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

The Company updated *its Plan on Countermeasures to Large-Scale Acquisitions (Takeover Defense Measures) of Company shares* (in this notice, the “**Current Plan**”) based on the resolution of April 27, 2009 of the board of directors and the approval at the Company’s 141st ordinary shareholders’ meeting held on June 24, 2009. The effective period of the Current Plan will end on the closing of the Company’s ordinary shareholders’ meeting scheduled to be held in June 2012.

With a view to always 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 consider the details of the Current Plan since introducing it.

As a result of such considerations, as set out below, the Company hereby announces that it has decided, at a meeting of its board of directors held today, to make certain changes to the Current Plan and renew the Current 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 *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 *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 144th ordinary shareholders’ meeting (the “**Ordinary Shareholders’ Meeting**”), scheduled to be held on June 26, 2012.

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

- The upper limit of the period within which the Acquirer must provide Necessary Information is set forth as 60 days.
- The upper limit of the information provision period of the board of directors on the request by the Independent Committee and the consideration period is clearly set forth as 120 days in total, and it is clearly set forth that the consideration period of the Independent Committee starts at the expiration of the information provision period of the board of directors.
- “Requirements for Acquisition of Share Options Without Contribution” which are used as a standard when determining whether or not to implement an allotment of Share Options without contribution, have been implemented, and their scope has been clarified.
- From the viewpoint of avoiding the situation of shareholders and investors’ suffering unforeseen damages, etc., the Company has implemented requirements for cases where the Company will not make effective the allotment without contribution after the Company has resolved to implement the allotment without contribution, and the Company has provided that the Company cannot obtain the Share Options without contribution after the Company has allotted the Share Options.

The Company’s major shareholders as of the end of March 2012 are set out in Attachment 1. Please note that to date the Company has not received any notice or proposal, or the like, of a large-scale acquisition of its shares.

## **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 society—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 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 our shareholders evaluate the merits of a large-scale acquisition 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 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 proposal or
- makes it necessary for the Company to negotiate with the large-scale acquirer for the purpose of making purchase terms more favorable for the Company than the terms proposed by the large-scale acquirer.

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

## **II MEASURES TO HELP REALIZE THE COMPANY'S BASIC POLICY**

To ensure 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 Basic Rationale for*

*Corporate Governance* below. The Company believes that implementing these measures will enable the Company to improve Corporate 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 *I 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. Up to now, it has created numerous management plans, and the top priority of each one has always been to boost its corporate value. In April 2008, the Company introduced its mid-term management plan, "*K*" *LINE Vision 100*, with an eye towards its 100th anniversary in 2019. In making "synergy for all and sustainable growth" its theme, the Company has addressed 5 continuing missions.

However, the Company revised its management plan in order to deal with the significant change in the business environment surrounding the Company, such as a steep change in the global economic climate, wild fluctuations in the maritime market, the occurrence of natural disasters, the continuing strong yen, and rising costs of fuel oil. The Company established its new mid-term management plan, the "*K*" *LINE Vision 100 - Bridge to the Future -*, and deals with the new three priority challenges, 'Generate ordinary income in FY 2012,' 'Build a stable earnings structure,' and 'Reinforce financial standing.'

Three Priority Challenges:

1. Generate ordinary income in FY 2012
2. Build a stable earnings structure
3. Reinforce financial standing

Current Five Missions (to be continued):

1. Activities to promote environmental protection.
2. Established safe ship operation and management structure.
3. Borderless management through the best and strongest organization.
4. Proper allocation of strategic investment and management resources.
5. Improvement and strengthening of corporate value and complete risk management.

The Company is committed to working together with its group companies on the three tasks stated above for the realization of living and prospering together and sustainable growth with shareholders and other stakeholders of the Company.

## 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 13 members at present (of a maximum 15). In aiming to enhance and improve its corporate governance even further, after the Company's 141st ordinary shareholders' meeting held on June 2009, the Company elected two outside directors, and has changed the term of directors to one year, and such practice continues up to the present day.

The Company has used a system of corporate auditors. Its board of corporate auditors comprises a total of 5 corporate auditors (3 of which are outside auditors), consisting of 3 standing statutory auditors and 2 non standing statutory auditors, and the board of corporate auditors ensure fairness and transparency of the governance of the Company.

#### (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 supervises and 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, in addition to a management committee that consists of the main

executive officers, including the President, a crisis management committee and a society and environment committee, etc., have been established. These committees meet in accordance with the rule on individual committees, deliberation and exchange of information is conducted in order to cope in an appropriate and flexible manner with the various issues which the company encounters.

In addition, in the Company, the board of directors and, under its supervision, executive officers in charge of the operation and heads of each division are responsible for establishing a framework of internal control, evaluating the effectiveness of internal control, and maintaining an internal control function. Moreover, the Internal Audit Office has a role in supporting the performance of director's duties through development and maintenance of internal control through self-examination by internal audit, and proposing improvements. The corporate auditors monitor the development of internal control by directors and check whether the structure of internal control functions effectively.

### **III MEASURES FOR PREVENTING DECISIONS ON COMPANY'S FINANCIAL AND BUSINESS POLICIES FROM BEING CONTROLLED BY INAPPROPRIATE PERSONS IN LIGHT OF COMPANY'S BASIC POLICY (TAKEOVER DEFENSE MEASURES)**

#### **1 Purpose of Renewing Current Plan**

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

The businesses of the Company's Group are centered on shipping but extend broadly to buying and selling ships, port transport, non-life insurance agency business, introducing brokerage 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 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 companies. Without a proper understanding of these relationships, 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 know what the appropriate value of the Company's shares should be. If, however, the Company suddenly receives a proposal for **Acquisition** (defined in Paragraph (i) of

2(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 proposal for Acquisition or not after achieving a full understanding of all the 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 a proposal for 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 and to propose an alternative proposal. It will therefore be necessary to ensure that the required time is allocated 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 factors to be considered when 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 fundamental 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 appropriate defensive measures against that Acquirer.

In order for the Company to prompt the Acquirer to provide in advance necessary information relating to the Acquisition the Acquirer is attempting and to ensure that the time necessary to evaluate and consider the details of the Acquirer's plan is provided, 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 Current Plan with partial modification, on the condition it is approved by shareholders. Under the Plan, as well as the Current 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 proposal is submitted) any alternative proposals, 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).

## **2 Details of the Plan**

### ***(1) Overview of the Plan***

#### **(i) Purpose**

As set out in *1 Purpose of Renewing Current 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 by ensuring that all shareholders have 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.

#### **(ii) 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 proposals to Company shareholders and for conducting negotiations and the like with an Acquirer after first requesting that the Acquirer provide the Company with information in advance relating to the Acquisition, and providing adequate time for the gathering and considering of information on the Acquirer (please refer to *2(2) Procedures for the Plan* below).

(iii) 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 which includes 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 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 2 Overview of Regulations of Independent Committee*).

In addition to the above, if 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, then the Company's directors must convene such shareholders' meeting. Further, the Company shall strive to ensure transparency in the process of carrying out these procedures by sharing information with its shareholders in a timely manner.

(iv) Exercise of Share Options; Effect of Acquisition of Share Options 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**

(i) Subject Acquisitions

Under the Plan, if either of the following acts is carried out (an “**Acquisition**”), an 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.,<sup>1</sup> of a holder<sup>2</sup> amounting to 20% or more of the share certificates, etc.,<sup>3</sup> issued by the Company.
- (2) A tender offer<sup>4</sup> that would result in the owning ratio of share certificates, etc.,<sup>5</sup> of a person who conducts a tender offer and the owning ratio of share certificates, etc. of a person having a special relationship<sup>6</sup> with such person totaling at least 20% of the share certificates, etc.,<sup>7</sup> issued by the Company.

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

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<sup>1</sup> 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.

<sup>2</sup> 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 *holder* under Paragraph (3) of that Article (including persons the Company’s board of directors recognize as being categorized as such persons). Unless otherwise provided for in this document, the same applies throughout this document.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> Defined in Article 27-2(7) of the *Financial Instruments and Exchange Act* (including persons the Company’s board of directors recognize as being categorized as 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 stock (defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*. The same applies throughout this footnote 6.) 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 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.

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

Unless otherwise approved by the Company's board of directors, the Company will require any Acquirer attempting an Acquisition provided for in (i) *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, which relates to the matters provided 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, and the deadline for making such provision shall be any time within the period of 60 days from the receipt of the Acquisition Documents ("**Necessary Information Provision Period**").

- (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 holders<sup>8</sup>, persons with a special relationship, and, in the case of funds, each partner and any 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

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<sup>8</sup> This term means *joint holder* as provided for 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 being categorized as such persons). Unless otherwise provided for in this document, the same applies throughout this document.

pertaining to, Company's stock, etc.

- (F) Fundamental 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 *(iv) 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.

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

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

When the Independent Committee has determined that the Acquirer has submitted sufficient Acquisition Documents (if the provision of additional information as Necessary Information is required in accordance with (ii) above, including such information) or when the Necessary Information Provision Period is terminated, whichever comes earlier, 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, and any other information or materials that the Independent Committee considers necessary within a reasonable period determined by the Independent Committee (up to 30 days; the "**the Board of Directors' Information Provision Period**") in order to compare the information contained in the Acquisition Documents 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's 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) or the Necessary Information Provision Period and the Board of Directors' Information Provision Period are terminated, whichever comes earlier, the Independent Committee may set a consideration period (in principle up to 60 days, but the Independent Committee may extend the period by its resolution in accordance with (iv)(C) *Extensions of the Independent Committee's Consideration Period* below; the "**Independent Committee's Consideration Period**").

During the Independent Committee's Consideration Period, the Independent Committee shall consider the terms of the Acquisition, consider alternative proposals provided by the Company's board of directors, and compare 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 proposal 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 that discussions be held, 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 that the Acquirer 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 provide an outline of them. The Independent Committee will also disclose to shareholders any items of the Necessary Information or other information that it considers appropriate at a time the Independent Committee considers appropriate.

(iv) Decision-Making Method of Independent Committee

If an Acquirer emerges, the Independent Committee will follow the procedures set out below and make certain recommendations to the Company's board of directors. If the Independent Committee 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 that a recommendation or resolution has been made, provide an outline of such recommendation or resolution, and provide information relating to the matters it believes are appropriate (and, if the Independent Committee makes a resolution to the effect of extending the Independent Committee's Consideration Period in accordance with Item (C) below, include a note to that effect and an outline of the reasons for the extension).

If, when the Independent Committee intends to implement an allotment of Share Options without contribution, it finds it appropriate to obtain a resolution of the shareholders' meeting, it will recommend that the Company's board of directors convene a shareholders' meeting.

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

If the Acquirer fails to comply with the procedures set out in (ii) *Requests to the Acquirer for the Provision of Information* or (iii) *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 is subject to any of the requirements provided for in *Attachment 3 Requirements for 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.

(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 3 Requirements for Allotment of Share Options Without Contribution*, 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's 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 is subject to any of the requirement provided for in *Attachment 3 Requirements for Allotment of 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) Extension to 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 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, to make a recommendation to implement or not implement the allotment of Share Options without contribution within the extended period.

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

If the Company's board of directors receives a recommendation to do so from the Independent Committee, it will promptly pass a resolution relating to implementing or not implementing the allotment of Share Options without contribution, respecting to the maximum extent the recommendation of the Independent Committee.

If the Independent Committee recommends that the Company's board of directors convene a shareholders' meeting, the Company's board of directors will, unless convening the meeting is unduly difficult, promptly take procedures necessary so that the meeting is held as soon as practicably possible. The Company's board of directors will, in accordance with the matters decided in such shareholders' meeting, resolve to implement the allotment of Share Options without contribution or 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 the 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 falls under any of the requirements provided for in *Attachment 3 Requirements for Allotment of Share Options Without Contribution*, the Company will implement the allotment of Share Options without contribution in accordance with a resolution of its board of directors as provided for in Section (v) of (2) *Procedures for the Plan* above. Whether an Acquisition by an Acquirer meets requirements provided for in *Attachment 3 Requirements for Allotment of Share Options Without Contribution* shall be determined following the judgment of the Independent Committee in accordance with Section (iv) of (2) *Procedures for the Plan* above.

However, if before the day determined by the board of directors, which is also before the day four business days prior to the reference date of the allotment of Share Options, (a) it has become obvious that the shareholding ratio of the Acquirer has fallen below 20 percent, (b) a public takeover bid consistent with Acquisition by the Acquirer is initiated, and the shareholding ratio of the Acquirer will not be 20 percent or more as a result of expiration or revocation of the open takeover bid, or (c) the board of directors reasonably acknowledges that the menace from such Acquirer has ceased, the board of directors may determine, by resolution by the above date, not to make effective the allotment of Share Options without contribution determined by resolution.

#### **(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 appears below (for further details on the Share Options, please see *Attachment 4 Terms and Conditions of Allotment of Share Options Without Contribution*).

##### (i) 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**”).

##### (ii) 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 (1) Share Option for every share in the Company held.

##### (iii) 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.

##### (iv) 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 separately determined by the board of directors of the Company in the Allotment Resolution.

(v) 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.

(vi) 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 (1) and (2) of (ix) *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.

(vii) Conditions for the Exercise of the Share Options

The following persons in principle may not exercise the Share Options (persons categorized as (1) through (6) below collectively, "**Non-Qualified Persons**"):

- (1) Specified Large Holders.<sup>9</sup>
- (2) Joint Holders of Specified Large Holders.
- (3) Specified Large Purchasers.<sup>10</sup>
- (4) Persons having a Special Relationship with Specified Large Purchasers.

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<sup>9</sup> "**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%.

<sup>10</sup> "**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 owning 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 owning ratio of share certificates, etc., of a person having a special relationship with such person.

- (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 to categorized as any of (1) through (4).
- (6) Any Affiliated Person<sup>11</sup> of any person categorized as 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 (1) of *(ix) Acquisition of the Share Options by the Company* below; for details, please see *Attachment 4 Terms and Conditions of Allotment of Share Options Without Contribution*).

#### (viii) Assignment of the Share Options

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

#### (ix) Acquisition of the Share Options by the Company

- (1) On a date which is to be separately determined by the resolution of the board of directors and which falls after the allotment without contribution takes effect, the Company may acquire unexercised Share Options which (held by persons who are verified not to be a Non-Qualified Person, including persons who are provided in 8.(c) and (d) in *Attachment 4 Terms and Conditions of Allotment of Share Options Without Contribution*; referred to as the "Exercisable Share Options" in (2) below) may be exercised in accordance with the provisions of 8.(a) and (b) in *Attachment 4 Terms and Conditions of Allotment of Share Options Without Contribution*, by delivering the whole number portion of the Company's common shares, which is the product of the number of Share Options involved in the acquisition multiplied by the number of shares to be issued by one (1) Share Option.
- (2) On a day which is to be separately determined by the board of directors and which falls after the allotment without contribution takes effect, the Company may acquire

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<sup>11</sup> 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 being categorized as 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.

unexercised Share Options other than the Exercisable Share Options, by delivering a number of Share Options identical to the number of Share Options involved in the acquisition, with limitations on the exercise by Non-Qualified Persons and certain persons such as a non-resident who cannot utilize the provision of exclusion under the applicable laws and regulations of such foreign country (in accordance with provisions including transfer approval, as stipulated by the board of directors). A delivery of cash shall not be made for the above acquisition.

- (3) In addition to the above, matters relating to the acquisition of Share Options will be provided for separately if required by the Allotment Resolution.

For the definitions and details of the words and expressions above, please see *Attachment 4 Terms and Conditions of Allotment of Share Options Without Contribution*.

**(5) *Effective Period of the Plan***

The effective period of the Plan ends on the close of the ordinary shareholders' meeting held for the business year ending on March 31, 2015.

**(6) *Abolition and Amendment of the Plan***

Even before the effective period of the Plan has ended, as described in 2(2)(iii) *Placing High Value on Shareholders' Will* of Part IV, it is possible to abandon the Plan at anytime by resolution of the board of directors through election or dismissal of Directors by ordinary resolution of the ordinary shareholders' meeting. The Company's board of directors might revise or change the Plan to an extent that can be considered reasonably necessary as a result of changes in, or changes in interpretation 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, or due to 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 any other matter the board of directors considers appropriate.

**3 Impact on Shareholders**

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

The actual allotment of Share Options without contribution will not be carried out at the time the Current Plan is renewed. The Plan will therefore have no direct concrete affect on the legal

rights and economic interests of shareholders with respect to the shares of the Company at the time the Current 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 (1) 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, the Plan makes it also possible for the Company to simultaneously acquire all of the Share Options, and assign the Company's shares to those Share Options that fulfill the conditions for the exercise of Share Options 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.

From the viewpoint of avoiding the situation that shareholders and investors who made sales or purchases, etc. based on the premise that the dilution of the value per one (1) share of the Company would suffer unforeseen damages caused by such change in share price, the Company does not plan to suspend the allotment without contribution or to acquire the Share Options without contribution which were allocated on or after the day three business days prior to the reference day of the allocation of the Share Options, and even on or before the day four business days prior to the reference day of the allocation without contribution, the Company shall not made a resolution not to make effective the allotment of Share Options without contribution, except as provided in 2.(3) above.

**(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, as well as 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 be issued shares in the Company to be acquired upon exercise of each 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 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 provide shares in the Company to shareholders other than Non-Qualified Persons in exchange for the acquisition of the Share Options, the shareholders concerned will in principle come to receive shares in the Company to be acquired upon exercise of each Share Option 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, as well as 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.

#### **IV DECISIONS AND REASONING OF THE COMPANY'S BOARD OF DIRECTORS REGARDING ABOVE MEASURES**

##### **1 Decisions and Reasoning Regarding the Special Measures to Realize the Basic Policy (Measures Set Out in Part II Above)**

The Company's fundamental philosophy behind its measures for enhancing its corporate value by management plans, as described in *PART 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 Part III 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., (defined in Article 27-2(1) of the *Financial Instruments and Exchange Act.*) 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 talk 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 of defensive measures.") Also, the plan conforms to the opinions offered in "Takeover Defense Measures in Light of Recent Environmental Changes" made by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry and dated June 30, 2008.

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

The Current 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**

The Company intends to renew the Current Plan at the Ordinary 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 2(2)(v) *Resolution of Meeting of Board of Directors; Convocation of Shareholders' Meeting* of Part III 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 2(5) *Effective Period of Plan* of Part III 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, 2015. Even if the above mentioned period has not elapsed, since the term of office of the Company's Directors is one year, and the Company has not employed a system to differentiate the terms of office of the Company's Directors, and the Articles of Incorporation of the Company does not include a requirement for the dismissal of a Company Director which is stricter than the simple majority which is stipulated by laws, it is possible for the Plan to be abandoned by resolution of the board of directors by election or dismissal of Directors based on a one-time ordinary resolution of an ordinary shareholders' meeting. This means that the intention of the shareholders will be reflected in this point as well.

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

As set out in 2(3) *Requirements for Implementing Allotment of Share Options Without Contribution* of Part III 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) 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 shall comprise 3 or more members, who must be either an outside director, an outside statutory auditor, or an outside expert who is independent from the management team. The Independent Committee must execute the operations of the Company (at the time of renewal of the Current Plan, there are scheduled to be 3 members of the Independent Committee : Mitoji Yabunaka and Eiichiro Kinoshita, outside directors of the Company; and Haruo Shigeta, an outside corporate auditor 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 5 for the names and backgrounds of the candidates).

As set out above at 2(2) *Procedures for the Plan* in Part III, if an Acquisition targeting the Company's shares is initiated, 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.

(vi) No Dead-Hand Takeover Defense Measures

As stated above in 2(6) *Abolition and Amendment of the Plan* of Part III, 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 ended. 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 Major Shareholders of the Company (as at March 31, 2012)**

1	Total number of authorized shares	2,000,000,000
2	Total number of shares outstanding	765,382,298
3	Number of shareholders	45,092
4	Major shareholders (top ten)	See table below

Major Shareholders		Number of shares owned	Ratio of Number of Shares Owned Relative to Total Number of Issued Shares (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	73,709,000	9.63
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	43,087,000	5.62
3	Trust & Custody Services Bank, Ltd. (Kawasaki Heavy Industries Ltd. retirement benefit trust account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	30,000,000	3.91
4	JFE Steel Corporation	28,174,500	3.68
5	Sompo Japan Insurance Inc.	27,295,000	3.56
6	Takashi Kotegawa	24,531,000	3.20
7	Chase Manhattan Bank GTS Clients Account Escrow	14,467,896	1.89
8	Nippon Life Insurance Company	14,331,238	1.87
9	Morgan Stanley & Co. International PLC	14,098,855	1.84
10	Tokio Marine & Nichido Fire Insurance Co., Ltd.	14,010,850	1.83
Total Number of Shares Owned by Major Shareholders		283,705,339	37.07

—End of Attachment—

**Attachment 2 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 who engage 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 business year ending on March 31, 2015. 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. Each member of the Independent Committee must make his/her decision on such resolutions with a view to whether or not his/her decision will benefit the Company's Corporate Value and Shareholders' Interests, and he/she must not serve solely his/her own interests or those of the management of the Company.
  - (1) The implementation or non-implementation of the allotment of Share Options without contribution (including the convocation of the shareholders' meeting).
  - (2) Not to make effective the allotment of Share Options without contribution.
  - (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) 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 regarding which the Company's board of directors separately gives authority to the Independent Committee.
- 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 an alternative proposal 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 explanation from them.
  - The Independent Committee may, at the Company's expense, obtain the advice of, or written opinion from, an independent third party (including financial advisers, certified public accountants, attorneys, consultants and other experts), etc.
  - 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 3 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's Consideration Period provided for in Paragraph (ii) of 2(2) *Procedures for the Plan* of Part III.
- (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 stocks or an act requiring the Company to buy back its stocks 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 stocks, such as through tender offers, that do not solicit all of the stocks (defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*. The same applies throughout this (3)) 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 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 Corporate Value and Shareholders' Interests.

- (5) Acts which realize the interests of the Acquirer, its group companies or other related parties by unfairly damaging the important management resources that are the source of the Company's corporate value (technology and know-how, knowledge and information of specific market sectors, relationships of trust with trading partners cultivated over many years, and human resources in specialist fields) through the Acquirer acquiring control of the Company.

—End of Attachment—

## **Attachment 4 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 (1) 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 of the Share Options (the "**Applicable Number of Shares**") shall be provided for separately by the Company's board of directors in the Allotment Resolution. 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.

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

- (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 (a) and (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 may not exercise the Share Options (persons categorized (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 categorized in any of (i) through (iv).
  - (vi) Any Affiliated Person of any person categorized as 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*) of share certificates, etc. (as defined in Article 27-23(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this Attachment unless otherwise provided for) 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 Attachment) of share certificates, etc. (as defined in Article 27-2(1) of the *Financial Instruments and Exchange Act*; the same applies throughout this Attachment) 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 with a Specified Large Holder or a Specified Large Purchaser). 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 a given person, or a person considered by the Company's board of directors to act in concert with a 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 are not categorized as 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 is no longer categorized as a 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 be categorized as a 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 be categorized as a 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 be categorized as a Non-Qualified Person 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 may be required for the person 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 may 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 may 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 may 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 is not categorized as a Non-Qualified Person and is not exercising the Share Options for a person who is categorized as 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 exercise 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 transferee is not categorized as 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) On a date which is to be separately determined by the resolution of the board of directors and which falls after the allotment without contribution takes effect, the Company may acquire unexercised Share Options which (held by persons who are verified not to be the Acquirer, including persons who are provided for in 8.(c) and (d) above; referred to as the “Exercisable Share Options” in 11.(b) below) may be exercised in accordance with the provisions of 8.(c) and (d) as defined above, by delivering the whole number portion of the Company’s common shares, which is the product of the number portion of the Company’s common shares, which is the product of the number of Share Options involved in the acquisition multiplied by the number of shares to be issued by one (1) Share Option.
- (b) On a date which is to be separately determined by the resolution of the board of directors and which falls after the allotment without contribution takes effect, the Company may acquire unexercised Share Options other than the Exercisable Share Options, by delivering a number of Share Options identical to the number of Share Options involved in the acquisition, with limitations on the exercise by Non-Qualified Persons and certain persons such as non-residents who cannot utilize the provision of exclusion under the applicable laws and regulations of such foreign countries (in accordance with provisions including transfer approval, as stipulated by the board of directors). A delivery of cash shall not be made for the above acquisition.
- (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 are those provisions current as of May 22, 2012. 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 5 Background of the Members of the Independent Committee

### 1 Mitoji Yabunaka

April 1969	Joined Ministry of Foreign Affairs of Japan(MOFA)
December 2002	Director-General of Asian and Oceanian Affairs Bureau, MOFA
January 2005	Deputy Minister of Foreign Affairs (Economy)
January 2007	Deputy Minister of Foreign Affairs (Political)
January 2008	Vice-Minister for Foreign Affairs, MOFA
August 2010	Advisor to MOFA(Current)
October 2010	Advisor to Nomura Research Institute, Ltd. (Current)
October 2010	Special Visiting Professor or Ritsumeikan University (Current)
June 2011	Outside Director of the Company (Current)

### 2 Eiichiro Kinoshita

April 1954	Joined the Bank of Japan(BOJ)
March 1994	Director-General, Operations Department, BOJ
February 1996	Executive Director, General Manager of Osaka Branch, BOJ
September 1998	Advisor, NTT System Technologies, Inc.
December 1998	Special Advisor, The Boston Consulting Group
November 1999	Director and Chairman, NTT System Technologies, Inc..
May 2001	Advisor, Nagoya Railroad Co., Ltd.
October 2005	Director and President, Nagoya Railroad Co., Ltd.
June 2009	Director and Chairman, Nagoya Railroad Co., Ltd.
June 2010	Outside Corporate Auditor, Tokyo Tokai Financial Holdings Inc.(Current)
June 2011	Supervisory Committee member, The Norinchukin Bank(Current)
June 2011	Director and Executive Advisor, Nagoya Railroad Co., Ltd. (Current)

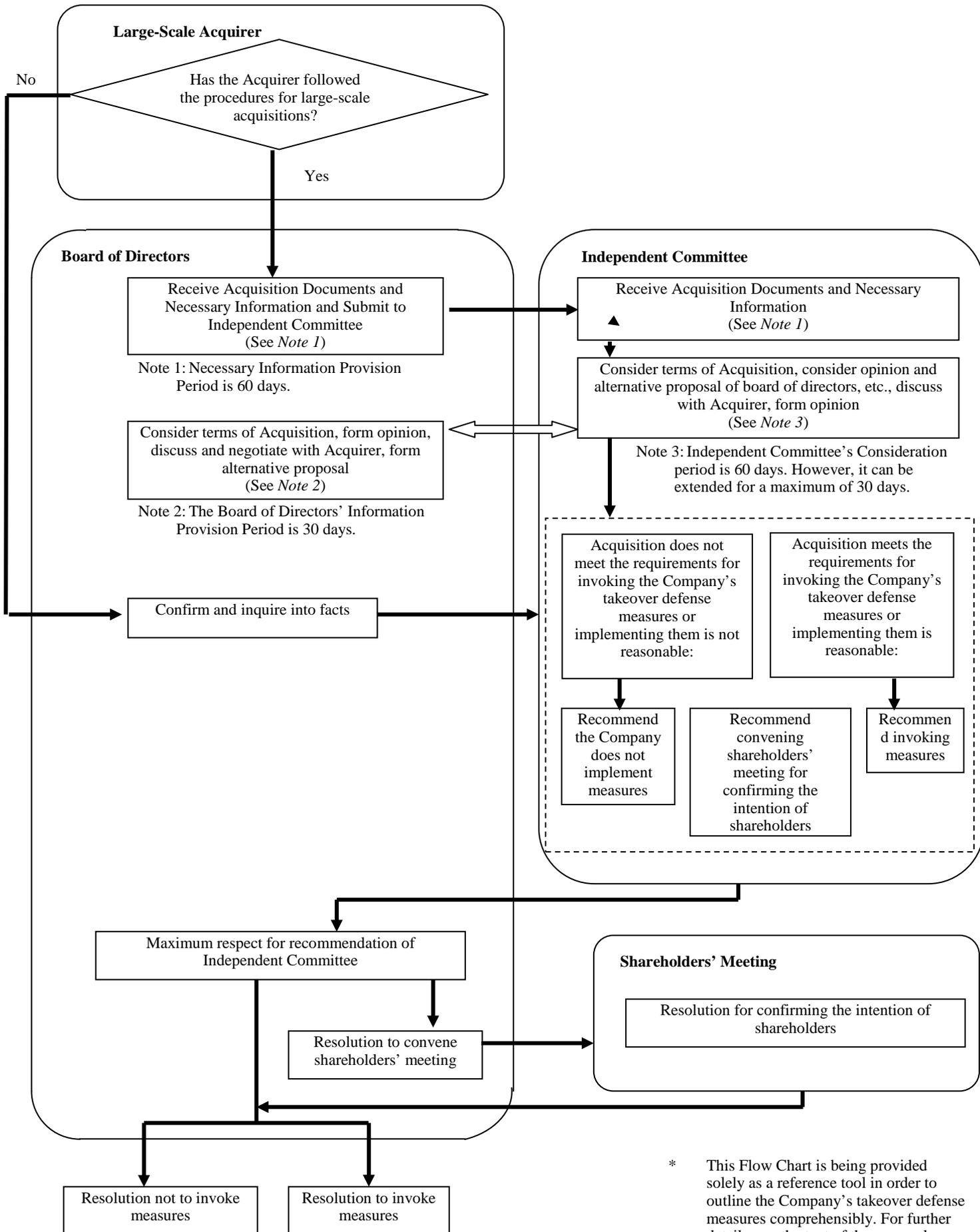
### 3 Haruo Shigeta

April 1979	Professor, Faculty of Law, Kanagawa University
April 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
September 2000	Honorary Professor, Dalian Maritime University, China
November 2003	Attorney-at-law, L&J Law Office, LPC (Current)
April 2005	Professor, Aoyama Gakuin University Graduate School of Professional Accountancy
April 2009	Outside Corporate Auditor or the Company (Current)
April 2010	Professor Emeritus, Aoyama Gakuin University

(note 1) The Company has appointed Mr. Mitoji Yabunaka, and Mr. Haruo Shigeta as independent officers based on the rules of each securities exchange where the Company listed on, and has submitted the relevant notification to each securities exchange. In addition, subject to the approval at the Shareholders' meeting, the Company is scheduled to appoint Mr. Eiichiro Kinoshita as an independent officer and to submit a notification to each securities exchange in relation to such appointment.

(note 2) The Company borrowed money from The Norinchukin Bank where Mr. Eiichio Kinoshita concurrently worked as a Supervisory Committee member, but since he is not involved in the decision-making process concerning our company's borrowing of money, there is no risk of a conflict of interest arising against ordinary shareholders, and the Company adjudges he maintains independence. In addition, the Company has business transactions with L&J Law Office, LPC where Mr. Haruo Shigeta belongs, but he is not involved in the cases requested by the Company, and there is no risk of a conflict of interest arising against ordinary shareholders and the Company adjudges he maintains independence.

**Flow Chart of Takeover Defense Plan**



\* This Flow Chart is being provided solely as a reference tool in order to outline the Company's takeover defense measures comprehensively. For further details, see the text of the press release.