

[Translation]

April 23, 2008

To whom it may concern:

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Introduction of Response Measures to Large-scale Purchases of the Company's Shares (Takeover Defense)

The Company is pleased to announce the decision made at its board of directors' meeting held today, (i) to establish the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Policies (the meaning of which is the same as that stipulated in the first sentence of Article 127 of the Regulations for Enforcement of the Companies Act, the "Basic Policy") as described below in Part I, and (ii) to introduce response measures applicable to a purchase of the Company's shares exceeding a certain scale (the "Plan"), as an endeavor to prevent the Company's decisions over financial and business policies from being controlled by any inappropriate persons in light of the Basic Policy (as set forth in the Regulations for Enforcement of the Companies Act, Article 127, item (ii), sub-item *ro*), for the purpose of securing and enhancing the Company's corporate value and the common interests of its shareholders. The resolutions of the board of directors' meeting are subject to shareholder approval at the Company's annual shareholders' meeting planned to be held on June 25, 2008 (the "Annual Shareholders' Meeting") (for details, please refer to Part III, 6.(3)).

The resolutions of such board of directors' meeting were passed unanimously by all 12 directors including four (4) outside directors.

The Company group is based on relationships with various stakeholders such as the shareholders, investors, customers, domestic or overseas manufacturing and distributing companies, local communities, and employees, and these relationships are important 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 relationships with the stakeholders and other various factors and thus to appropriately decide whether to accept such proposals, in order to secure and enhance 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 the approval at the Annual Shareholders' Meeting.

The status of the major shareholders of the Company as of March 31, 2008 is as set forth in Schedule 1. Currently, the Company's 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. The Substance of the Basic Policy regarding Persons Controlling the Company's Decisions over Financial and Business Affairs

The Company group is based on 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 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 into 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 over financial and business policies should also ultimately be decided by the shareholders. The Company, therefore, believes that, in the case of a large-scale purchase of the Company's shares, the decision about 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 is started without necessary and sufficient information being disclosed and 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 make an alternative proposal. Some large-scale purchases of shares may harm the Company's corporate value and the common interests of its shareholders, such as the case where a purchaser does not intend to manage the Company reasonably or in good faith.

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

II. 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

In February 2006 the Company decided upon, and has since promoted, a three-year mid-term plan, whose last financial year was 2008, for the purpose of ensuring and enhancing its corporate value and the common interests of its shareholders. Under the plan, the Company set as a mid-term vision "to become the No. 1 company in the industry with respect to total quality," that is, the quality not only of its manufactured products, which is first step for any manufacturer, but in all the aspects of the business, including the various services. To achieve this vision, the Company has adopted growth strategies and profitability enhancement as the two major pillars of this vision, has been striving to achieve growth by putting an emphasis on profitability and has set out the following policies as priorities: (1) to reinforce manufacturing capability, (2) to reinforce product development capability, (3) to reinforce overseas profitability, and (4) to reinforce global management capability. The Company has been also aiming to strengthen itself without placing disproportionate weight on achieving greater scale.

The company understands that it is the Company group's social responsibility to contribute, through its business, to the reduction of energy-waste throughout the world, 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 living up to 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 directors (including two (2) outside directors) and are endeavoring to improve transparency and soundness.

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's 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 over 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 is started 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, which are described in Part I above, and the special endeavors contributing to the realization of the Basic Policy, which are described in 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, certain large-scale purchase of shares may 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 over financial and business affairs from being controlled by inappropriate persons in light of the Basic Policy described in 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's 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 is likely to harm the Company's corporate value or the common interests of the Company's shareholders from controlling the Company's decisions over 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 Paragraph (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 Paragraph (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 a countermeasure to such Large-scale Share Purchase, based on a resolution of the board of directors or the shareholders' meeting.

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

The Plan applies to (i) a purchase (including capital transaction, tender offer and any other transaction) of share certificates, etc.¹ of the Company whose purpose is to make the holding ratio of rights to vote² of the specific

¹ The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instrument 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.

² The term "holding ratio of rights to vote" refers to
(i) "holding ratio of share certificates, etc." as defined in Article 27-23, Paragraph 4 of the Financial Instrument and Exchange Act, if the specific shareholders' group comes under the meaning of (i) of the footnote 3 (in this case, the "number of the share certificates" (as defined in the same Paragraph) of joint holders of the holders will be considered for the purpose of this calculation.); the same applies hereinafter;
or
(ii) the total of "holding ratio of share certificates, etc." as defined in Article 27-2, Paragraph 8 of said Act(; the same applies hereinafter) of the Large-scale Share Purchaser and the party(/parties) having special relationship, if the specific shareholders' group comes under the meaning of (ii) of the footnote 3.
The same applies hereinafter.

shareholders' group³ 20% or 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 20% or greater, provided however that the Plan does not apply to a purchase which is consented 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.

The Statement of Intention shall address the following matters:

- (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;

For the purpose of calculating each holding ratio of share certificates, etc., the latest annual securities report, semiannual securities report and report on state of purchase of company's own shares certificates may be referred to with respect to the "total number of rights to vote" as defined in Article 27-2 of said Act, Paragraph 8 and the "total number of the issued stocks" as defined in Article 27-23, Paragraph 4 of said Act.

³ The term "specific shareholders' group" refers to
(i) (a) a "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instrument 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 "purchase" (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 "party(/parties) having special relationship" (as defined in Article 27-2, Paragraph 7 of said Act; the same applies hereinafter).
The same applies hereinafter.

(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 proposals for substantive matters, etc.,⁴ 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.

Upon submission of the Statement of Intention, a certified copy of commercial registration, a copy of articles of incorporation and other documents that prove the existence of the Large-scale Share Purchaser will be required to be attached to the Statement of Intention.

B. Provision of Necessary Information

After submitting the Statement of Intention described in Paragraph 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, 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 days⁵ from the receipt of the Statement of Intention described in paragraph A above, 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 provide.

If the board of directors resolves 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, from time to time, seeks advice, if 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 the Large-scale Share Purchaser to provide additional information. This would apply to the additional information provided by the Large-scale Share Purchaser.

⁴ The term "making proposals for substantive matters, etc." refers to "making proposals for substantive matters, etc." as defined in Article 27-26, Paragraph 1 of the Financial Instrument 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.

⁵ 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.

Irrespective of the substance or manner or any other factors of the Large-scale Share Purchase, the information described in each of the following items will be generally included in the list.

- (i) Outline of the Large-scale Share Purchaser and its group (including joint holders and parties having 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 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 concrete 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) Candidates of management of the Company and the Company group companies after the completion of the Large-scale Share Purchase (including information of experience of 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, contents of the plan.

The board of directors will disclose all or any part of (i) the fact that the proposal of the Large-scale Share Purchase has been made and (ii) the Necessary Information provided by the Large-scale Share Purchaser, pursuant to the relevant Laws and the rules of the financial instrument exchange, at the timing that the board of directors determines appropriate, if the board of directors determines that such disclosure is necessary for the shareholders to decide on the proposal.

C. The Board of Directors Evaluation Period, etc.

After receipt of the Necessary Information, 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's 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). 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, the board of directors can extend the Board of Directors Evaluation Period by up to an additional thirty (30) days 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) are present. If the Board of Directors Evaluation Period is extended, the Company will notify the Large-scale Share Purchaser of the reasons for the extension and the length of the additional period and will disclose the same information to the shareholders.

The Board of Directors Evaluation Period begins, after the board of directors has examined the information provided from the Large-scale Share Purchaser and has sought, if necessary, advice from the External Experts, on the day immediately after the day when the board of directors determines that the Necessary Information has been fully provided. Upon such determination, the board of directors will promptly disclose 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, from time to time, seek, if necessary, advice from the External Experts, will evaluate and examine sufficiently the Necessary Information provided by the Large-scale Share Purchaser, and will carefully 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 disclose such opinion. The board of directors will, if 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 not trigger countermeasures against 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 Necessary Information regarding such Large-scale Share Purchase 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 likely to materially harm 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 the

countermeasures should be triggered against such Large-scale Share Purchase. Also, as an exception of the foregoing, if such Large-scale Share Purchase falls under any of the following types and such Large-scale Share Purchase would materially harm the Company's corporate value and shareholders' common interests, the board of directors may trigger countermeasures.

- (i) The Large-scale Share Purchaser purchases the shares 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 shares 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 shares 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 shares 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 shares in a coercive process, such as a "two-step purchase," which means a purchase of shares, under which the purchaser sets unfavorable conditions, or does not set clear conditions for the second purchase of the remaining shares after the initial purchase, or which raises concern about the future liquidity of the shares by indicating the possibility of the delisting of the shares, 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 make a decision on (a) whether the Large-scale Share Purchaser commences the Large-scale Share Purchase in compliance with the Large-scale Share Purchase Rules, and (b) whether it will trigger countermeasures, drawing upon the opinion of the External Experts.

Notwithstanding the foregoing, if the board of directors determines, after considering various factors, 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 the countermeasures should be triggered, 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 the countermeasures should be triggered against the Large-scale Share Purchase. In making such determination, the board of directors will consider 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 other various factors such as the time for a shareholders' meeting.

Including the case as described in A. above, the board of directors shall decide to trigger countermeasures 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 or a natural disaster) 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 the countermeasures should be triggered (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 the countermeasures should be triggered against the Large-scale Share Purchase. The board of directors shall hold the shareholders' meeting within 60 days after the expiration of the Board of Directors' Evaluation Period, and present a proposal to the shareholders' meeting regarding triggering the countermeasures against such Large-scale Share Purchase, provided however that in the case where the meeting cannot be held within 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 adjournment of such shareholders' meeting. If the Large-scale Share Purchaser commences the Large-scale Share Purchase before the adjournment of the shareholders' meeting, the board of directors can cancel

the shareholders' meeting and trigger the countermeasures by a resolution of the board of directors' meeting alone.

Notwithstanding the foregoing, the board of directors can decide not to hold a shareholders' meeting if it decides 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 the countermeasures. In this case, the board of directors shall not trigger the countermeasures against the Large-scale Share Purchase.

(6) Substance of Countermeasures

Under the Plan, the Company will trigger an allotment of share options without contribution as a countermeasure. The outline of a share option (*shinkabu-yoyakuken*) of such allotment of share options without contribution (the "Share Options") is as set forth in Schedule 3.

(7) Discontinuance or Withdrawal of Triggered Countermeasures

Even in the case where the board of directors or the shareholders meeting has decided to trigger the countermeasure,

- (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 countermeasure 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 countermeasure.

Notwithstanding the foregoing, until two (2) business days prior to the day of ex-rights of the date (the "Allotment Date") when Share Options are allotted (three (3) business days prior to the Allotment Date (the "Ex-rights Day")), the allotment of 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 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 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 Share Options Are Allotted without Contribution

If the board of directors or the shareholders' meeting decides to trigger a countermeasure, and resolves to allot the Share Options without

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

Even in the case where the board of directors or the shareholders' meeting resolves to allot the Share Options without contribution, if the board of directors or the shareholders' meeting decides to discontinue or withdraw the countermeasure triggered in accordance with the procedures, etc. described in Paragraph 2.(7) above, please note that, because the economic value per Company's share held by shareholders will not be diluted, the investors who traded the Company's shares in the expectation of such dilution may suffer a loss due to a change in the share price.

(3) Effect upon Shareholders and Investors When the Share Options are Exercised by the Shareholders or Acquired by the Company after 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's 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's shares in accordance with the acquisition clause of the Share Options, in case such clause is stipulated by the Company).

Even in the case where the board of directors or the shareholders' meeting resolves to allot the Share Options without contribution, as described in Paragraph 2.(7), the Company may discontinue the allotment of the Share Options without contribution, for reasons such as the withdrawal of the Large-scale Share Purchase by the Large-scale Share Purchaser, until two (2) business days prior to the Ex-rights Day. However, the Company will not discontinue such allotment, or redeem the Share Options free-of-charge, on and after one (1) business day prior to the Ex-rights Day.

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

(1) Shareholder Name Change

If the board of directors or the shareholders' meeting resolves to allot the Share Options without contribution as a countermeasure, the Company will give public notice of an Allotment Date concerning such allotment of the Share Options without contribution. The Share Options will be allotted, without contribution, to shareholders stated or recorded in the Company's latest shareholder registry or substantial shareholder registry as of the Allotment Date. The shareholders who have not entered their name changes in the shareholder registry will be required to make such entries by the Allotment Date publicized. However, no procedures for entry of name changes are required for share certificates deposited with the Japan Securities Depository Center, Inc.

(2) 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 or substantial shareholder registry as of the Allotment Date will automatically receive the Share Options.

(3) Procedures of the Exercise of the Share Options

The Company shall send the form of exercise notice (which contains the acknowledgment of the fact that the shareholder is not an Ineligible Person (as defined in Schedule 3; 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 or substantial 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's shares of the number specified by the board of directors or the shareholders' meeting per Share Option.

(4) 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 held by the shareholders who are designated as targets of the acquisition, in accordance with a specified procedure, these target shareholders receive the Company's 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.

(5) Other Procedures

In addition to the foregoing, the details of the allotment procedure, the shareholder name change, the exercise and the acquisition will be disclosed or notified to shareholders after the resolution of the board of directors or the shareholders' meeting concerning allotment of the Share Options without contribution. Therefore, please check the disclosure or the notice of the Company.

5. Application Start Time and Effective Term of the Plan

The effective term of the Plan will expire on the adjournment of the annual shareholders' meeting concerning the final fiscal year, which ends within three (3) years after the Annual Shareholders' Meeting (or the adjournment of the annual shareholders' meeting to be held in June 2011). The Company will resolve whether or not to continue (including continuing with any modification) the Plan at the annual shareholders' meeting to be held 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 Company will timely and properly disclose the fact of such abolishment or modification, 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.

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

As described in Paragraph 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 a countermeasure, 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 board of directors resolves to submit to the Annual Shareholders' Meeting proposals concerning the introduction of the Plan (including a proposal to modify its articles of incorporation (see Schedule 4) and a proposal to introduce the Plan) and to introduce the Plan on the condition that all of these proposals are 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 a countermeasure 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 a countermeasure.

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 a countermeasure, 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 a countermeasure 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 decides to trigger countermeasures by unanimous resolution 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.

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

As described in Paragraphs 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 Paragraph 5 above, the Plan may be abolished at anytime if a majority of the members of the board of directors approve. 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 adjournment of the annual shareholders' meeting concerning the final fiscal year which ends within one (1) year after such Company director was elected (see Article 23, Paragraph 1 of the Company's articles of incorporation after revision), 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, 2008 is as set forth below:

Name of the Shareholder	Numbers of Share (1,000)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (account in trust)	45,697	8.29%
Fukoku Mutual Life Insurance Company	32,000	5.80%
Nippon Life Insurance Company	30,575	5.55%
Meiji Yasuda Life Insurance Company	25,726	4.67%
Japan Trustee Services Bank, Ltd. (account in trust)	22,588	4.10%
Mizuho Corporate Bank, Ltd.	21,511	3.90%
State Street Bank and Trust Company	17,903	3.25%
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust and Banking Co., Ltd. account in retrust and Toyota Motor Corporation account in employee pension trust)	10,709	1.94%
Toyota Motor Corporation	10,000	1.81%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,675	1.57%

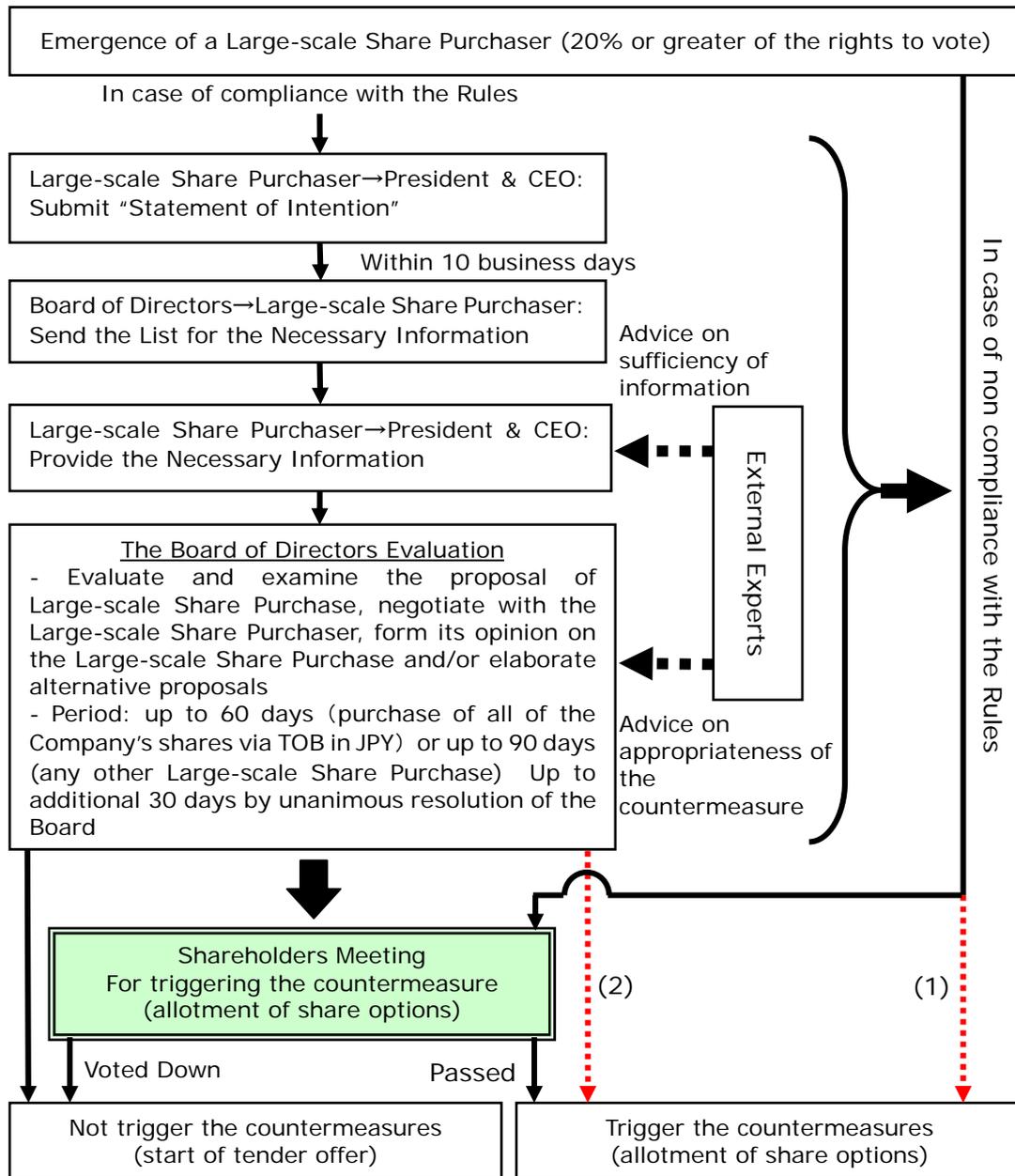
(Note) Any digits less than the unit in display have been rounded down to zero.

(Note) The treasury shares of the Company have been excluded (10,281,000 shares are stated or recorded in the shareholder registry).

Reference (as of March 31, 2008)

Total Number of Authorized Shares	987,244,000 shares
Total Number of Issued Shares	551,268,104 shares
Number of Shareholders	24,753 persons

Flow Chart of the Procedures Related to the Plan



[Note] The board of directors of the Company may trigger countermeasures in the following cases, provided however that the board shall decide to trigger countermeasures by unanimous resolution.
 (1) when the Large-scale Share Purchaser does not comply with the Rules
 (2) when the Large-scale Share Purchase falls under each of the categories set forth in III .2.(4)(A) and such Large-scale Share Purchase would materially harm the Company's corporate value and shareholders' common interests

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

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 stated or recorded in the Company's latest shareholder registry or substantial 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's 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 Share Options

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

6. Conditions for the Exercise of Share Options

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

- (1) Specified large holder⁶;
- (2) Joint holder⁷ of the specified large holder;

⁶ 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 20% or more, or a person who is determined to be such 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.

⁷ The term "joint holder" means a joint holder set forth in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law and includes a person who is deemed

- (3) Specified large-scale purchaser⁸;
 - (4) Person having a special relationship with a specified large-scale purchaser;
 - (5) Person who acquires or succeeds 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 affiliate⁹ of any person falling under any of items (1) through (5) above.
- The details of the conditions for exercising Share Options shall be specified by the board of directors or the shareholders' meeting

7. The Condition of the Company's Acquisition of 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 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. Redemption of Share Options free of charge in the Case of a Discontinuance, etc. of the Countermeasures

If the board of directors resolves to discontinue or withdraw the countermeasures implemented or as otherwise prescribed by the board of directors, the Company will be entitled to redeem all of the Share Options free of charge.

9. Exercise Period, etc. of 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.

as a joint holder pursuant to Paragraph 6 of said Article.

⁸ The term "specified large-scale purchaser" means (x) a person who makes a public announcement of purchase of share certificates, etc., (as set forth in Article 27-2, 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 20% or more together with those of a person having a special relationship with such person or (y) a person who is determined to be a specified large-scale purchaser by the board of directors. 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.

⁹ 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 other company or entity.

Proposal for Amendments to the Articles of Incorporation

The contents of the proposed amendments are as follows.

(Underlined portions indicate the amendments)

Before Amendment	After Amendment
[New Provision]	<u>(Decision-making organs of the Allotment of Share Options without Contribution)</u> Article 15 <u>The Company may determine the matters concerning the Allotment of Share Options without Contribution by resolution of the Board of Directors, by resolution of a Shareholders Meeting, or by resolution of the Board of Directors with delegated authority from resolution of a Shareholders Meeting.</u>
Article 15 (Omitted) ~ Article 35 (Omitted)	Article 16 ~ Article 36 (Re-enumerate the articles by one position down. The title and the content of each Article remain unchanged.)
[New Provision]	CHAPTER 7 <u>Takeover Defense (Response Measures to Large-scale Purchases of the Company's Shares)</u> <u>Article 37</u> <u>37.1 In addition to what is provided for in the Companies Act or in the Articles of Incorporation, a Shareholders Meeting can determine the introduction, amendment, continuation or abolishment of the Response Measures to Large-scale Purchases of the Company's Shares by its resolution.</u> <u>37.2 The Response Measures to Large-scale Purchases of the Company's Shares provided for in the preceding paragraph means "endeavors to prevent decisions concerning the Company's financial and business policies from being controlled by inappropriate persons in light of the basic policy".</u>

(End.)