters as consideration of the terms of the Acquirer's Acquisition, discussion with the Acquirer, and consideration of an alternative proposal (but in principle by no more than 30 days).

If the Independent Committee's Consideration Period is extended as a result of the resolution described above, the Independent Committee will continue with its information gathering, consideration process, and like activities, and use its best efforts to make a recommendation to implement or not implement the allotment of Share Options without contribution or propose an alternative plan within the extended period.

(5) Resolution of Meeting of Board of Directors; Convocation of Shareholders' Meeting

If the Company's board of directors receives a recommendation from the Independent Committee, it will promptly pass a resolution relating to implementing or not implementing the allotment of Share Options or propose an alternative plan without contribution (including

cancelation of the allotment of Share Options without contribution) respecting to the maximum extent the recommendation of the Independent Committee.

If the Independent Committee recommends the Company's board of directors convenes a shareholders' meeting and submit a proposal to it regarding the implementation of the allotment of Share Options without contribution, the Company's board of directors will, unless convening the meeting is seriously difficult, promptly take the procedures necessary so that the meeting is held as soon as practicably possible and seek to obtain the approval of the shareholders for the implementation of the allotment of Share Options without contribution. If the shareholders' meeting approves the proposal for implementation of the allotment of Share Options without contribution, the Company's board of directors will resolve to implement the allotment of Share Options without contribution, and if the proposal is not approved, the Company's board of directors will resolve not to implement the allotment of Share Options without contribution. The Acquirer must not start any Acquisition procedures for the Plan until the Company's board of directors passes a resolution to implement or not implement the allotment of Share Options without contribution.

Once a resolution provided for above is obtained from the board of directors or the shareholders' meeting, the Company's board of directors will promptly disclose an outline of the resolution and any other matters that it considers appropriate.

3 *Requirements for Implementing Allotment of Share Options Without Contribution*

If an Acquisition by an Acquirer meets any of the requirements provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* and it is found to be reasonable to implement the allotment of Share Options without contribution, the Company will implement the allotment of Share Options without contribution in accordance with a Resolution of Meeting of Board of Directors as provided for in Section (5) of *2 Procedures for the Plan* above. Whether an Acquisition by an Acquirer meets requirements provided for in *Attachment 2 Requirements for Allotment of Share Options Without Contribution* and whether it is reasonable or not to implement the allotment of Share Options without contribution shall be determined following the judgment of the Independent Committee in accordance with Section (4) of *2 Procedures for the Plan* above.

4 *Outline of Allotment of Share Options Without Contribution*

An outline of the allotment of Share Options without contribution scheduled to be implemented under the Plan is described below (for further details on the Share Options, please see *Attachment 3 Terms and Conditions of Allotment of Share Options Without Contribution*).

(1) Number of Share Options

The Company will implement an allotment of Share Options without contribution in the number equivalent to the final and total number of issued shares in the Company (but excluding the number of shares in the Company held by the Company at that time) on an allotment date (the “**Allotment Date**”) to be separately determined in a resolution by the Company’s board of directors relating to the allotment of Share Options without contribution (“**Allotment Resolution**”).

(2) Shareholders Eligible for Allotment

The Company will allot the Share Options without contribution to those shareholders, other than the Company, who are entered or recorded in the Company’s final register of shareholders on the Allotment Date, at a ratio of one Share Option for every share in the Company.

(3) Effective Date of Allotment of Share Options Without Contribution

The effective date of the allotment of Share Options without contribution will be separately determined in the Allotment Resolution.

(4) Number of Shares to be Acquired upon Exercise of the Share Options

The number of Company shares (which will be “transfer shares,” as defined in Article 128(1) of the *Act on Transfer of Bonds, Shares, etc.*, and which attract the application of that *Act*) to be acquired upon exercise of each Share Option (the “**Applicable Number of Shares**”) will be one share unless otherwise adjusted.

(5) Amount to be Contributed upon Exercise of the Share Options

Contributions upon exercise of the Share Options are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Share Options will be an amount separately determined in the Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of the Company’s stock per share. “**Fair market value**” means the average closing price (including quotations) for regular transactions of the Company’s shares on the Tokyo Stock Exchange on each day during the 90-day period before the Allotment Resolution (excluding days on which no closing price is available), with any fraction of a yen resulting from the calculation rounded up to the nearest whole yen.

(6) Exercise Period of the Share Options

The commencement date will be a date separately determined in the Allotment Resolution,

and the period will be from 1 month to 3 months long as separately determined in the Allotment Resolution. However, if the Company acquires the Share Options under Paragraph (2) of (9) *Acquisition of the Share Options by the Company* below, the exercise period for the Share Options with respect to that acquisition will be up to and including the business day immediately before the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

(7) Conditions for the Exercise of the Share Options

The following persons in principle may not exercise the Share Options (persons corresponding to (1) through (6) below collectively, “**Non-Qualified Persons**”):

- (1) Specified Large Holders.⁹
- (2) Joint Holders of Specified Large Holders.
- (3) Specified Large Purchasers.¹⁰
- (4) Persons having a Special Relationship with Specified Large Purchasers.
- (5) A person who without the approval of the Company’s board of directors has been transferred, or has succeeded to, the Share Options of a person corresponding to any of (1) through (4).
- (6) Any Affiliated Person¹¹ of any person corresponding to any of (1) through (5).

Nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations to exercise the Share Options in principle may not exercise the Share Options (however, certain nonresidents to whom exemptions under applicable law apply may exercise the Share Options, and the Share Options held by nonresidents will be subject to acquisition by the Company in exchange for Company shares as set out in Paragraph (2) of (9) *Acquisition of the Share Options*

⁹ “**Specified Large Holder**” means a party the Company’s board of directors considers a holder of share certificates, etc., issued by the Company whose holding ratio of share certificates, etc., for those share certificates, etc., is at least 20%.

¹⁰ “**Specified Large Purchaser**” means a person who makes a public announcement for purchase, etc. (as defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this footnote) of share certificates, etc. (as defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this footnote) issued by the Company through a tender offer and whose owing ratio of share certificates, etc. relating to the ownership (including similar ownership as prescribed in Article 7(1) of the *Order for the Enforcement of the Financial Instruments and Exchange Act*), after the purchase, etc., the Company’s board of directors considers will be at least 20% when combined with the owing ratio of share certificates, etc., of a person having a special relationship with such person.

¹¹ An “**Affiliated Person**” of a given person means a person the Company’s board of directors considers substantially controls, is controlled by, or is under common control with the given person (including persons the Company’s board of directors consider as corresponding to such a person), or a person considered by the Company’s board of directors to act in concert with the given person. “**Control**” means to “control decisions on the financial and business policies” (as defined in Article 3(3) of the *Ordinance for Enforcement of the Companies Act*) of other corporations or entities.

by the Company below; for details, please see *Attachment 3 Terms and Conditions of Allotment of Share Options Without Contribution*).

(8) Assignment of the Share Options

An acquisition of the Share Options by assignment requires the approval of the Company's board of directors.

(9) Acquisition of the Share Options by the Company

- (1) At any time on or before the date immediately before the first date of the exercise period of the Share Options, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Share Options, the Company may, on a day separately determined by the Company's board of directors, acquire all of the Share Options without compensation.
- (2) On a day separately determined by the Company's board of directors, the Company may acquire all of the Share Options that have not been exercised before or on the business day immediately before that date and that are held by persons other than Non-Qualified Persons and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every Share Option. If after the Company has effected an acquisition a third party other than a Non-Qualified Person comes in possession by assignment or the like of Share Options that were held by a Non-Qualified Person, the Company may acquire those Share Options.
- (3) In addition to the above, matters relating to the acquisition of Share Options will be provided for separately if necessary in the Allotment Resolution.

For the definitions and details of the words and expressions above, please see *Attachment 3 Terms and Conditions of Allotment of Share Options Without Contribution*.

5 *Effective Period of Plan*

The effective period of the Plan ends on the close of the Annual Shareholders' Meeting held for the business year ending on March 31, 2012.

6 *Abolition and Amendment of the Plan*

Even before the effective period of the Plan has expired, if (1) a resolution is adopted at a shareholders' meeting to the effect of abolishing the Plan or (2) a resolution is adopted by the Company's board of directors to the effect of abolishing the Plan, the Plan will be abolished at that time. The Company's board of directors might revise or change the Plan to the extent that can be considered reasonably necessary as a result of changes in, or changes in interpretations or the operation of, the *Companies Act*, the *Financial Instruments and Exchange Act*, other laws or regulations, or the rules of financial instruments exchanges or changes in tax systems, court decisions, or the like.

If the Plan is abolished or changes, the Company will promptly in accordance with applicable laws and regulations and the rules of financial instruments exchanges disclose the fact of the abolishment or change and other matters the board of directors considers appropriate.

(For reference)

The impact on shareholders and investors as a result of the continued implementation of the Plan is described in 1 *Impact on Shareholders* below. The Company believes that the Plan is rational, as described in 2 *Decisions and Reasoning of the Company's Board of Directors regarding Above Measures* below.

We hereby request our shareholders to approve the proposition taking the above into consideration.

1 *Impact on Shareholders*

(1) *Impact on Shareholders Upon Renewal of Plan*

The actual allotment of Share Options without contribution will not be carried out at the time the Plan is renewed. The Plan will therefore have no direct concrete affect on the legal rights and economic interests of shareholders and investors with respect to the shares of the Company at the time the Plan is renewed.

(2) *Impact on Shareholders and Investors at the Time of Allotment of Share Options Without Contribution*

If the Company's board of directors or shareholders' meeting passes a resolution for an allotment of Share Options without contribution, the Company will make an allotment of Share Options without contribution to the shareholders on the Allotment Date provided for separately in the Allotment Resolution of one Share Option per share in the Company held by entitled

shareholders. If the shareholders do not pay the exercise price or perform other procedures for exercise of the Share Options provided for in Paragraph (ii) of *(3) Procedures Necessary for Shareholders upon the Allotment of Share Options Without Contribution* below during the exercise period of the Share Options, the shares they hold in the Company will be diluted by the exercise of Share Options by other shareholders. However, it is also possible for the Company to acquire the Share Options of all shareholders other than Non-Qualified Persons and, in exchange, deliver shares in the Company in accordance with the procedures provided for in Paragraph (iii) of *(3) Procedures Necessary for Shareholders upon the Allotment of Share Options Without Contribution* below. If the Company carries out that acquisition procedure, all shareholders other than Non-Qualified Persons will receive shares in the Company without exercising their Share Options or paying an amount equivalent to the exercise price, and this may dilute the value per share in the Company held by the shareholder, but in principle there will not be any financial dilution of the overall value of shares held in the Company.

Even after a resolution is passed for allotment of Share Options without contribution, the Company may, by respecting any recommendation of the Independent Committee described above at Section (4) of *B.2 Procedures for the Plan* above to the maximum extent,

- on or before the effective date of the allotment of Share Options without contribution—cancel the allotment of Share Options without contribution, or
- after the effective date of the allotment of Share Options without contribution and until the day immediately prior to the commencement date of the exercise period of the Share Options—acquire the Share Options without compensation.

In neither case will there be any dilution of the value per share in the Company held by the shareholders, so it is possible that any shareholders or investors who sell or buy the shares in the Company expecting to see a dilution of the value per share in the Company might be subjecting themselves to unpredictable harm as a result of a fluctuation in the share price.

(3) Procedures Necessary for Shareholders upon the Allotment of Share Options Without Contribution

(i) Procedures for Allotment of Share Options

If the Company's board of directors passes the Allotment Resolution, the Company will give public notice of the Allotment Date with respect to the allotment of Share Options without contribution. In this case, shareholders who are entered or recorded in the Company's final register of shareholders on the Allotment Date will automatically become option-holders on the effective date of the allotment of Share Options without contribution, so no further procedures, such as applying for the allotment, will be necessary.

(ii) Procedures for Exercising Share Options

The Company will in principle deliver an exercise request form for the Share Options (in a form prescribed by the Company and containing the necessary matters—such as the terms and number of the Share Options for exercise, the exercise date for the Share Options, and the account for transfer of the transfer shares—as well as representations and warranties regarding matters such as that the shareholders themselves are not Non-Qualified Persons, indemnity clauses, and other covenants) and other documents necessary for the exercise of the Share Options to the shareholders who are entered or recorded in the Company’s final register of shareholders on the Allotment Date.

After the allotment of Share Options without contribution, the shareholders will in principle be issued one share in the Company per Share Option

- upon submitting, in accordance with the Company’s prescribed method, the exercise request form and other necessary documents during the exercise period for the Share Options and before acquisition of Share Options by the Company becomes effective,
- once the exercise request form and other necessary documents have reached the place handling such requests, and
- by in principle paying to the place handling such requests an amount equivalent to the exercise price determined in the Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company’s stock per share.

(iii) Procedures for Acquisition of Share Options by Company

If the Company’s board of directors determines to acquire the Share Options, the Company will acquire the Share Options in accordance with the statutory procedures on a day separately determined by the Company’s board of directors.

If the Company acquires the Share Options from shareholders other than Non-Qualified Persons, and in exchange delivers shares in the Company, the shareholders concerned will in principle come to receive one share in the Company for every one Share Options as compensation for the acquisition by the Company of those Share Options, without paying an amount corresponding to an exercise price. However, in that case, the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, a document setting out necessary matters—such as the account for transfer of the transfer shares—and including representations and warranties regarding matters such as the fact that they are not Non-Qualified Persons, indemnity clauses, and other covenants.

In addition to the above, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method for the Share Options, the exercise method, and the method for acquisitions by the Company once they have been determined in the Allotment Resolution.

2 Decisions and Reasoning of the Company's Board of Directors regarding Above Measures

(1) Decisions and Reasoning Regarding the Special Measures to Help Realize the Company's Basic Policy (Measures Set Out in A. II Above)

The Company's fundamental philosophy behind its measures for enhancing its corporate value by management plans, as described in A. II MEASURES TO HELP REALIZE THE COMPANY'S BASIC POLICY above, and its policies for strengthening its corporate governance practices is formulated as a specific policy aimed at maximizing the Company's Corporate Value and Shareholders' Interests and contributing to the realization of the Basic Policy.

These measures are therefore in line with the Basic Policy and are consistent with the Company's Corporate Value and Shareholders' Interests. They are not implemented for the purpose of maintaining the positions of the directors and the corporate auditors of the Company.

(2) Decisions and Reasoning regarding the Measures for Preventing Decisions on Company's Financial and Business Policies from being Controlled by Inappropriate Persons in Light of Company's Basic Policy (Measures Set Out in B Above)

1) The Plan is in Line with the Basic Policy

The Plan is a mechanism to ensure and enhance the Company's Corporate Value and Shareholders' Interests by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept an Acquisition by an Acquirer targeting the share certificates, etc., of the Company and for the board of directors to present an alternative proposal to the shareholders, and by enabling the board of directors to discuss or negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected. As above, the Plan is in line with the Basic Policy.

2) The Measures Are Not Detrimental to the Corporate Value and Shareholders' Interests and Do Not Aim to Maintain the Positions of Directors and Statutory Auditors of the Company

For the reasons set out below, the Company believes that in light of the Basic Policy, the Plan is not detrimental to the Company's Corporate Value and Shareholders' Interests, and that it has not been implemented for the purpose of maintaining the positions of the directors and the corporate auditors of the Company.

(i) It Satisfies the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the 3 principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. (The 3 principles, as set out in the *Guideline*, are (1) the "principle of protecting and enhancing corporate value and shareholders' common interests," (2) the "principle of prior disclosure and shareholders' will," and (3) the "principle of ensuring the necessity and reasonableness.")

(ii) The renewal of the Plan is for the purpose of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests

The Plan is renewed in order to ensure, for the purpose of ensuring and enhancing the Company's Corporate Value and Shareholders' Interests, (a) the prior provision of information from an Acquirer that is necessary in relation to the Acquisition being attempted by the Acquirer and (b) the period of time necessary for evaluating and considering the details of the Acquisition.

(iii) Placing High Value on Shareholders' Will (Resolution of General Meeting of Shareholders and Sunset Clause (Provision for Regular Review of Merits in Continuing Takeover Defense Measures))

The Company intends to renew the Plan at the Annual Shareholders' Meeting on the condition that the proposal for the Plan is approved and adopted as a resolution with the endorsement of a majority of the voting rights of shareholders in attendance.

In certain circumstances, set out in B.2.(5) *Resolution of Meeting of Board of Directors; Convocation of Shareholders' Meeting* above, the Company's board of directors may convene a shareholders' meeting and ask shareholders to consider whether or not to implement an allotment of Share Options without contribution.

Further, as set out in B.5. *Effective Period of Plan* above, the effective period of the Plan is the approximately 3-year period ending on the close of the ordinary shareholders' meeting held for the business year ending on March 31, 2012, but if (i) a resolution is adopted at a Company shareholders' meeting to the effect of abolishing the Plan or (ii) a resolution is adopted at a meeting of the Company's board of directors to the effect of abolishing the Plan, then even if that period has not yet finished, the Plan will terminate at that time. In that sense, the continuation of the effectiveness of the Plan reflects the intention of the Company's shareholders.

(iv) Establishment of Reasonable and Objective Requirements for Invoking Defensive Measures

As set out in B.3. *Requirements for Implementing Allotment of Share Options Without*

Contribution above, the Plan is established so that the allotment of Share Options without contribution cannot be implemented without reasonable and objective requirements first being met, thus ensuring a framework that prevents arbitrary invocation by the Company's board of directors.

(v) Shortened Term of Directors

As set out in A. II 2(2)(i) *Company's Basic Organs* above, the Company will make a proposal at the Annual Shareholders' Meeting for amendments to its Articles of Incorporation to shorten the term of directors from 2 years to 1 year. If this proposal is approved by the Ordinary Shareholders' Meeting, shareholders will further be able to reflect their intentions on the Plan, even before the effective period of the Plan has finished, through the annual election of directors.

(vi) Establishment of Independent Committee

The Company has established the Independent Committee as an organ of the Company to eliminate arbitrary decisions of the board of directors and to make independent judgments in managing the implementation of the allotment of Share Options without contribution for the benefit of the Company's shareholders.

The Independent Committee comprises 3 or more members, who must each correspond to one of an outside director, an outside statutory auditor, or an outside expert who is independent from the management team, which executes the operations of the Company (at the time of renewal of the Plan, there are scheduled to be 5 members: Junnosuke Furukawa and Takashi Kobayashi, outside directors of the Company; Fumio Watanabe, Haruo Shigeta and Jiro Noguchi, outside auditors of the Company). There is no special relationship between the Company and any of the candidate members of the Independent Committee, and each candidate is highly independent from the Company's management team (Please see Attachment 4 Background of the Candidates for the Members of the Independent Committee).

As set out above at B.2. *Procedures for the Plan*, if an Acquisition targeting the Company's shares is made, the Independent Committee will, in accordance with the Regulations of the Independent Committee, consider the Acquisition and whether or not it will harm the Company's Corporate Value and Shareholders' Interests, and the board of directors will make its decision respecting the decision of the Independent Committee to the maximum extent.

These measures therefore ensure that the Company has a mechanism to prevent the Plan from being operated, and the defensive measures being invoked, arbitrarily by the board of directors.

(vii) No Dead-Hand Takeover Defense Measures

As stated above in B.6. *Abolition and Amendment of the Plan*, the Plan has been designed so that it may be abolished at any time by the board of directors, even before the effective period of the Plan has expired. It is not, therefore, a dead-hand takeover defense measure (a takeover defense measure that cannot be stopped once invoked, even if a majority of the members of the board of directors are replaced). And nor is it a slow-hand takeover defense measure (a takeover defense measure that requires a significant amount of time to stop because members of the board of directors cannot be replaced all at once).

Attachment 1 Overview of Regulations of Independent Committee

- The Independent Committee will be established by resolution of the Company's board of directors.
- There will be no less than three members of the Independent Committee, and the Company's board of directors shall elect the members from outside directors of the Company, outside statutory auditors of the Company and other outside experts, who are independent from the management team who engages in the business of the Company. However, the outside experts on this committee must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager and certain other provisions.
- Unless otherwise determined in a resolution by the Company's board of directors, the term of office of members of the Independent Committee will be until the close of the ordinary shareholders' meeting held for the fiscal year ending on March 31, 2012. However, the term of office of any member of the Independent Committee who is an outside director or outside statutory auditor will automatically end when he/she ceases to be a director or statutory auditor of the Company (except in the case of his/her re-appointment).
- The Independent Committee will make decisions on the matters listed below and make recommendations to the Company's board of directors containing the details of and reasons for the decisions. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's board of directors shall resolve whether or not to implement the allotment of Share Options without contribution or otherwise (or, if a proposal regarding the implementation of the allotment of Share Options without contribution is put to a vote at the shareholders' meeting, the Company's board of directors shall resolve in accordance with the resolution of the shareholders' meeting). Each member of the Independent Committee and each director of the Company must make his or her decision on such resolutions with a view to whether or not his/her decision will benefit the Company, and he/she must not serve solely his/her own interests or those of the management team of the Company.
 - (1) The implementation or non-implementation of the allotment of Share Options without contribution (including the convocation of the shareholders' meeting and presentation of the proposal regarding the implementation of the allotment of Share Options without contribution).
 - (2) The cancellation of the allotment of Share Options without contribution or the acquisition of Share Options without compensation.
 - (3) Any other matters that are for determination by the Company's board of directors in respect to which it has consulted the Independent Committee.
- In connection with the matters prescribed above, the Independent Committee shall conduct the matters listed below.

- (1) Determine whether the Acquisition should be made subject to the Plan.
 - (2) Determine the information that the Acquirer and the Company's board of directors should provide to the Independent Committee, and the deadline for the provision of that information.
 - (3) Examine and consider the terms of the Acquirer's Acquisition.
 - (4) Collect and compare information on the business plans of the Acquirer and the Company's board of directors.
 - (5) Consult directly, or indirectly through the board of directors, with the Acquirer.
 - (6) Request the presentation of an alternative proposal and consider the alternative proposal made by the Company's board of directors.
 - (7) Establish or extend the Independent Committee's Consideration Period.
 - (8) Approve modifications and amendments to the Plan.
 - (9) Conduct any other matters prescribed in the Plan for which the Independent Committee is authorized.
 - (10) Conduct any matters that the Company's board of directors separately gives authority to the Independent Committee may conduct.
- If the Independent Committee decides that the Acquisition Documents in their entirety or any of the details stated in the Acquisition Documents are not sufficient as Necessary Information, it will request that the Acquirer additionally provide Necessary Information. Further, if the Independent Committee receives from the Acquirer the Acquisition Documents and any additional Necessary Information that it requests, it may request that the Company's board of directors provide within a reasonable and pre-determined period an opinion regarding the conditions of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information, documents or the like that the Independent Committee may consider necessary from time to time.
 - When necessary, the Independent Committee will either directly or indirectly through the board of directors consult with the Acquirer in order to improve the terms of the Acquirer's Acquisition from the perspective of ensuring and enhancing the Corporate Value and Shareholders' Interests, or propose to the shareholders the alternative plan of the Company's board of directors.
 - In order to collect the necessary information, the Independent Committee may request the attendance of a director, statutory auditor, executive officer, or employee of the Company, or any other party that the Independent Committee considers necessary, and may require them to explain of any matter it requests.
 - The Independent Committee may, at the Company's expense, obtain advice of, or written opinion from, an independent third parties (including financial advisers, certified public accountants, attorneys, consultants and other experts).
 - Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.

- Resolutions of meetings of the Independent Committee will in principle pass with a majority when all members of the Independent Committee are in attendance. However, in unavoidable circumstances, including when any of the members of the Independent Committee is unable to attend, a resolution may be passed with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

—End of Attachment—

Attachment 2 Requirements for Allotment of Share Options Without Contribution

- (1) The Acquisition does not comply with procedures for the Plan, such as ensuring the provision of information and the Independent Committee Consideration Period provided for in Paragraph (2) of *B.2 Procedures for the Plan and other procedures provided by the Plan*.
- (2) The Acquisition threatens to cause obvious damage to the Company's Corporate Value and Shareholders' Interests as a result of an act listed below or other similar act:
 - (a) Speculative buying of the Company's shares or an act requiring the Company to buy back its shares at an inflated price (greenmailing)
 - (b) Temporary control of the Company's management that achieves an advantage for the Acquirer to the detriment of the Company, such as by transferring to the Acquirer or any of its group companies Company's assets necessary for managing a business of the Company or its Group companies, intellectual property rights, know-how, trade secrets, details of primary trading partners, and customers.
 - (c) Diversion of assets of the Company or of any of its Group companies after the Acquirer takes control of the management of the Company in order to secure or repay debts of the Acquirer or any of its group companies.
 - (d) Temporary control of the Company's management to bring about a disposal of high-value assets (such as real estate, movables, securities) and either declare temporarily high dividends from the profits of such disposal or sell the shares at a high price and take advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (3) An Acquisition that threatens to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning purchases of shares, such as through tender offers, that do not solicit all of the shares in the initial purchase stage and instead set purchase terms for the second stage that are unfavorable to shareholders or do not clearly set terms for the second stage).
- (4) Acquisitions to be effected without providing the Company's board of directors with the period of time reasonably necessary to propose an alternative proposal to the Acquisition.
- (5) Acquisitions in which the Necessary Information or any other information considered reasonably necessary to assess the Acquisition terms is not sufficiently provided to the Company's shareholders.

- (6) Acquisitions whose terms (including amount and type of payment, the basis for the calculation of the purchase price in the Acquisition, the Acquisition schedule, the legality of the Acquisition method, the probability of the Acquisition being effected, and post-Acquisition management policies) are seriously insufficient or inappropriate in light of the Company's intrinsic value.

- (7) Acquisitions that threaten to impede the safety or public nature of the shipping business, or to materially hinder the interests of customers, because the Acquirer's post-Acquisition management policies or business plans are insufficient or inappropriate.

—End of Attachment—

Attachment 3 Terms and Conditions of Allotment of Share Options Without Contribution

1 Method of Allotment of Share Options (Allotment of Share Options Without Contribution)

The Company will, in accordance with Articles 277, 278, and 279 of the *Companies Act*, allot share options without contribution to shareholders entered or recorded in the Company's final register of shareholders on a date to be provided for as the allotment date (the "**Allotment Date**") by the Company's board of directors in a resolution for the allotment of Share Options without contribution (the "**Allotment Resolution**") at a ratio of one Share Option for every share in the Company held (but excluding the number of ordinary shares in the Company held by the Company at that time).

2 Total Number of Share Options to be Allotted

The number of shares equal to the final and total number of issued shares of the Company (but excluding the number of shares in the Company held by the Company at that time) on the Allotment Date.

3 Effective Date of Allotment of Share Options Without Contribution

A date to be provided for separately by the Company's board of directors in the Allotment Resolution.

4 Type of Shares Subject to Share Options

The type of shares subject to the Share Options are ordinary shares of the Company (which will be "transfer shares," as defined in Article 128(1) of the *Act on Transfer of Bonds, Shares, etc.*, and which attract the application of that *Act*).

5 Number of Shares to be Acquired upon Exercise of the Share Options

- (a) The number of shares in the Company to be acquired upon exercise of each Share Options (the "**Applicable Number of Shares**") shall be one share. However, in the case of a share split or share consolidation by the Company, the Applicable Number of Shares is to be adjusted using the formula set out below. Anything less than one fractional share is to be disregarded and no cash adjustment will be made.

$$\begin{array}{l} \text{Applicable Number of Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Applicable Number of Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Ratio of share split} \\ \text{or consolidation} \end{array}$$

- (b) The Applicable Number of Shares after adjustment is effective, in the case of a share split, as of the date immediately after the record date of the share split and, in the case of a share consolidation, as of the date immediately after the effective date of the share consolidation.
- (c) In addition to Paragraph (a) above, if the Company is to carry out an act that will change or is likely to change the total number of issued shares of the Company (but excluding the number of shares of the Company held by the Company), such as an allotment of shares without contribution, merger, or corporate demerger, and that will require the Applicable Number of Shares to be adjusted, the Applicable Number of Shares will be reasonably adjusted taking into consideration the terms and conditions of that act.

6 The Amount to be Contributed upon Exercise of the Share Options; Method of Calculating that Amount

- (a) Contributions upon exercise of the Share Options are to be in cash, and the total amount of contribution is calculated by multiplying the Exercise Price (as defined in Paragraph (b) below) by the Applicable Number of Shares.
- (b) The amount per share in the Company to be contributed upon exercise of the Share Options (the “**Exercise Price**”) will be an amount separately determined by the Company’s board of directors in the Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of the Company’s stock per share. “**Fair market value**” means the average closing price (including quotations) for regular transactions of the Company’s shares on the Tokyo Stock Exchange on each day during the 90-day period before the Allotment Resolution (excluding days on which no closing price is available), with any fraction of a yen resulting from the calculation rounded up to the nearest whole yen.

7 Exercise Period of the Share Options

The commencement date will be a date separately determined by the Company’s board of directors in the Allotment Resolution, and the period will be from 1 month to 3 months long as separately determined by the Company’s board of directors in the Allotment Resolution. However, if the Company acquires the Share Options under Paragraph (b) of *11 Acquisition of the Share Options by the Company* below, the exercise period for the Share Options with respect to that acquisition will be up to and including the business day immediately before the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

8 Conditions for the Exercise of the Share Options

- (a) The following persons can not exercise the Share Options (persons corresponding to (i) through (vi) below collectively, “**Non-Qualified Persons**”):
- (i) Specified Large Holders.
 - (ii) Joint Holders of Specified Large Holders.
 - (iii) Specified Large Purchasers.
 - (iv) Persons with a Special Relationship with Specified Large Purchasers.
 - (v) A person who without the approval of the Company’s board of directors has been transferred, or has succeeded to, the Share Options of a person corresponding to any of (i) through (iv).
 - (vi) Any Affiliated Person of any person corresponding to any of (i) through (v).

The terms used above have the following meanings:

- (1) “**Specified Large Holder**” means a party the Company’s board of directors considers a holder (including any person who is described as a holder under Article 27-23(3) of the *Financial Instruments and Exchange Act*; the same applies throughout this Attachment unless otherwise provided for) of share certificates, etc. as defined in Article 27-23(1) of the *Financial Instruments and Exchange Act* issued by the Company and whose holding ratio of share certificates, etc. (as defined in Article 27-23(4) of the *Financial Instruments and Exchange Act*) for those share certificates, etc. is at least 20%.
- (2) “**Joint Holder**” is defined in Article 27-23(5) of the *Financial Instruments and Exchange Act* and includes any person who is considered a joint holder by the board of directors of the Company in accordance with Article 27-23(6) of the *Financial Instruments and Exchange Act*.
- (3) “**Specified Large Purchaser**” means a person who makes a public announcement for purchase, etc. (as defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this (3)) of share certificates, etc. (as defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this (3)) issued by the Company through a tender offer (as defined in Article 27-2, Paragraph 6 of the *Financial Instruments and Exchange Act*) and whose owning ratio of share certificates, etc., (as defined in Article 27-2(8) of the *Financial Instruments and Exchange Act*; the same applies throughout this Attachment) relating to the ownership (including similar ownership as prescribed in Article 7(1) of the *Order for the Enforcement of the Financial Instruments and Exchange Act*) after the purchase, etc., the Company’s board of directors considers will be at least 20% when combined with the owning ratio of share certificates, etc., of a person having a special relationship with

such person.

- (4) “**Person with a Special Relationship**” is defined in Article 27-2(7) of the *Financial Instruments and Exchange Act* (including any party who is considered by the Company’s board of directors to be a person with a special relationship). However, persons provided for in Article 3(2) of the *Cabinet Ordinance concerning Disclosure of Tender Offer by Acquirer other than the Issuing Company* are excluded from the persons described in Article 27-2(7)(i) of the *Financial Instruments and Exchange Act*.
 - (5) An “**Affiliated Person**” of a given person means a person the Company’s board of directors considers substantially controls, is controlled by, or is under common control with the given person, or a person considered by the Company’s board of directors to act in concert with the given person. “**Control**” means to “control decisions on the financial and business policies” (as defined in Article 3(3) of the *Ordinance for Enforcement of the Companies Act*) of other corporations or entities.
- (b) Notwithstanding Section (a) above, the persons set out in (1) through (4) below do not correspond to Specified Large Holders or Specified Large Purchasers:
- (1) The Company, its subsidiaries (as defined in Article 8(3) of the *Regulations for Terminology, Forms and Method of Preparation of Financial Statements*) or its affiliates (as defined in Article 8(5) of the *Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements*).
 - (2) A person that the board of directors of the Company recognized as a person that meets the requirements set out in (a)(i) above but who had no intention to control the Company and no longer corresponds to the Specific Large Holder set out in (a)(i) above as a result of a disposal of the share certificates, etc., of the Company that the person held within 10 days after it came to correspond to the Specific Large Holder set out in (a)(i) above (however, the 10-day period may be extended by the board of directors of the Company).
 - (3) A party that the board of directors of the Company recognizes as a party that involuntarily came to correspond to the Specific Large Holder set out in (a)(i) above as a result of acquiring shares in the Company or some other reason (unless, however, the person subsequently newly acquires the Company’s share certificates, etc. at its own discretion).

- (4) A person who the Company's board of directors recognizes as a person whose acquisition or holding of share certificates, etc. of the Company (an "**Acquisition**") is not contrary to the Company's Corporate Value and Shareholders' Interests. (The Company's board of directors may separately determine that an Acquisition by a person considered by the Company's board of directors to correspond to a Non-Qualified Party is not contrary to the Company's Corporate Value and Shareholders' Interests. However, if the Company's board of directors has provided that an Acquisition will not be contrary to the Company's Corporate Value and Shareholders' Interests under certain conditions, those conditions must be satisfied for that determination to be made.)
- (c) If to exercise the Share Options a person located in a foreign jurisdiction is required, under the applicable laws and regulations of that jurisdiction, to (i) perform specified procedures, (ii) satisfy specified conditions (including prohibition of exercise for a certain period of time or submission of specified documents), or (iii) both perform such procedures and satisfy such conditions (collectively, the "**Foreign Exercise Procedures and Conditions**"), that person may exercise the Share Options only if the Company's board of directors determines that the person has fully performed or satisfied the Foreign Exercise Procedures and Conditions, and that person may not exercise the Share Options if the board of directors of the Company determines that the person fails to fully perform or satisfy the Foreign Exercise Procedures and Conditions. However, the board of directors of the Company is under no obligation whatsoever to perform or satisfy any Foreign Exercise Procedures and Conditions that are required to be performed or satisfied by the Company under that jurisdiction to exercise the Share Options. If a party located under a foreign jurisdiction is not permitted to exercise the Share Options under the laws and regulations of that jurisdiction, then that person can not exercise the Share Options.
- (d) Notwithstanding Paragraph (c) above, a person located in the United States may exercise the Share Options only if (i) the person represents and warrants that it is an accredited investor as defined in Rule 501(a) of the *U.S. Securities Act* of 1933, and (ii) the person covenants to resell the shares of the Company to be acquired upon exercise of the Share Options held by the party only through a regular transaction at the Tokyo Stock Exchange (not on the basis of any previous arrangements and without previous solicitation). Only under these circumstances will the Company perform or satisfy the Foreign Exercise Procedures and Conditions under Regulation D of the *U.S. Securities Act* of 1933 and U.S. state laws that are required to be performed or satisfied by the Company for exercise of the Share Options by a person located in the United States. A person located in the United States can not exercise the Share Options if the board of directors of the Company determines that the person is not permitted to legally exercise the Share Options under the *U.S. Securities Act* as a result of a change in the law of the United States or some other reason, even if the person satisfies the

conditions set out in items (i) and (ii) of this paragraph above.

- (e) A holder of the Share Options can exercise the Share Options only if the holder submits to the Company (i) a document containing representations and warranties by the holder, such as that the holder does not correspond to a Non-Qualified Person and is not exercising the Share Options for a person who corresponds to a Non-Qualified Person and that the holder has satisfied the exercise conditions of the Share Options, and provisions for indemnification and covenanting other matters as determined by the Company, and (ii) other documents required under laws and regulations.
- (f) Even if a holder of the Share Options is unable to exercise the Share Options in accordance with the provisions of this Section 8, the Company is not in any way whatsoever liable to the holder of the Share Options for damages or any other liability.

9 Capital and capital reserve increased upon the issue of shares upon exercise of the Share Options

The amount of capital and capital reserve of the Company's shares to be issued upon exercise of the Share Options will be separately determined in the Allotment Resolution.

10 Restrictions on transfers of the Share Options

- (a) An acquisition of the Share Options by assignment requires the approval of the Company's board of directors.
- (b) If a person who intends to assign the Share Options is located outside Japan and is unable to exercise the Share Options in accordance with Paragraph (c) or (d) of Section 8 above (excluding a Non-Qualified Person), then the board of directors of the Company will determine whether or not to give the approval provided for in Paragraph (a) above after considering the following:
 - (1) whether or not a written pledge prepared and signed by, or affixed with the name and seal of, the transferor and transferee (and including representations and warranties, indemnification provisions, and provisions for penalties with respect to the matters provided for in (2) through (4) below) is submitted with respect to the transfer of all or part of the Share Options by the person residing in that jurisdiction;
 - (2) whether or not it is clear that the transferor and transferee do not correspond to a Non-Qualified Person;
 - (3) whether or not it is clear that the transferee is not located in that jurisdiction and does

- not intend to accept the Share Options for a party located in that jurisdiction;
- (4) whether or not it is clear that the transferee does not intend to accept the Share Options for a Non-Qualified Person.

11 Acquisition of the Share Options by the Company

- (a) At any time on or before the date immediately before the first day of the exercise period of the Share Options, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Share Options, the Company may, on a day separately determined by the Company's board of directors, acquire all of the Share Options without compensation.
- (b) On a day separately determined by a resolution of the Company's board of directors, the Company may acquire all of the Share Options that have not been exercised before or on the business day immediately before that date and that are held by parties other than Non-Qualified Persons and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every Share Option. If after the Company has effected an acquisition a third party other than a Non-Qualified Person comes in possession by assignment or the like of Share Options that were held by a Non-Qualified Person, the Company may acquire those Share Options.
- (c) In addition to the above, matters relating to the acquisition of Share Options will be provided for separately by the Company's board of directors if necessary in the Allotment Resolution.

12 Matters Concerning Delivery, and Conditions for Delivery, of the Share Options in Event of Merger (Limited to Merger Where Company Is Dissolved Company), absorption-type demerger, incorporation-type demerger, share exchange, and share transfer

Any such matters will be separately determined by the Company's board of directors in the Allotment Resolution

13 Issuance of Share Option Certificates

The Company will not issue Share Option certificates.

14 Revision due to Amendments to Laws and Regulations

The provisions of laws and regulations referred to above refer to those provisions current as of April 27, 2009. If after that date the meanings of the provisions or words used above are required to

be revised due to the establishment, amendment, or abolishment of laws and regulations, the Company's board of directors may as a matter of course impute the meanings of the provisions or words used above differently to the extent reasonable taking into consideration the intention of that establishment, amendment or abolishment of law or regulation.

—End of Attachment—

Attachment 4 Background of the Candidates for the Members of the Independent Committee

1 Junnosuke Furukawa

April 1959 Joined The Furukawa Electric Co., Ltd.
June 1985 Director
June 1989 Managing Director
June 1991 Executive Director
June 1994 Vice President
June 1995 President
June 2003 Chairman, Chief Executive Officer
March 2004 Chairman
June 2004 Executive Adviser (Director)
June 2007 Corporate Adviser (current)

2 Takashi Kobayashi

March 1967 Joined Nippon Life Insurance Company
July 1993 Director, Delegation : General Manager of Affiliated Business Department
June 1994 Seiwa Real Estate Co., Ltd., Executive Director
March 1996 Director
March 1996 Nippon Life Insurance Company, Managing Director
March 1999 Director
July 1999 Nissay Information Technology Co., Ltd., President
June 2006 NLI Research Institute, Chairman (current)
April 2009 Nissay Information Technology Co., Ltd., Chairman (current)

3 Fumio Watanabe

April 1972 Joined The Dai-Ichi Kangyo Bank, Ltd.
June 2000 Executive Officer, General Manager of Corporate Operations Office
April 2002 Mizuho Bank. Ltd., Managing Executive Officer
October 2005 Mizuho Private Wealth Management Co., Ltd., President
June 2008 Kawasaki Kisen Kaisha, Ltd. Outside Statutory Auditor (current)

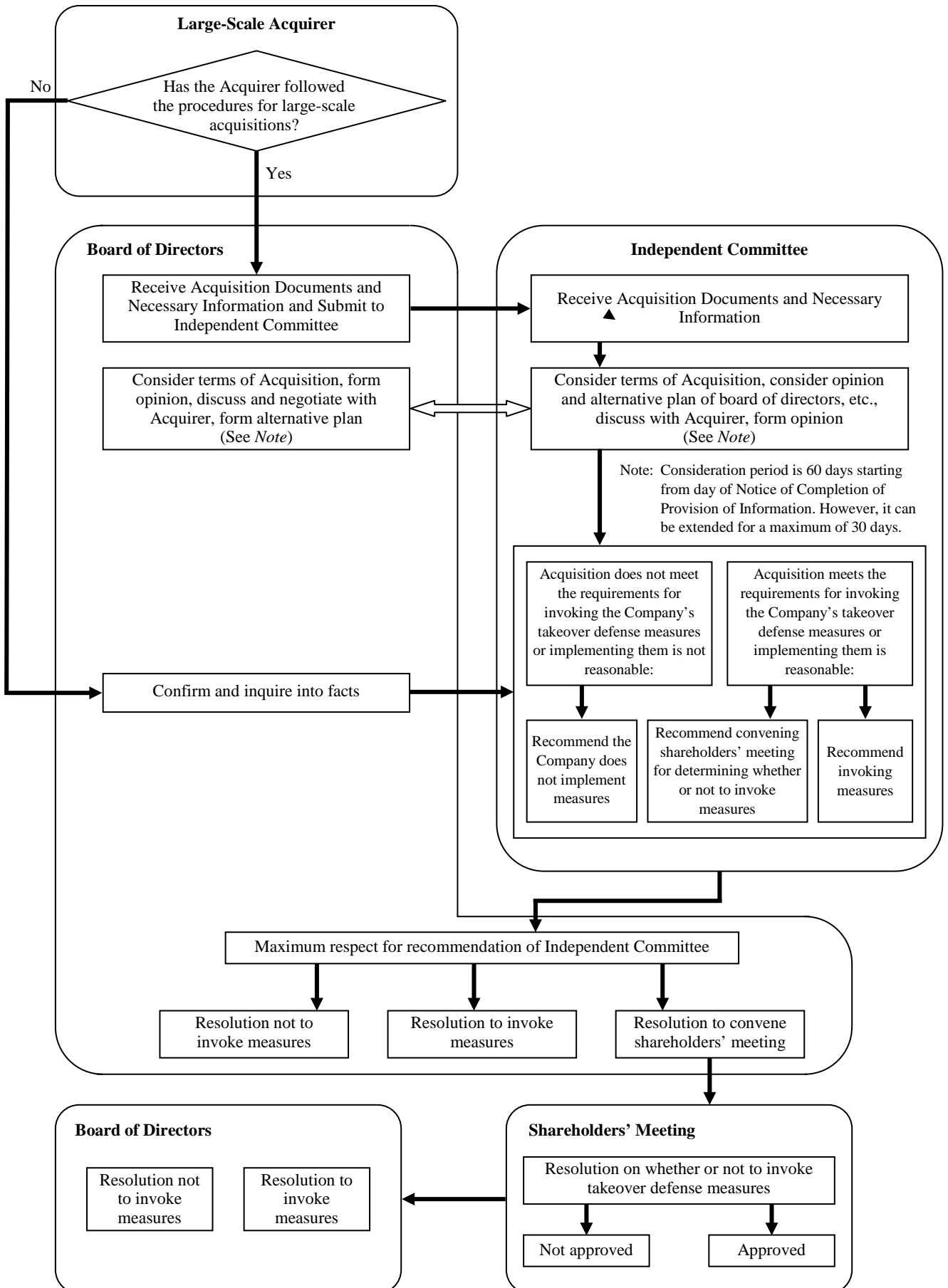
4 Haruo Shigeta

April 1979 Professor, Faculty of Law, Kanagawa University
June 1997 Director, Institute for Legal Studies, Kanagawa University
June 1997 Admitted as attorney-at-law (Daiichi Tokyo Bar Association)
April 2000 Professor, Department of Law, Aoyama Gakuin University (current)
September 2000 Visiting Professor, Dalian Maritime University, China (current)
April 2005 Professor, Aoyama Gakuin University Graduate School of Professional Accountancy
April 2009 Kawasaki Kisen Kaisha, Ltd. Outside Statutory Auditor (current)

5 Jiro Noguchi

April 1970 Joined Kawasaki Heavy Industries Ltd
January 2000 Associate Officer
April 2002 Executive Officer
June 2005 Representative Director, Senior Vice President
June 2008 Adviser (current)

Flow Chart of the Plan



To our Shareholders

Kawasaki Kisen Kaisha, Ltd.

Exercise of Voting Rights via the Internet

You can only exercise your voting rights via the Internet by accessing the dedicated website for this vote (<http://www.web54.net>). Please be sure you have read and understood the following before using it:

1. System requirements

To exercise your voting rights via the Internet, you need the following systems environment:

- (1) The resolution of your monitor screen should be at least 800 x 600 (SVGA).
- (2) The following applications must be available:
 - a. Microsoft® Internet Explorer Ver. 5.01 SP2 (or higher)
 - b. Adobe® Acrobat® Reader™ Ver. 4.0 (or higher); Adobe® Reader® Ver.6.0 (or higher) (in the case of reading the reference materials on browsers)
 - * Microsoft® and Internet Explorer are the registered trademarks or marques of Microsoft Corporation in the United States and other countries.
 - * Adobe® Acrobat® Reader™, and Adobe® Reader® are the registered trademarks or marques of Adobe Systems Incorporated in the United States and other countries.
 - * These software programs are distributed free of charge from the respective companies' websites.
- (3) Connection to the Internet may be restricted depending on your Internet connection setting environment, for example, the firewalls. Contact your systems administrator should you have any questions or problems.

2. Handling of votes

- If you vote via the Internet for multiple times, only the last vote exercised will be recorded as the effective vote.
- If you vote both via the Internet and by mail, the one that arrives last will be recorded as the effective vote.
If both a vote via the Internet and by mail arrive on the same day, the one exercised via the Internet will be recorded as the effective vote.
- The deadline for voting is June 23 (Tuesday), 2009, 5:00 p.m. Japan time. We kindly request you to exercise your vote early.

3. Handling of password

- The password is a means to verify identity of a person who exercises voting right as the shareholder in question. Be sure to keep the password as well as your registered seal and security code in a safe place. We will not respond to any inquiry about your password by telephone, etc.
- If you repeatedly enter a wrong password for a certain number of times, it will be blocked and disabled. If you wish to have a password reissued, please follow the instructions on the screen for the necessary procedures.

4. Computer-related technical inquiries, etc.

- If you have any technical inquiries regarding the operation of a personal computer, etc. for voting on this site, contact the following:

Dedicated phone line for The Chuo Mitsui Trust and Banking Company, Limited, Securities Agency Web Support

[Telephone number within Japan] 0120-65-2031

(Business hours: 9:00 – 21:00 except Saturdays, Sundays and official holidays)

- For institutional investors

Institutional investors who have applied in advance to use the e-Voting Platform for institutional investors (also refer to as Tokyo Stock Exchange Platform) can exercise votes via this system instead of the Company's system for voting via the Internet.

- For any other inquiries (including your registered address or number of shares), contact the following:

Securities Agency Business Center, The Chuo Mitsui Trust and Banking Company, Limited

[Telephone number within Japan] 0120-78-2031

(Business hours: 9:00 – 17:00 except Saturdays, Sundays and official holidays)

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