

[Translation]

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May 23, 2014

To whom it may concern:

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### **Continuation of the Response Measures to Large-scale Purchases of the Company Shares (Takeover Defenses)**

The Company had previously introduced the response measures to large-scale purchases of the Company shares at the annual general shareholders' meeting held on June 25, 2008, and subsequently, at the expiration of the 3-year term of such response measures, the Company had renewed the former response measures to large-scale purchases of the Company shares (the "Former Plan") by obtaining shareholder approval at the annual general shareholders' meeting held on June 24, 2011. As the term of the Former Plan will expire as of the close of the Company's annual shareholders' meeting planned to be held on June 25, 2014 (the "Annual Shareholders' Meeting"), the Company has been considering whether or not it should preserve the takeover defenses, taking into account such factors as social and economic changes, various discussions over takeover defenses, and amendments to laws and regulations.

As a result, the Company is pleased to announce the decision made at its board of directors' meeting held today that it will keep the response measures to large-scale purchases of its shares as set forth in part III below (the "Plan") following the Former Plan, subject to shareholder approval at the Annual Shareholders' Meeting pursuant to Article 35 of its Articles of Incorporation. There are no substantive changes to the Plan from the Former Plan.

The resolutions of such board of directors' meeting were passed unanimously by all twelve (12) directors, including four (4) outside directors who are registered with the Tokyo Stock Exchange as Independent Directors/Auditors (*Dokuritsu-yakuin*, the "ID/As") of the Company.

The Company group is based on mutual relationships with various stakeholders such as the shareholders, investors, customers, domestic or overseas manufacturing and distributing companies, local communities, and employees, and these mutual relationships are important component of sources of the Company's corporate value. The Company therefore has made efforts to establish and strengthen its relationships of trust with the stakeholders and has given great consideration to fulfilling its social responsibilities with respect to all the stakeholders, in order to secure and enhance the Company's corporate value and the common interests of its shareholders. Based on this

understanding, the Company believes that in cases where the Company receives proposals for a large-scale purchase of its shares, it is necessary to enable its shareholders to sufficiently understand those mutual relationships with the stakeholders and other various factors and thus to appropriately decide whether to accept such proposals, in order to secure and enhance the Company's corporate value and the common interests of its shareholders. Accordingly, the Company has decided to introduce the Plan to establish certain rules for responding to such proposals, subject to approval at the Annual Shareholders' Meeting.

The status of the major shareholders of the Company as of March 31, 2014, is as set forth in Schedule 1. Currently, the board of directors has not received any proposal by any specific third party with respect to conducting a purchase that would be subject to the Plan.

## **I. Outline of the Basic Policy regarding Persons Controlling the Company's Decisions concerning Financial and Business Policies**

The Company group is based on mutual relationships with various stakeholders such as the shareholders, investors, customers, domestic or overseas manufacturing and distributing companies, local communities, and employees. The Company believes that the Company group's mission is for its management to be conducted in a manner which balances the societal, environmental and economic aspects of the business and fulfills its social responsibilities with respect to all the stakeholders, as well as to increase the Company group's corporate value by concentrating on its main business.

The Company is a stock company the shares of which are traded on capital markets, and therefore, the Company understands that the shareholders investing in the Company assent to the Company's beliefs set forth above and have decided to entrust the management of the Company to the Company's management. Based on this understanding, the Company believes that the persons controlling the Company's decisions concerning financial and business policies should also ultimately be chosen by the shareholders. The Company therefore believes that, in the case of a large-scale purchase of the Company shares, the decision whether to accept such a purchase should ultimately be left to the shareholders.

However, taking into account recent capital market conditions in Japan, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and without an opportunity to consider the proposal being given to the shareholders and investors of the target company, or without the target company's board of directors being provided with information and time to express its opinion and prepare an alternative proposal. Some of these large-scale purchases of shares may damage the Company's corporate value and the common interests of its shareholders, such as the case where such a purchaser does not intend to manage the Company reasonably or in good faith.

The Company believes that any person who makes a large-scale purchase of the Company shares that damages the Company's corporate value and the common interests of its shareholders is not an appropriate person to control the Company's decisions concerning financial and business policies.

## **II. Outline of the Effective Usage of the Company's Assets, Formation of an Appropriate Corporate Group, and Other Special Endeavors which Contribute to the Realization of the Basic Policy**

### **1. Endeavors to Enhance Corporate Value under the Mid-term Plan**

The Company group launched its new mid-term plan for three years from April 2013, with an aim to achieve net sales of 1 trillion yen in 2016, the 100<sup>th</sup> anniversary of the Company's establishment. In this plan, the Company group sets a mid-term vision of "establishing corporate fundamentals appropriate for a company with net sales of 1 trillion yen" by enhancing management quality – a step which is necessary to support net sales of 1 trillion yen. Based on a corporate foundation of "Safety, Quality, and Compliance", the Company group will further promote its current growth strategy and profitability improvement initiatives, and has set goals of "growth with a focus on profitability" and "developing management capability to handle 1 trillion yen in sales volume". Through these initiatives, the Company group aims to enhance its business strategies and operating foundations in preparation for next growth phase, which will take place amidst a dramatically changed business environment.

To achieve its mid-term vision, the Company group will undertake the following seven business challenges:

**Measures to Achieve "Growth with Focus on Profitability"**

- Growth in emerging countries
- Enhancement of customer and sector strategies
- Enhancement of production and technology development capabilities
- Strategic alliances

**Measures for "Developing Management Capability to Handle 1 Trillion yen in Sales Volume"**

- Enhancement of corporate governance and compliance
- Reform of business structure
- Advancement of global management

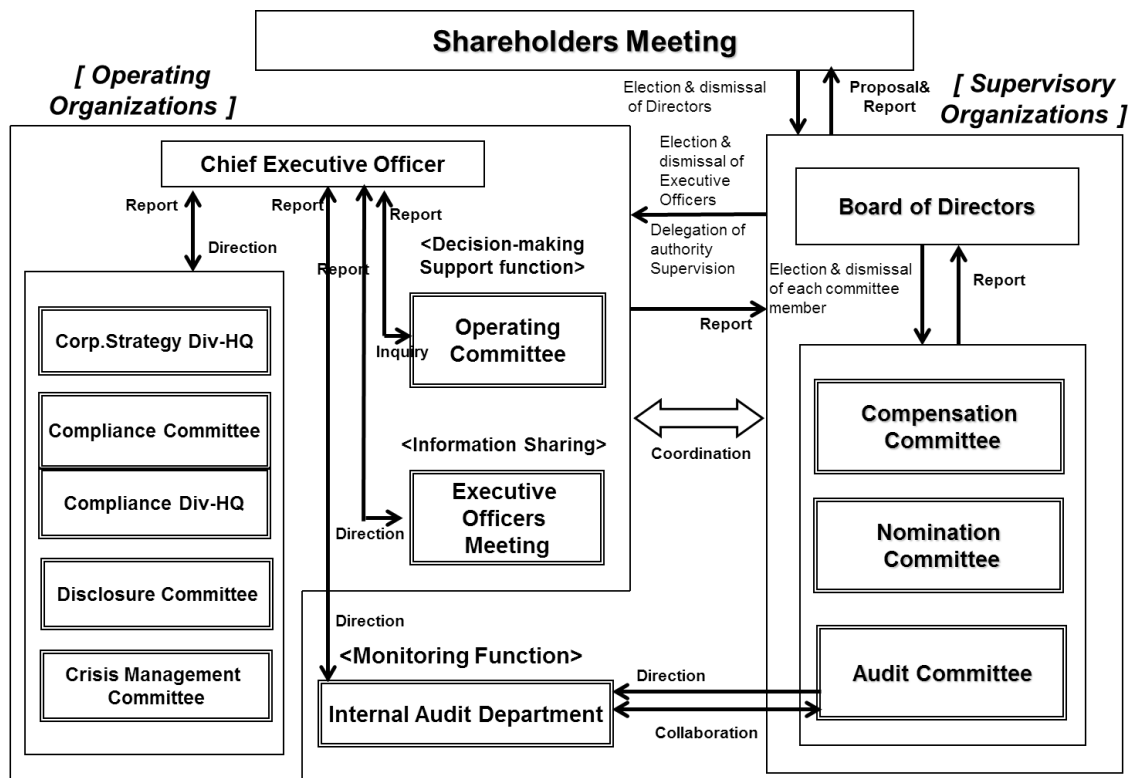
The Company understands that it is the Company group's social responsibility to reduce energy-waste throughout the world through its business, and has been steadily promoting improvements in its environmental business management in order to contribute to global environmental conservation and sustainable societal development, and has been making an effort to establish relationships of trust with the various stakeholders.

## **2. Endeavors Regarding Corporate Governance**

The Company has actively adopted concrete systems which have improved the transparency and soundness of its management for the purpose of fulfilling its social responsibilities, continuing to maintain appropriate profits as a company, and securing and enhancing its corporate value and the common interests of its shareholders. In 1999, the Company introduced an executive officer system, invited an outside director onto its board, and voluntarily established a compensation committee. In 2003, the Company voluntarily established an audit committee, and in 2004, changed over to a "company with committees, etc." under the Commercial Code. In 2006, the Company has become a "company with committees" under the Companies Act, and the three committees (i.e., the audit committee, the compensation committee, and the nominating committee) each consist of three (3) directors (including two (2) outside directors) and are endeavoring to improve transparency and soundness.

For your reference, the Company registered all four (4) outside directors as ID/As with the Tokyo Stock Exchange.

The Company's corporate governance system and internal control system are as below.



### III. Endeavors to Prevent Decisions concerning the Company's Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of the Basic Policy

#### 1. Purpose to Introduce the Plan

The Company is a listed company, and, therefore, the Company shares are permitted to be freely traded by shareholders and investors. The Company believes that the selection of the person who will control the Company's decisions concerning financial and business policies should ultimately be made by the shareholders. However, taking into consideration the recent capital market conditions in Japan, there is a possibility that a sudden and unsolicited large-scale purchase of shares could occur without necessary and sufficient information being disclosed and an opportunity to consider the proposal being given to the shareholders and investors, and without the target company's board of directors being provided with the information and time to express its opinion and make an alternative proposal. In the case where the Company receives a proposal for a large-scale purchase of its shares, it would be difficult for the shareholders to sufficiently understand in a short period of time (i) the corporate value of the Company, taking into account, for example, the mutual relationships between the Company group and its various stakeholders and the mission of the Company group (please see Part I above), and the special endeavors contributing to the realization of the Basic Policy regarding Persons Controlling the Company's Decisions concerning Financial and Business Policies (the "Basic Policy") (please see Part II above), and (ii) the specifics of the proposal for the large-scale purchase of shares taking into account the concrete terms, methods, etc. of such proposal. Therefore, it would be difficult for the shareholders to appropriately judge whether to accept the proposal in such period of time. Furthermore, it is possible that certain large-scale purchases of shares consequently materially damage the Company's corporate value and the common interests of its shareholders.

Therefore, the Company has decided to introduce the Plan as an endeavor to prevent the Company's decisions concerning financial and business policies from being controlled by inappropriate persons in light of the Basic Policy (please see Part I above), for the purpose of (i) obtaining necessary and sufficient information and sufficient time to examine proposals for large-scale purchases of shares (in this way, the Company shareholders, who will make the final decision, will be able to sufficiently understand the specifics of such a proposal and make an appropriate decision (i.e., an informed judgment)), and (ii) preventing any person conducting a large-scale purchase of shares that damages the Company's corporate value or the common interests of the Company shareholders from controlling the Company's decisions concerning financial and business policies, which consequently will secure and enhance the Company's corporate value and the common interests of its shareholders.

## **2. Substance of the Plan**

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

The Plan requires a Large-scale Share Purchaser (as defined in (2) below) to comply with the rules set forth in the Plan (the "Large-scale Share Purchase Rules"), when the Large-scale Share Purchaser conducts a Large-scale Share Purchase (as defined in (2) below). Under the Plan, a Large-scale Share Purchase that does not comply with the Large-scale Share Purchase Rules or, in certain cases, a Large-scale Share Purchase that complies with the Large-scale Share Purchase Rules can trigger an allotment of share options without contribution, as countermeasures to such Large-scale Share Purchase, based on a resolution of the board of directors or the shareholders' meeting. With respect to the procedural flow of the Plan, please see Schedule 2. For the purpose of securing and enhancing the Company's corporate value and the common interests of its shareholders, the Company has established the "Guidelines for Measures to Large-scale Share Purchase" that prescribes procedures and other rules which the board of directors must comply with in implementing the Plan (the "Guidelines"), in order to eliminate any arbitrariness of the board of directors' decision-making and to secure reasonableness in implementing the Plan. With respect to the summary of the Guidelines, please see Schedule 3.

### **(2) Large-scale Share Purchase subject to the Plan**

The Plan applies to (i) a purchase (including market transactions, tender offers and any other transaction; the same applies hereinafter) of share certificates, etc.<sup>1</sup> of the Company whose purpose is to make the holding ratio of rights to vote<sup>2</sup> of the specific shareholders' group<sup>3</sup> twenty (20)% or

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<sup>1</sup> The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act; the same applies hereinafter unless otherwise defined. If laws, cabinet orders, cabinet office ordinances or ministerial ordinances (collectively, the "Laws") referred to in the Plan are amended (including a change of the name of the Laws and establishment of new Laws which replace the old Laws), the provisions and terms of the Laws referred to in the Plan shall be deemed to be replaced with the provisions and terms of the Laws after the amendment which substantially succeed the provisions and terms of the Laws before the amendment, unless otherwise specified by the board of directors.

<sup>2</sup> The term "holding ratio of rights to vote" refers to

greater, or (ii) a purchase of share certificates, etc. of the Company which, as a result, would make the holding ratio of the right to vote of the specific shareholders' group twenty (20)% or greater, provided however that the Plan does not apply to a purchase which is consented to by the board of directors in advance. A purchase to which the Plan applies is referred to as a "Large-scale Share Purchase," and a person who conducts or is about to conduct a Large-scale Share Purchase is referred to as the "Large-scale Share Purchaser."

### **(3) Establishment of the Large-scale Share Purchase Rules**

#### **A. Submission of a Statement of Intention**

A Large-scale Share Purchaser will be required to submit a statement of intention (the "Statement of Intention") to the President and Chief Executive Officer of the Company, stating in Japanese certain matters, including a pledge by the Large-scale Share Purchaser to comply with the Large-scale Share Purchase Rules, prior to initiating a Large-scale Share Purchase.

Upon submission of the Statement of Intention, a certified copy of the commercial registration, a copy of the articles of incorporation and other documents that prove the existence of the Large-scale Share Purchaser (including Japanese translations if the relevant documents are in a non-Japanese language) will be required to be attached to the Statement of Intention.

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(i) "holding ratio of share certificates, etc." as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act, if the specific shareholders' group comes under the meaning of (i) of footnote 3 (in this case, the "number of the share certificates" (as defined in the same Paragraph) of joint holders (as defined in footnote 3) of the holders will be considered for the purpose of this calculation.); the same applies hereinafter; or

(ii) the total of the "share certificates, etc. holding rate" (as defined in Article 27-2, Paragraph 8 of said Act; the same applies hereinafter) of the Large-scale Share Purchaser and the persons in a special relationship (as defined in footnote 3), if the specific shareholders' group comes under the meaning of (ii) of footnote 3.

The same applies hereinafter.

For the purpose of calculating holding ratio of share certificates, etc. and share certificates, etc. holding rate, the latest annual securities report, quarterly securities report and share buyback report may be referred to with respect to the "total number of voting rights" as defined in Article 27-2 of said Act, Paragraph 8 and the "total number of the issued shares" as defined in Article 27-23, Paragraph 4 of said Act.

<sup>3</sup> The term "specific shareholders' group" refers to

(i) (a) a "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act (which includes a person who is included as a holder pursuant to Paragraph 3 of the same Article; the same applies hereinafter) and (b) a "joint holder" as defined in Article 27-23, Paragraph 5 of said Act (which includes a person who is deemed as a joint holder pursuant to Paragraph 6 of the same Article; the same applies hereinafter) of "share certificates, etc."; or

(ii) a person who conducts a "purchase, etc" (as defined in Article 27-2, Paragraph 1 of said Act; the same applies hereinafter) of "share certificates, etc." (as defined in Article 27-2, Paragraph 1 of said Act) of the Company and its "persons in a special relationship" (as defined in Article 27-2, Paragraph 7 of said Act; the same applies hereinafter).

The same applies hereinafter.

The Statement of Intention shall contain the following items:

- (a) Summary of the Large-scale Share Purchaser
  - (i) name and address or location
  - (ii) name of representative
  - (iii) corporate purpose and nature of the business
  - (iv) outline of major shareholders or capital contributors (the top ten by number of shares held or capital contribution ratio) of the Large-scale Share Purchaser
  - (v) contact address in Japan
  - (vi) governing law;
- (b) Number of share certificates, etc. of the Company currently held by the Large-scale Share Purchaser and the results of trading by the Large-scale Share Purchaser of the share certificates, etc. of the Company for the sixty (60) days prior to the submission of the Statement of Intention;
- (c) Outline of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser (including type and number of share certificates, etc. of the Company, which the Large-scale Share Purchaser plans to obtain through the Large-scale Share Purchase, and an outline of the purpose of the Large-scale Share Purchase (for example, acquisition of control or participation in management, net investment or investment for policy considerations, transfer or other disposal of the share certificates, etc. of the Company to any third party after the Large-scale Share Purchase, or making important suggestions, etc.,<sup>4</sup> or if there is any other purpose, such fact and an outline thereof. In the case where there are two or more purposes, all of the purposes should be stated.)); and
- (d) A pledge to comply with the Large-scale Share Purchase Rules.

## **B. Provision of Necessary Information**

After submitting the Statement of Intention described in A above, the Large-scale Share Purchaser will be required to provide the President and Chief Executive Officer of the Company with information (the "Necessary Information") concerning the Large-scale Share Purchase in Japanese, necessary and sufficient for shareholders to make a decision and for the board of directors to evaluate and examine, etc., in the following manner.

Within ten (10) business days<sup>5</sup> from (excluding the first day) the receipt of the Statement of Intention, the board of directors will send a list to the Large-scale Share Purchaser that specifies the Necessary Information which the Large-scale Share Purchaser is required to

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<sup>4</sup> The term "making important suggestions, etc." refers to "making important suggestions, etc." as defined in Article 27-26, Paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, Paragraph 1 of the Enforcement Order of said Act and Article 16 of the Cabinet Office Ordinance concerning Disclosure of Large Holding of Share Certificates, etc.

<sup>5</sup> The term "business day(s)" means a day(s) other than the days enumerated in each item of Article 1, Paragraph 1 of the Act Concerning Holidays of Administrative Agencies. The same applies hereinafter.



provide (the "List of Necessary Information"). Accordingly, the Large-scale Share Purchaser will be required to provide the President and Chief Executive Officer of the Company with sufficient information in accordance with the List of Necessary Information.

If the board of directors reasonably determines that the information initially provided by the Large-scale Share Purchaser is not sufficient after the board of directors examines the information provided by the Large-scale Share Purchaser and seeks advice, as necessary, from third parties, including financial advisers, certified public accountants, attorneys and other experts (the "External Experts"), independent from the board of directors, the board of directors can request that the Large-scale Share Purchaser provide additional information. This would apply to the additional information provided by the Large-scale Share Purchaser.

The information described in each of the following items will be generally included in the List of Necessary Information. Specifics of information included in the List of Necessary Information will be determined by the board of directors in a reasonable manner in light of the substance and manner, etc. of the relevant Large-scale Share Purchase upon the advice of the External Experts as necessary. If the Large-scale Share Purchaser is unable to provide any of the information on any item contained in the List of Necessary Information, the Company will request that the Large-scale Share Purchaser provide concrete reasons for the inability to provide such information. The board of directors will not immediately trigger countermeasures to the Large-scale Share Purchase solely on account of the inability of the Large-scale Share Purchaser to provide a part of the information. However, depending on the significance and reasons for the inability to provide such information, the board of directors may determine that it constitutes non-compliance with the Large-scale Share Purchase Rules (See (4) B below.) and trigger countermeasures.

- (i) Outline of the Large-scale Share Purchaser and its group companies (including joint holders and persons in a special relationship) which includes information with respect to the nature of the business, capital structure and experience of the same type of business as that of the Company and the Company group companies;
- (ii) The purpose and substance of the Large-scale Share Purchase (including the purchase price and type of consideration for the Large-scale Share Purchase, the timing of the Large-scale Share Purchase, the structure of related transaction(s), legality of the methods for Large-scale Share Purchase (including the possibility of obtaining legally-required approvals and permissions etc.) and the likelihood of successful completion of the Large-scale Share Purchase and related transaction(s));
- (iii) The basis for calculating the purchase price, and information showing the ability to pay the purchase price (including the name of the provider of the funding (including the substantial provider of the funding), the manner of procurement of funds and the substance of related transactions);
- (iv) In the case of a Large-scale Share Purchase conducted in order to acquire control or participate in management, Candidates for

management of the Company and the Company group companies after the completion of the Large-scale Share Purchase (including information on experience in the same type of business as that of the Company and the Company group companies), management policy, business plan, financial plan, capital policy, dividend policy and asset utilization policy;

- (v) Any plan to, after the completion of the Large-scale Share Purchase, change the relationship between the Company and the Company group companies and their stakeholders, such as the customers, domestic or overseas manufacturing and distributing companies, local communities and employees, and, if there is any such plan, the contents of the plan.

The board of directors will publicly announce all or any part of (i) the fact that the proposal of the Large-scale Share Purchase has been made and (ii) the information provided to the board of directors (including any information required by the List of Necessary Information but not provided by the Large-scale Share Purchaser, and the reasons for the inability to provide such information; the same applies hereinafter), pursuant to the relevant Laws and the rules of the financial instrument exchange, at the timing that is deemed appropriate, if the board of directors determines that such public announcement is necessary for the shareholders to decide on the proposal.

### **C. The Board of Directors' Evaluation Period, etc.**

After the provision of the Necessary Information has been completed, and upon the advice of External Experts as necessary, the board of directors will designate the period (the "Board of Directors' Evaluation Period") of up to sixty (60) days (in the case of a purchase of all of the Company shares via a tender offer that limits the purchase price to cash (Japanese Yen)) or up to ninety (90) days (in the case of any other Large-scale Share Purchase) (in each case excluding the first day). During the Board of Directors' Evaluation Period, the board of directors will evaluate and examine the proposal of Large-scale Share Purchase, negotiate with the Large-scale Share Purchaser, form its opinion on the Large-scale Share Purchase and/or elaborate alternative proposals. Notwithstanding the foregoing, if the board of directors is unable to reach an opinion within the initially-designated Board of Directors' Evaluation Period due to unavoidable circumstances, the board of directors may, upon the advice of External Experts as necessary and to the extent reasonably required, extend the Board of Directors' Evaluation Period by up to an additional thirty (30) days (excluding the first day) by unanimous resolution at the board of directors meeting at which all of the directors (excluding directors who cannot attend the board of directors due to unavoidable circumstances, such as serious illness, a traffic accident and a natural disaster; the same applies hereinafter) are present (provided that the extension may, as a general rule, be made only once). If the board of directors resolves to extend the Board of Directors' Evaluation Period, it will promptly notify the Large-scale Share Purchaser of the reasons for the extension and the length of the additional period and will promptly publicly announce the same information.

The Board of Directors' Evaluation Period begins on the day immediately after the day when the board of directors resolves, after examining the

information provided from the Large-scale Share Purchaser and seeking, as necessary, advice from the External Experts, that the provision of the Necessary Information has been completed. Upon such resolution, the board of directors will promptly publicly announce such fact and the expiration date of the Board of Directors' Evaluation Period.

The Large-scale Share Purchase shall be initiated only after the expiry of the Board of Directors' Evaluation Period.

During the Board of Directors' Evaluation Period, the board of directors will seek, as necessary, advice from the External Experts, will evaluate and examine sufficiently the information provided by the Large-scale Share Purchaser, and will reach its opinion from the perspective of securing and enhancing the Company's corporate value and the common interests of its shareholders and thereupon will publicly announce such opinion. The board of directors will, as necessary, negotiate with the Large-scale Share Purchaser for the improvement of terms of the Large-scale Share Purchase, and/or present an alternative proposal to the shareholders.

#### **(4) Triggering Countermeasures**

##### **A. Cases where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules**

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, even if the board of directors objects to such Large-scale Share Purchase, the board of directors will, as a general rule, not trigger countermeasures to such Large-scale Share Purchase. The board of directors, however, may express its objections, present an alternative plan, or give an explanation, etc., to shareholders. Individual shareholders will decide whether to accept the proposal for the Large-scale Share Purchase based on the information regarding such Large-scale Share Purchase provided by the Large-scale Share Purchaser and the board of directors' opinion or alternative proposal, etc., thereto.

Notwithstanding the foregoing, even in the case where the Large-scale Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, if such Large-scale Share Purchase is reasonably deemed to be likely to materially damage the Company's corporate value and shareholders' common interests, after the expiration of the Board of Directors' Evaluation Period, the board of directors may hold a shareholders' meeting and ask the shareholders to decide whether to trigger countermeasures to such Large-scale Share Purchase. Also, as an exception of the foregoing, if such Large-scale Share Purchase falls under any of the types of abusive acquisitions described below and such Large-scale Share Purchase is reasonably deemed to materially damage the Company's corporate value and shareholders' common interests, the board of directors may trigger countermeasures. In deciding whether to trigger countermeasures in the following cases, the board of directors will also take into account and examine the suitability of the countermeasures:

- (i) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company without any true intention of participating in

the management of the Company, for the purpose of boosting the share price and thereafter having the Company or parties interested in the Company purchase the shares (cases of the so-called "green mailer").

- (ii) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of temporarily controlling the Company's management and thereby transferring the assets of the Company or the Company group companies (including intellectual property rights, know-how, confidential corporate information, key business partners, customers or similar assets necessary for the Company's and the Company group companies' business operations) to itself, its group companies, etc.
- (iii) The Large-scale Share Purchaser purchases the share certificates, etc. of the Company for the purpose of unreasonably diverting the assets of the Company or the Company group companies as collateral or repayment resources to meet the obligations of itself or its group companies, etc., after acquiring control over the Company.
- (iv) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to temporarily control the management of the Company, and thereby cause the Company or the Company group companies to sell or otherwise dispose of highly-valued assets, such as real property or securities, that are not currently related to the business of the Company or the Company group companies, and to distribute temporarily higher dividends with the gains from such sale or disposal, or to sell the share certificates, etc. at an inflated price caused by such temporarily higher dividends.
- (v) The manner of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser is likely to structurally restrict the shareholders' opportunity or liberty to make decisions, and virtually force them to sell the share certificates, etc. in a coercive process, such as a "two-step purchase," which means a purchase of share certificates, etc., under which the purchaser sets unfavorable conditions, or does not set clear conditions for the second purchase of the remaining share certificates, etc. after the initial purchase, or which raises concern about the future liquidity of the share certificates, etc. by indicating the possibility of the delisting of the share certificates, etc. after the initial purchase.

**B. Cases where the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules**

In the case where the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules, the board of directors may, regardless of the specific manner of such Large-scale Share Purchase, trigger countermeasures to secure and enhance its corporate value and its shareholders' common interests. The board of directors will reasonably make a decision on and resolve (a) whether the Large-scale Share Purchaser is commencing the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, and (b) whether to trigger countermeasures, upon the advice of the External Experts. In deciding whether to trigger

countermeasures, the board of directors will also take into account and examine the suitability of the countermeasures.

Notwithstanding the foregoing, if the board of directors reasonably determines that it is practicable and, in light of the laws and their duty of care as directors and other circumstances, is appropriate to hold a shareholders' meeting in order to confirm its shareholders' opinion and to have them decide whether to trigger countermeasures, the board of directors shall, after the expiration of the Board of Directors' Evaluation Period, hold a shareholders' meeting, and leave the shareholders to decide whether to trigger countermeasures to the Large-scale Share Purchase. In making such determination, the board of directors will consider various factors, such as the substance of the Large-scale Share Purchase by such Large-scale Share Purchaser, the substance of the information provided by the Large-scale Share Purchaser, and the sufficiency of time to convene a shareholders' meeting.

Including the case as described in A above, the board of directors shall unanimously resolve to trigger countermeasures at the board of directors' meeting at which all of the directors are present (unless the board of directors decides to trigger countermeasures based on a resolution at the shareholders' meeting).

#### **(5) Procedures to Confirm Shareholders' Opinion**

If it decides to hold a shareholders' meeting and to have them decide whether to trigger countermeasures (as described in (4) above), the board of directors shall, after the expiration of the Board of Directors' Evaluation Period, hold a shareholders' meeting in accordance with the laws and its Articles of Incorporation, and leave the shareholders to decide whether to trigger countermeasures to the Large-scale Share Purchase. The board of directors shall hold the shareholders' meeting within sixty (60) days after the expiration of the Board of Directors' Evaluation Period, and present a proposal to the shareholders' meeting regarding triggering the countermeasures to such Large-scale Share Purchase, provided however that in the case where the shareholders' meeting cannot be held within sixty (60) days due to procedural reasons, it shall be held on the earliest day procedurally possible. However, the board of directors can, in the case where a material change occurs with respect to any information necessary for the shareholders to make their decision at the shareholders' meeting, even after establishing a record date for the shareholders' meeting, change such record date and postpone or cancel the shareholders' meeting.

In the case where the shareholders' meeting is held, the Large-scale Share Purchaser shall not commence the Large-scale Share Purchase until the close of such shareholders' meeting. If the Large-scale Share Purchaser commences the Large-scale Share Purchase before the close of the shareholders' meeting, the board of directors can cancel the shareholders' meeting and trigger countermeasures by a resolution of the board of directors alone.

Notwithstanding the foregoing, the board of directors can decide not to hold a shareholders' meeting if it reasonably decides that it is proper to leave it to the individual shareholders to decide whether they accept the Large-scale Share Purchase, and it is not appropriate to trigger countermeasures. In this case, the board of directors shall not trigger countermeasures to the Large-scale Share Purchase.

## **(6) Substance of Countermeasures**

Under the Plan, the Company will, as a general rule, trigger an allotment of share options without contribution as a countermeasure. The outline of a share option (*shinkabu-yoyakuken*) (the "Share Options") of such allotment of share options without contribution is as set forth in Schedule 4.

## **(7) Discontinuance or Withdrawal of Triggered Countermeasures**

Even in the case where the board of directors or the shareholders' meeting has resolved to trigger the countermeasures,

- (a) if the Large-scale Share Purchaser discontinues or withdraws the Large-scale Share Purchase; or
- (b) if the facts or other circumstances on which the board of directors' or the shareholders' meeting's decision to trigger the countermeasures was based change, and it is determined that it is objectively inappropriate to maintain such countermeasures from the viewpoint of securing and enhancing the Company's corporate value and the shareholders' common interests,

the board of directors may discontinue or withdraw the trigger of the countermeasures.

Notwithstanding the foregoing, until two (2) business days prior to the day of ex-rights of the Allotment Date (as defined in Schedule 4, Paragraph 1; the same applies hereinafter) when the Share Options are allotted without contribution (the "Ex-rights Day"), the allotment of the Share Options without contribution may be discontinued, provided however that on and after one (1) business day prior to Ex-rights Day, the allotment of the Share Options without contribution shall not be discontinued, in order to prevent the investors who have traded the shares before Ex-rights Day, in the expectation of dilution of the economic value per share of the Company as a result of such allotment of the Share Options without contribution, from suffering a loss due to a change in share price.

## **3. Effect upon Shareholders and Investors**

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

At the time the Plan is introduced, no Share Options will be allotted without contribution. Accordingly, the rights and interests held by shareholders and investors will not be directly or specifically affected.

### **(2) Effect upon Shareholders and Investors When the Share Options Are Allotted without Contribution**

If the board of directors or the shareholders' meeting resolves to allot the Share Options without contribution as triggering countermeasures, the Share Options will be allotted, without contribution, to all shareholders entered or recorded in the Company's latest shareholder registry as of the Allotment Date at a ratio of one (1) Share Option per one (1) Company share held. Although the economic value per Company share held by each shareholder will be diluted, the economic value of the entire Company shares held by each shareholder will not be diluted, and the voting rights per Company share will also not be diluted. Therefore, we do not expect such countermeasures to directly or specifically affect the legal rights or economic interests of the entire Company shares held by each shareholder.

As set forth in 2.(7) above, even in the case where the board of directors or the shareholders' meeting resolves to allot the Share Options without contribution, please note that the allotment of the Share Options without contribution may be discontinued until two (2) business days prior to the Ex-rights Day due to the withdrawal of the Large-scale Share Purchase by the Large-scale Share Purchaser or other reasons, provided however that on or after one (1) business day prior to Ex-rights Day, the allotment of the Share Options without contribution will not be discontinued.

**(3) Effect upon Shareholders and Investors When the Share Options are Exercised by the Shareholders or Acquired by the Company after the Share Options Are Allotted Without Contribution**

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

However, if shareholders have not completed the procedure concerning the exercise of the Share Options, such as payment of a specified amount, within a specified period for the exercise of the Share Options, the legal rights, etc. of these shareholders will be diluted upon exercise of the Share Options by other shareholders (unless the Company acquires all Share Options in exchange for the Company shares in accordance with the acquisition clause of the Share Options, in case such clause is stipulated by the Company).

**4. Necessary Procedures for Shareholders in Connection with the Triggering of Countermeasures**

**(1) Procedures on the Effective Date**

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

**(2) Procedures of the Exercise of the Share Options**

The Company shall send the form of exercise notice (which contains the acknowledgement of the fact that the shareholder is not an Ineligible Person (as defined in Schedule 4, Paragraph 6; the same applies hereinafter) and other facts specified in the form) and other necessary documents for the exercise of the Share Options to shareholders entered or recorded in the latest shareholder registry as of the Allotment Date.

After allotment of the Share Options without contribution, through submission of these required documents and payment of a specified amount to the payment handling agent within a specified period for the exercise of the Share Options, the shareholders will receive the issued Company shares of the number specified by the board of directors or the shareholders' meeting per one (1) Share Option.

### **(3) Procedures if the Company Acquires the Share Options in Accordance with the Acquisition Clause of the Share Options**

If the Company allotted the Share Options with an acquisition clause, and the Company acquires the Share Options in accordance with a specified procedure, the shareholders who hold the Share Options which are targets of the acquisition receive the Company shares in exchange for the acquired Share Options without payment of the specified amount. In this situation, the Company may require the shareholders to submit the documents formatted to contain the acknowledgment of the fact that the shareholder is not an Ineligible Person and other facts specified in the form.

### **(4) Other Procedures**

In addition to the foregoing, the details of the allotment procedure, the exercise and the acquisition will be publicly announced or notified to shareholders by the board of directors after the resolution of the board of directors or the shareholders' meeting concerning allotment of the Share Options without contribution. Therefore, please check the public announcement or the notice of the Company.

## **5. Application Start Time and Effective Term of the Plan**

The effective term of the Plan will expire upon the close of the annual shareholders' meeting concerning the final fiscal year, which ends within three (3) years after the Annual Shareholders' Meeting (or the close of the annual shareholders' meeting to be held in June 2017). The Company will resolve whether or not to continue (including continuing with any modification) the Plan at the annual shareholders' meeting every three (3) years.

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

If the institution, the modification or the abolishment of applicable laws causes a need to amend the substance, the clauses or the wording of the Plan, etc., the board of directors may resolve to properly amend the Plan, taking into consideration the purpose of such institution, modification or abolishment, unless such amendment does harm to the shareholders.

If the Plan is abolished or modified, the board of directors will publicly announce the fact of such abolishment or modification in a timely and proper manner, the substance of the abolishment or modification, or any other matter in accordance with applicable laws and the rules of the relevant financial instrument exchange.

## **6. Reasonableness of the Plan**

### **(1) The Plan Fully Satisfies the Principles of the Guidelines for Takeover Defense Measures**

The Plan fully satisfies the following three principles set forth under the "Guidelines Regarding Takeover Defenses for Securing and Enhancing Corporate Value and Shareholders' Common Interests" jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) the principle of the securing and enhancing corporate



value and shareholders' common interests; (ii) the principle of the prior disclosure and respect for the shareholders' opinions; and (iii) the principle of the securing of necessity and suitability. The Plan takes into account the "Takeover Defense Measures in Light of Recent Environmental Changes" publicly announced by the Corporate Value Study Group on June 30, 2008, as well as other recent arguments and discussions related to takeover defense measures. The Plan also conforms to the purposes of the rules and regulations related to the introduction of takeover defense measures defined by the Tokyo Stock Exchange.

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

As described in 1. above, the Plan will be introduced for the purpose of securing and enhancing the Company's corporate value and the shareholders' common interests, and the Plan enables the shareholders to determine whether they accept the proposal of the Large-scale Share Purchase or approve triggering countermeasures, for a certain period of consideration based on sufficient information necessary for shareholders to make an informed decision.

## **(3) Respect for the Company's Shareholders' Opinions**

The Company resolves to submit to the Annual Shareholders' Meeting proposal concerning the introduction of the Plan and to introduce the Plan on the condition that this proposal is approved.

If the board of directors determines, for the purpose of confirming the shareholders' opinions, that it is appropriate that the shareholders determine whether the Company triggers countermeasures to the Large-scale Share Purchase at the shareholders' meeting, the board of directors will hold the shareholders' meeting for that purpose. Thus, the Plan is designed to sufficiently reflect the shareholders' opinions with respect to triggering countermeasures.

In addition, if the shareholders' meeting or the board of directors resolves to abolish the Plan, the Plan will be abolished at the time of such resolution. Therefore, the Plan is designed to reflect the shareholders' opinions in this respect.

## **(4) Structure for Preventing the Board of Directors from Arbitrarily Determining Triggering Countermeasures**

As described in (3) above, although a so-called "independent committee" is not established under the Plan, if the Company intends to trigger countermeasures, in the case where the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, the Company, in principle, will hold a shareholders' meeting, and the shareholders will determine whether the Company will trigger countermeasures to the Large-scale Share Purchase.

As described in 2.(4) above, regardless of whether the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules or not, under the Plan, the board of directors can trigger countermeasures only if the board of directors unanimously resolves to trigger countermeasures at the board of directors meeting at which all of the directors are present.

Therefore, the Plan ensures a structure to prevent the board of directors from arbitrarily determining triggering any countermeasure.

Furthermore, as described in 2.(1) above, in order to eliminate any arbitrariness of the board of directors' decision-making and to secure the reasonableness in implementing the Plan, the Company has established the Guideline that prescribes procedures and other rules which the board of directors must comply with in implementing the Plan. By establishing the Guideline, the board of directors will be able to make even more objective decisions concerning the application of the Large-scale Share Purchase Rules, whether or not to trigger the countermeasures, and other decisions, and accordingly, the reasonableness of the implementation of the Plan will be sufficiently ensured. With respect to the summary of the Guideline, please see Schedule 3.

**(5) Establishment of Reasonable and Objective Conditions for Triggering Countermeasures**

As described in 2.(4) and (5) above, the Plan is established in such a way that countermeasures will not be triggered unless reasonable and objective conditions have been satisfied, and therefore, ensures a structure to prevent the board of directors from arbitrarily triggering any countermeasure.

**(6) No Dead-Hand or Slow Hand Takeover Defense Measures**

As described in 5 above, the Plan may be abolished at anytime by a resolution of the board of directors. Therefore, the Plan is not a "dead-hand" takeover defense measure (a takeover defense measure that cannot prevent triggering the countermeasures even after a majority of the members of the board of directors are replaced).

In addition, because the term of office of each Company director expires on the close of the annual shareholders' meeting concerning the final fiscal year which ends within one (1) year after such Company director was elected (see Article 21, Paragraph 1 of the Company's Articles of Incorporation), the Plan is not a "slow-hand" takeover defense measure (a takeover defense measure in which it takes more time to stop triggering countermeasures, due to the fact that the directors cannot be replaced all at once).

## The Status of the Major Shareholders of the Company

The status of the major shareholders of the Company as of March 31, 2014 is as set forth below:

Name of the Shareholder	Number of Shares (1,000)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (account in trust)	52,517	9.71
Nippon Life Insurance Company	29,046	5.37
Fukoku Mutual Life Insurance Company	27,600	5.10
Meiji Yasuda Life Insurance Company	26,726	4.94
Japan Trustee Services Bank, Ltd. (account in trust)	22,593	4.17
Mizuho Bank, Ltd.	18,211	3.36
The Master Trust Bank of Japan, Ltd. (Toyota Motor Corporation account)	10,709	1.98
Toyota Motor Corporation	10,000	1.84
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,675	1.60
NSK employee shareholding association	7,187	1.32

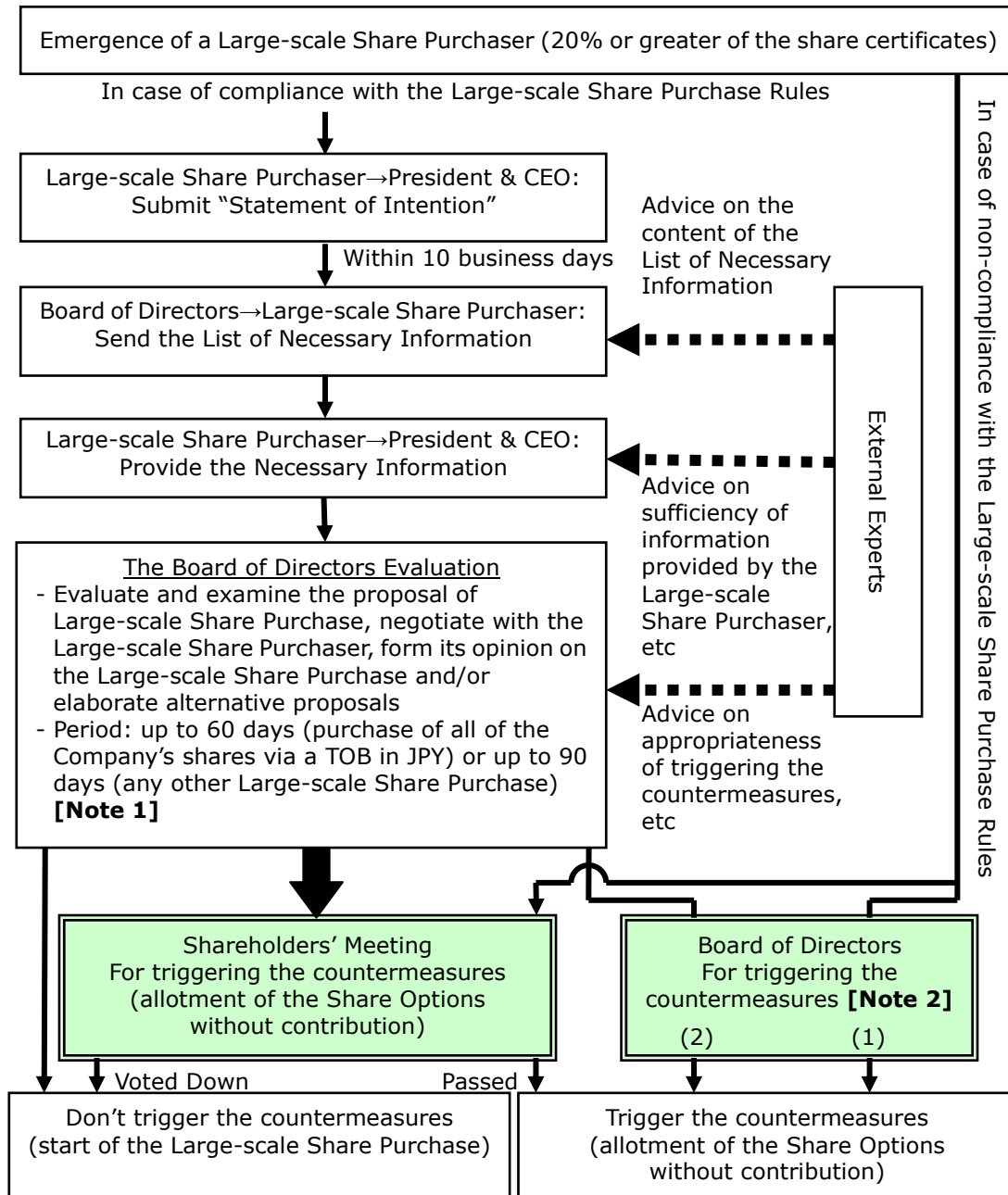
Note1 : Numbers of shares are rounded down to the thousand.

Note2 : In calculation of the shareholding ratio, the treasury shares of the Company (10,473,256 shares) are excluded from the total number of shares issued.

Reference(as of March 31, 2014)

Total Number of Authorized Shares	1,700,000,000 shares
Total Number of Issued Shares	551,268,104 shares
Number of Shareholders	18,833 persons

Flow Chart of the Procedures Related to the Plan



**[Note 1]** Provided, however, that the period may be extended up to an additional 30 days by unanimous resolution of the board of directors including the outside directors (provided that the extension may, as a general rule, be made only once.).

**[Note 2]** The board of directors may trigger the countermeasures in the following cases, provided, however, that the determination to trigger the countermeasures shall be made by unanimous resolution of the board of directors including the outside directors:

- (1) when the Large-scale Share Purchaser does not comply with the Large-scale Share Purchase Rules;
- (2) when the Large-scale Share Purchase falls under any of the categories set forth in III.2.(4)(A) and such Large-scale Share Purchase is reasonably considered to materially harm the Company's corporate value and shareholders' common interests.

Except for the cases of **[Note 1]** and **[Note 2]**, the resolution of the board of directors shall be made by a majority of the directors who are present at the meeting.

With respect to the procedures, etc. related to the implementation of this Plan, the Guideline has been established separately (see Schedule 3).

This flow chart is prepared merely for reference to explain the outline of the Plan. For more details, please see the body of the release.

## Summary of the Guidelines for Measures to Large-scale Share Purchase

**1. Purpose**

The purpose of the Guidelines is to prescribe procedures and other rules which the board of directors must comply with in implementing the Plan, and, as a result, to eliminate any arbitrariness in the board of directors' decision-making and to ensure reasonableness in implementing the Plan.

**2. Receipt of Statement of Intention, etc.**

Promptly upon receipt of a Statement of Intention, the board of directors will objectively and reasonably determine whether it sufficiently covers the matters that are required to be stated therein.

**3. Preparation of List of Necessary Information; Receipt of Information from Large-scale Share Purchaser**

- ① In preparing the List of Necessary Information, the board of directors will objectively and reasonably determine the items and scope of the Necessary Information according to the substance and manner of the Large-scale Share Purchase, and the attributes, etc. of the Large-scale Share Purchaser, in light of whether the relevant information is necessary and sufficient for: shareholders to determine whether to tender shares in response to the Large-scale Share Purchase; and the board of directors to evaluate and examine the proposal of the Large-scale Share Purchase, form an opinion thereon, discuss and negotiate with the Large-scale Share Purchaser, and elaborate alternative proposals in connection with the Large-scale Share Purchase.
- ② Upon receipt of information from a Large-scale Share Purchaser, the board of directors will objectively and reasonably determine whether such information suffices as the Necessary Information.

**4. Board of Directors' Evaluation Period**

The board of directors will designate the Board of Directors' Evaluation Period of up to sixty (60) days (in the case of a purchase of all of the Company shares via a tender offer that limits the purchase price to cash (Japanese Yen)) or up to ninety (90) days (in the case of any other Large-scale Share Purchase)(in each case excluding the first day) from the date immediately following the date on which it resolves that the provision of the Necessary Information has been completed, and to the extent of the number of days that it objectively and reasonably determines is necessary and sufficient for the board of directors to evaluate and examine the proposal of the Large-scale Share Purchase, form an opinion thereon, discuss and negotiate with the Large-scale Share Purchaser, and elaborate alternative proposals. Notwithstanding the foregoing, if the board of directors objectively and reasonably determines that it is unable to reach an opinion within the initially-designated Board of Directors' Evaluation Period due to any unavoidable circumstances, the board of directors will, to the extent objectively and reasonably required, resolve to extend the Board of Directors' Evaluation Period by up to an additional thirty (30) days (excluding the first day).

## **5. Triggering Countermeasures**

- (1) Procedures to be taken when the Large-scale Share Purchaser commences a Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules
  - ① If the board of directors objectively and reasonably determines that such Large-scale Share Purchase is likely to materially damage the Company's corporate value and shareholders' common interests, taking into account and examining the purposes, methods and other relevant factors of a Large-scale Share Purchase in a comprehensive manner, the board of directors will objectively and reasonably determine and resolve whether to hold a shareholders' meeting and to ask the shareholders to decide whether to trigger countermeasures to such Large-scale Share Purchase, by taking into account and examining the necessity, suitability and other factors regarding legality of the countermeasures in a comprehensive manner.
  - ② If the board of directors objectively and reasonably determines that such Large-scale Share Purchase falls under any of the types of abusive acquisition (as set forth in III.2.(4)A. (i) through (v) of the Plan) and that it materially damages the Company's corporate value and shareholders' common interests, taking into account and examining the purposes, methods and other relevant factors of a Large-scale Share Purchase in a comprehensive manner, the board of directors will objectively and reasonably determine and resolve whether to trigger countermeasures to such Large-scale Share Purchase pursuant to its resolution, by taking into account and examining the necessity, suitability and other factors regarding legality of the countermeasures in a comprehensive manner.
- (2) Procedures to be taken when the Large-scale Share Purchaser commences a Large-scale Share Purchase without complying with the Large-scale Share Purchase Rules
  - ① The board of directors will objectively and reasonably determine and resolve whether to trigger countermeasures to such Large-scale Share Purchase pursuant to its resolution, by taking into account and examining the gravity of non-compliance, the impact of the Large-scale Share Purchase on the Company's corporate value and shareholders' common interests, etc., the necessity, suitability and other factors regarding legality of the countermeasures in a comprehensive manner.
  - ② The board of directors will objectively and reasonably determine and resolve whether to hold a shareholders' meeting and to ask the shareholders to decide whether to trigger countermeasures to such Large-scale Share Purchase, by taking into account and examining the sufficiency of time to convene a shareholders' meeting; the impact of the Large-scale Share Purchase on the Company's corporate value and shareholders' common interests; and the necessity, suitability and other factors regarding legality of the countermeasures in a comprehensive manner.

## **6. Determination and Examination Process**

- ① Each director will commit himself or herself to use the duty of due care of a prudent manager and perform his or her duties in the procedures related to the Plan, from the viewpoint of securing and enhancing the Company's corporate value and shareholders' common interests.
- ② In making the determination and examination in the procedures related to the Plan, the board of directors will collect and inspect materials and other information that are required and sufficient for making such determination and examination, and use efforts to make determination on the basis of objective materials and other objective information obtained thereby.
- ③ The board of directors will obtain the advice of External Experts as necessary in the procedures related to the Plan, in addition to the case that the advice of External Experts is explicitly required in the Plan.

- ④ In making a resolution in connection with any procedures related to the Plan, the board of directors shall fully confirm in advance that there are no directors who have a special conflict of interest with respect to such resolution.



## Outline of the Share Options

**1. Shareholders Eligible for Allotment and the Conditions for Issuance of the Share Options**

The Share Options shall be allotted to shareholders entered or recorded in the Company's latest shareholder registry as of the date specified by the board of directors or the shareholders' meeting (the "Allotment Date") at a ratio of one (1) Share Option per one (1) Company share held (excluding shares of the Company currently held by itself at the time) without contribution.

**2. Class and Number of Shares Subject to the Share Options**

The class of shares subject to the Share Options is the Company's common stock. The upper limit of the total number of shares subject to the Share Options shall be the number of shares taking the total number of issued shares (excluding shares of the Company currently held by itself at the time) from the total number of issuable shares as of the Allotment Date. The number of shares subject to one (1) Share Option (the "Number of Subject Shares") shall be specified by the board of directors or the shareholders' meeting. Notwithstanding the foregoing, if the Company carries out a stock split or stock consolidation, the Number of Subject Shares shall be adjusted as necessary.

**3. Total Number of Allotted Share Options**

The total number of allotted Share Options shall be the number specified by the board of directors or the shareholders' meeting. The board of directors or the shareholders' meeting may allot the Share Options more than once.

**4. Value of Assets Contributed upon the Exercise of the Share Options (the amount of payment)**

The capital contribution to be made upon the exercise of a Share Option shall be cash, and the amount of the capital contribution (the amount of payment) shall be specified by the board of directors or the shareholders' meeting, which will be an amount of not less than one (1) yen.

**5. Restriction on the Transfer of the Share Options**

The transfer of the Share Options will be subject to the board of directors' approval.

**6. Conditions for the Exercise of the Share Options**

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

- (1) Specified large holder<sup>6</sup>;
- (2) Joint holder of the specified large holder;
- (3) Specified large-scale purchaser<sup>7</sup>;

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<sup>6</sup> The term "specified large holder" means a person who is a holder of share certificates, etc., of the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc., is twenty (20) % or more, or a person who is determined to be such a person by the board of directors. Notwithstanding the foregoing, the specified large holder shall not include (x) any person whose acquisition and holding of the share certificates, etc., of the Company is determined by the board of directors not to be in conflict with the Company's corporate value and shareholders' common shares; and (y) any other person as specified by the board of directors in the resolution of an allotment of share options without contribution.

<sup>7</sup> The term "specified large-scale purchaser" means (x) a person who makes a public announcement of a purchase of share certificates, etc., (as set forth in Article 27-2,

- (4) Persons in a special relationship with a specified large-scale purchaser;
  - (5) Person who acquires or succeeds to the Share Options from a person falling under any of items (1) through (4) above without the approval of the board of directors; or
  - (6) An affiliate<sup>8</sup> of any person falling under any of items (1) through (5) above.
- The details of the conditions for exercising the Share Options shall be specified by the board of directors or the shareholders' meeting

**7. The Condition of the Company's Acquisition of the Share Options**

As of the date to be specified by the board of directors, the Company can acquire the Share Options held by a person other than an Ineligible Person and deliver the Company's common shares equivalent to the Number of Subject Shares per one (1) Share Option to the person in exchange for the Share Options so acquired. The details of the conditions for the acquisition of the Share Options shall be specified by the board of directors or the shareholders' meeting.

**8. Exercise Period, etc. of the Share Options**

The exercise period and other necessary matters regarding the Share Options shall be determined by the board of directors or the shareholders' meeting.

(End.)

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Paragraph 1 of the Financial Instruments and Exchange Law; the same applies hereafter) of the Company through a tender offer and whose holding ratio of share certificates, etc., in respect of such share certificates, etc. after such purchase is twenty (20) % or more together with those of a persons in a special relationship with such person or (y) a person who is determined to be a specified large-scale purchaser by the board of directors. Notwithstanding the foregoing, the specified large-scale purchaser shall not include (a) any person whose acquisition and holding of the share certificates, etc., of the Company is determined by the board of directors not to be in conflict with the Company's corporate value and shareholders' common shares and (b) any other person as specified by the board of directors in the resolution of an allotment of share options without contribution.

<sup>8</sup> The term "affiliate" of any person means a person who substantially controls, is controlled by, or is under a common control with such person (including any person who is determined by the board of directors to be such person) or a person determined by the board of directors to act in concert with such person. The term "control" means to "control the determination of the financial and business policies" (as set forth in Article 3, Paragraph 3 of the Enforcement Regulations of the Companies Act) of another company or entity.