

Renewal of Countermeasures to Large-scale Acquisition of Yokogawa Electric Shares (Takeover Defense Measures)

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As approved at the 131st ordinary general meeting of shareholders held on June 27, 2007, Yokogawa Electric Corporation (the “Company”) introduced countermeasures to the large-scale acquisition of Company shares (the “Former Plan”). As the Former Plan will expire at the conclusion of the 133rd ordinary general meeting of shareholders to be held on June 29, 2009 (the “133rd Shareholders Meeting”), we have considered its renewal based on a review of subsequent changes in circumstances and amendments to laws and ordinances. Accordingly, the Company announces that its board of directors resolved on April 28, 2009, to introduce once again the basic policy regarding the control of companies as provided in Item 3 of Article 118 of the Enforcement Regulations of the Companies Act and to partially revise and continue the Former Plan (the revised version is henceforth referred to as the “Plan”), subject to the approval of the shareholders at the 133rd Shareholders Meeting.

Major revisions to the Former Plan are as follows:

- (i) Revision of conditions for triggering takeover defense measures

Although the Company’s board of directors believes that stakeholders such as employees and business partners are essential to maintain and develop the Company’s corporate value, this may in certain cases be used by incumbent managers as a justification for measures that protect their own interests. Therefore, the Company has deleted the triggering requirement regarding “acquisitions that materially threaten to harm the corporate value of the Company and, in turn, the common interests of shareholders by destroying tangible and intangible management resources such as personnel networks with employees and business partners and global service networks.”

- (ii) Information Provision Period

In order to speed up the provision of information by a party conducting a large-scale acquisition of the Company’s shares, the Company has added text specifying that a deadline for the provision of information by the party may be set by the Independent Committee, and that this Information

Provision Period be up to 90 days (60 days as a general rule).

(iii) Stricter rules regarding the time period allowed for provision of information by the board of directors to the Independent Committee and the time period allowed for consideration of information by the Independent Committee

If the current management were allowed an excessively long period of time to provide information to the Independent Committee, and if the deliberations and decisions of the Independent Committee could be extended, this would not only disrupt the market but lead to a suspension of business activities. The Company, therefore, has set a maximum period of 60 days for the provision of information by the board of directors to the Independent Committee, and a maximum period of 60 days for the consideration of that information by the Independent Committee, and has determined not to permit any extension or deferral of a decision. Under the Plan, a decision on whether to trigger the takeover defense measures will be made no later than 120 days after information has been provided by the acquirer.

(iv) Increase in number of outside directors to strengthen corporate governance

In order to ensure the validity and objectivity of business decisions and to strengthen corporate governance, the Company intends to seek approval at the 133rd Shareholders Meeting of a proposal to appoint another outside director who is independent from the current management, bringing the total number of outside directors to three. In addition to increasing the number of outside directors on the board of directors, the Company intends to enhance the Independent Committee by appointing all three outside directors to it. (See Attachment 3 for the names and career summaries of the members of the Independent Committee.)

(v) Appointment of Independent Committee member with experience in investment business

The Company considers it beneficial for the Independent Committee to know the actual state of affairs of institutional investors and funds in order to make appropriate decisions. As such, it intends to appoint to the Independent Committee a new member who has experience in the investment business.

The renewal of the Plan was unanimously approved by the nine directors of the Company, including the two outside directors. All five of the Company's corporate auditors, including the three outside corporate auditors, approved the renewal on the condition that the Plan will be appropriately

implemented. As of the date of this announcement (April 28, 2009), the Company has not received any proposal for a large-scale acquisition of its shares. Major shareholders of the Company as of March 31, 2009, are listed in Attachment 4 entitled “Outline of the Company’s Shareholding.”

1. Basic Policy Regarding Control over the Company

The Yokogawa Group believes that any decision regarding a proposal that would involve a transfer of corporate control of a public, joint-stock company should be ultimately based on the intent of all shareholders. While acknowledging the fact that we are a public company and our shares are freely traded, the Group believes that a decision on whether to allow a party to carry out a large-scale acquisition of the Company’s shares should be ultimately left to its shareholders.

There are a number of situations where a large-scale takeover attempt would not contribute to the corporate value of the Company or the common interests of the shareholders, such as when (i) sufficient time and information are not provided for the Company or its shareholders to consider the proposal or an alternative proposal regarding the acquisition, (ii) the purpose of the share acquisition and the administrative policy to be followed after the acquisition are likely to harm the corporate value and the common interests of the Company’s shareholders, (iii) shareholders are effectively forced to sell their shares, and (iv) the acquisition terms are considered insufficient or inappropriate in light of the corporate value and the common interests of the Company’s shareholders.

The Company believes that any person attempting a large-scale acquisition in the above manner would be inappropriate for making decisions on the Company’s financial and business policies, and that it is necessary to establish a mechanism to deter such acquisitions.

2. Measures to Realize the Basic Policy Regarding Control over the Company

2.1 Corporate Philosophy and Long-term Corporate Strategy

The Yokogawa Group aims to contribute to industry and society based on a corporate philosophy that incorporates the following mission statements: “As a company, our goal is to contribute to society through broad-ranging activities in the areas of measurement, control, and information.” “Individually, we aim to combine good citizenship with the courage to innovate.” Based on this philosophy, the Yokogawa Group believes that its business mission is to steadfastly pursue its business activities based on a mid- to long-term perspective, and to maximize its corporate value. The Company therefore aims for sound and profitable management along the lines set out in its

VISION-21 & ACTION-21 long-term corporate strategy.

In fiscal year 2006 the Company designated fiscal year 2010 as its Second Milestone and embarked on growth activities. The Yokogawa Group aims for sound and profitable management and improvement of its corporate value by significantly improving business efficiency through truly consolidated management and by providing Customer Centric Solutions with Leading Edge Technology as One Global YOKOGAWA.

2.2 Strengthening of Corporate Governance

The fundamental mission for the management of the Yokogawa Group is to ensure sound and continuous development and to fulfill the social expectations of its stakeholders, especially shareholders. It strives to reinforce its corporate governance as an important means for realizing sound and profitable management.

The Company's board of directors aims for transparent and prompt decision making through discussions between directors with an intimate knowledge of the Yokogawa Group's businesses and highly independent outside directors. In addition, the Yokogawa Group strictly supervises and verifies the legality and efficiency of the directors' performance of their duties and the appropriateness of the decision making process, and seeks to improve its operations through audits conducted by the corporate auditors, including outside corporate auditors.

The Yokogawa Group enacted its the *Standards of Business Conduct for the Yokogawa Group*, which are a basic set of compliance guidelines, and the directors actively promote and observe corporate ethics. The Yokogawa Group has also established an internal control system to ensure the credibility of its financial reporting and the appropriateness of its decision making. This internal control system was established to ensure the proper and efficient operation of the Yokogawa Group.

Moreover, in order to encourage thorough compliance, a department conducts internal audits in accordance with an annual plan and reports material matters to the board of directors and the corporate auditors.

3. Purpose of Renewing the Plan

Based on the VISION-21 & ACTION-21 long-term corporate strategy, the Yokogawa Group aims for sound and profitable management and strives to enhance its corporate value. The Yokogawa Group faces an increasingly challenging business environment as the global economy and financial markets continue to drastically change and enterprises reduce investments in facilities. Management understands that, in order to continue the Company's development and enhance its corporate value in this environment, it is essential to review its business portfolio, improve its business structure, and increase operational efficiency, thereby reducing fixed costs and lowering the break-even point. With this understanding, the Company considers fiscal years 2009 and 2010 as a time for improving its business structure and strengthening corporate quality. The Company will respond to the rapid changes in the business environment by promptly and thoroughly implementing various measures to reduce fixed costs and review the business portfolio. To set the stage for fiscal year 2011 and beyond, it will strive to give its development activities a more profitable structure. In light of the basic policy regarding control of the Company, the Company management believes it requires a mechanism that will allow the Company to pursue its structural reforms by deterring any acquisitions by inappropriate acquirers in fiscal years 2009 and 2010.

4. Details of the Plan: A Plan for Countermeasures to the Large-scale Acquisition of the Company's Shares

4.1 Procedures for Renewal of the Plan

In light of the importance of the renewal of the Plan, the Company considered it appropriate to again broadly reflect the intent of the shareholders. Therefore, the Company requests shareholders to discuss and approve the renewal of the Plan at the 133rd Shareholders Meeting. Renewal of the Plan is subject to this proposal receiving a majority of the votes cast by the shareholders attending the 133rd Shareholders Meeting.

4.2 Plan Details

(A) Targeted acquisitions

The Plan targets any acquisition of the Company's shares or a similar action or proposal¹ that falls under (i) or (ii) below (the "Acquisition"). The Plan sets out procedures for conducting negotiations with the party effecting or proposing the Acquisition (the "Acquirer"). These would include presentations to the shareholders by the Company's board of directors on alternative schemes and counterproposals as well as requests for the Acquirer to provide information on itself and the Acquisition that would secure sufficient time to gather information and give the Acquisition full consideration. The Acquirer must comply with the Plan.

Targeted Acquisitions

- (i) An Acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)² of a holder (*hoyuusha*)³ amounting to 20% or more of the share certificates, etc. (*kabuken tou*)⁴ issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*)⁵ that would result in the ownership ratio of share

1 "Proposal" includes solicitation of a third party to respond to an Acquisition.

2 Defined in Article 27-23(4) of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

3 Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law (including persons considered by the Company's board of directors to fall under this provision). This definition is applied throughout this document.

4 Defined in Article 27-23(1) of the Financial Instruments and Exchange Law. The same is applied unless otherwise provided for in this document.

5 Defined in Article 27-2(6) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

certificates, etc. (*kabuken tou shoyuu wariai*)⁶ of share certificates, etc. (*kabuken tou*)⁷ relating to the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁸ totaling at least 20% of the share certificates, etc. issued by the Company.

(B) Request to the Acquirer for provision of information

With the exception of Acquisitions that have been determined by the Company's board of directors to be amicable Acquisitions, the Company will promptly send any Acquirer conducting an Acquisition described above in 4.2(A) a document that includes an undertaking written in Japanese and in the form prescribed by the Company to the effect that the Acquirer pledges upon the Acquisition to comply with the procedures established in the Plan (the "Acquisition Statement") and an inquiry about information prepared in the form prescribed by the Company and in Japanese that is necessary to review the details of the acquisition by the Acquirer as described in each item of the list below (the "Essential Information").

As a general rule, the Company requires the Acquirer to submit to the Company's board of directors the Acquisition Statement and the Essential Information no later than 10 business days after the Acquirer has received the materials sent by the Company before effecting the Acquisition. The Company's board of directors will promptly send the materials to the Independent Committee after receiving them.

If the Independent Committee evaluates that the Acquisition Statement and the Essential Information provided by the Acquirer are insufficient to review the details of the Acquisition, the Independent Committee may set a response deadline that is up to 60 days following the initial receipt of the Acquisition Statement (the "Information Provision Period"), and request by itself or through the Company's board of directors that the Acquirer provide additional Essential Information that is sufficient for the Independent Committee to review the materials. The Acquirer must comply with the request. On the date on which the Information Provision Period is to expire, if the Independent Committee still deems that the provided information is insufficient for reviewing the details of the acquisition, it may extend the Information Provision Period by up to 30 days.

6 Defined in Article 27-2(8) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

7 Defined in Article 27-2(1) of the Financial Instruments and Exchange Law. The same is applied in 4.2 (A)(ii).

8 Defined in Article 27-2(7) of the Financial Instruments and Exchange Law (including any party who is deemed to be a person having a special relationship by the Company's board of directors); provided, however, that those parties provided for in Article 3(2) of the Cabinet Ordinance concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from those parties set out in Article 27-2(7)(i) of the Financial Instruments and Exchange Law. The same is applied throughout this document.

In its requests for the Acquirer to provide information, the Independent Committee may choose to set a reply period each time.

Even if the Independent Committee deems the Acquisition Statement or the Essential Information to be insufficient for reviewing the details of the Acquisition, it will issue no further requests for the Acquirer to provide additional information after the Information Provision Period (including any extension) has expired.

If the Information Provision Period (and any extension) has not expired and the Independent Committee deems that the Acquisition Statement and the Essential Information provided by the Acquirer are sufficient for reviewing the details of the Acquisition, or if the Information Provision Period has expired, it will issue a notice informing the Acquirer that information provision has been completed (the “Completion Notice”). The Company will promptly notify its shareholders that the Completion Notice has been delivered to the Acquirer.

Essential Information

- (i) Details (including the name, capital composition, financial condition, operation results, details of any past violations of laws, and terms of any previous transactions by the Acquirer that are similar to the Acquisition) of the Acquirer and its group (including joint holders,⁹ persons with a special relationship, and persons having a special relationship with a person in relation to whom the Acquirer is a controlled corporation¹⁰).¹¹
- (ii) The purpose, method and terms of the Acquisition (including information regarding the amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be effected).
- (iii) The basis for the calculation of the price of the Acquisition (including the underlying

9 “Joint holder” means a joint holder as defined in Article 27-23(5) of the Financial Instruments and Exchange Law, including any party who is deemed to be a joint holder in accordance with Article 27-23(6) of the Financial Instruments and Exchange Law (including any party who is deemed to be a joint holder by the Company’s board of directors). The same is applied throughout this document.

10 Defined in Article 9(5) of Enforcement Regulations for the Financial Instruments and Exchange Law.

11 If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition [including the details of such synergies to be shared with other shareholders], and the calculation basis therefore).

- (iv) Financial support for the Acquisition (including the specific names, financing methods and the terms of any related transactions of providers of the funds for the Acquisition [including all indirect fund providers]).
 - (v) Post-Acquisition management policy, business plan, capital, dividend, and asset management policies for the Yokogawa Group.
 - (vi) Post-Acquisition policies dealing with the Company's shareholders, employees, business partners, clients, and other interested parties in the Company.
 - (vii) Specific measures to avoid conflicts of interest with other shareholders of the Company.
 - (viii) Any other information that the Company's board of directors or the Independent Committee considers reasonably necessary.
- (C) Independent Committee consideration after delivery of Completion Notice
- (i) Request to the Company's board of directors for provision of information

After delivering the Completion Notice, the Independent Committee sets an appropriate reply period (up to 60 days after the delivery of the Completion Notice to the Acquirer) and requests that the Company's board of directors present an opinion on the Acquirer's terms and supporting materials for the opinion, an alternative proposal, and any other information and materials that the Independent Committee considers suitably necessary, in order to compare the details of the Acquisition Statement and the Essential Information to the business plan of the Company's board of directors and the company valuation conducted by the Company's board of directors for the purposes of ensuring and enhancing the Company's corporate value and the common interests of its shareholders.

(ii) Independent Committee consideration of Acquisition terms

Upon receiving the information from the Acquirer and the Company's board of directors, the Independent Committee will consider the Acquirer's Acquisition terms, collect information on the business plans and other information and materials of the Acquirer and the Company's board of directors, compare them, and consider any alternative proposal presented by the Company's board of directors for a maximum period of 60 days from such receipt (the "Independent Committee Consideration Period").

In order to ensure that the Independent Committee's decision enhances the Company's corporate value and the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants or any other experts).

(iii) Disclosure of information

At a time the Independent Committee considers appropriate, the Company will disclose to shareholders that an Acquirer has emerged, the Acquirer has submitted an Acquisition Statement, the Independent Committee Consideration Period has commenced, the Company's board of directors has presented an alternative proposal to the Independent Committee, or any other details from the Essential Information or other information that is considered appropriate by the Independent Committee.

(D) Independent Committee methods for judgment

If an Acquirer emerges, the Independent Committee will take the following steps to make a recommendation to the Company's board of directors.

(i) The Independent Committee recommends triggering the Plan

If the Independent Committee determines that the Acquisition by the Acquirer meets the requirement set out in (a) below (requirements are collectively referred to as "Triggering Requirements"), or as a result of the consideration of the Acquisition terms, the Acquisition by the Acquirer meets any of the Triggering Requirements (b) through (d) and that the implementation of the gratis allotment of stock acquisition rights (the fundamental details of which are described in 4.3 "Outline of the Gratis Allotment of Stock Acquisition Rights" and referred to as "Stock Acquisition Rights") in accordance

with the Plan is reasonable, the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors.

Even if the Acquisition by the Acquirer meets any of the Triggering Requirements (b) through (d) and the implementation of the gratis allotment of stock acquisition rights in accordance with the Plan is reasonable, if the Independent Committee deems it reasonable to obtain approval at a shareholders meeting, it may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at the shareholders meeting in advance.¹²

Moreover, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events below applies, it may make a new recommendation by the Exercise Period Commencement Date (defined below in (F) of 4.3) that (before the gratis allotment has taken effect) the Company should suspend the gratis allotment of Stock Acquisition Rights or that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights for no compensation.

- (1) The Acquirer withdraws the Acquisition or otherwise the Acquisition is terminated after the recommendation.
- (2) There is a change in the facts or circumstances upon which the recommendation decision was made, and the Acquisition by the Acquirer does not meet any of the Triggering Requirements set out below, or it is not reasonable to implement the gratis allotment or allow for shareholders to exercise the Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the Triggering Requirements below.

Triggering Requirements

- (a) An Acquisition does not comply with procedures described in the Plan.
- (b) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions such as those described below:
 - i. A buyout of share certificates, etc. that requires such share certificates, etc. to be

¹² Although the Company did not assert in the Former Plan that approval at a general meeting of shareholders may be required in order to trigger the takeover defense measures, the Company has determined to expressly state that if the Independent Committee deems it reasonable to obtain approval at a general meeting of shareholders with regard to the gratis allotment of Stock Acquisition Rights under the Plan, the Company may seek approval at the general meeting of shareholders taking into consideration the Takeover Defense Measures in Light of Recent Environmental Changes released on June 30, 2008 by the Corporate Value Study Group established under the Ministry of Economy, Trade and Industry, stating that it is necessary to know the shareholders' intent when the Company makes a substantial judgment whether the acquisition proposal will harm the common interests of shareholders.

- compulsorily acquired by the Company at an inflated price.
- ii. Management that advantages the interests of the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - iii. Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
 - iv. Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price by taking advantage of the opportunity afforded by the sudden rise in share price created by the temporarily high dividends.
- (c) Certain acquisitions that threaten to have the effect of coercing shareholders into selling share certificates, etc. such as coercive two-tiered tender offers (acquisitions of share certificates, etc. including tender offers that do not offer to acquire all share certificates, etc. in the initial acquisition, and set unfavorable or unclear acquisition terms for the second stage).
- (d) Acquisitions whose terms (including the amount and type of compensation, the legality of the Acquisition schedule and method, the probability of the Acquisition being effected, management policy and business plan) are inadequate or inappropriate in light of the Company's corporate value in the mid- to long-term.
- (ii) The Independent Committee recommends non-triggering of the Plan

If as a result of its consideration of the terms of the Acquirer's Acquisition, the Independent Committee determines that the Acquisition by the Acquirer does not meet any of the Triggering Requirements set out in 4.2(D)(i), or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Acquisition by the Acquirer does meet one of the Triggering Requirements, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors.

However, if there is a change in the facts, circumstances or otherwise upon which a recommendation decision was made and the requirements set out in the first paragraph of (i) are subsequently satisfied, the Independent Committee may make a separate decision including a recommendation to implement the gratis allotment of Stock Acquisition Rights, and advise the Company's board of directors.

(iii) Information Disclosure

If the Independent Committee passes a resolution set out in (i) and (ii) above, or in any other case the Independent Committee considers appropriate, the Company will promptly disclose information on the outline of the resolution and from time to time other matters that the Independent Committee considers appropriate.

(E) Resolutions of the board of directors

The Company's board of directors, in exercising their role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights, giving maximum consideration to any recommendation of the Independent Committee described above.

If the Independent Committee recommends the implementation of a gratis allotment of Stock Acquisition Rights subject to prior approval at a general meeting of shareholders, the Company's board of directors will convene the shareholders meeting as soon as practicable, unless it is practically difficult to do so, and propose the implementation of a gratis allotment of Stock Acquisition Rights. In accordance with a resolution at the shareholders meeting, the Company's board of directors will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights.

The Acquirer shall not implement an Acquisition until the Company's board of directors passes a resolution for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights. (If the shareholders meeting is held as described above, an Acquisition must not be implemented until the Company's board of directors resolves implementation or non-implementation of gratis allotment of Stock Acquisition Rights at its meeting held after the shareholders meeting resolves to implement or not to implement the gratis allotment of Stock Acquisition Rights.)

After the resolution regarding the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly disclose the summary of the resolution and other information that the Company's board of directors deems appropriate.

The Company's board of directors may negotiate with the Acquirer if necessary. Even after the implementation of the gratis allotment of Stock Acquisition Rights is resolved, the Company's board of directors may (before the gratis allotment has taken effect) suspend the gratis allotment of Stock

Acquisition Rights or (after the gratis allotment has taken effect) acquire the Stock Acquisition Rights for no consideration until the Exercise Period Commencement Date (defined in 4.3(f) below) in case of either (1) or (2) of 4.2(D) above.

4.3 Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights to be implemented under the Plan is described below. Please refer to Attachment 1 “Terms and Conditions of the Gratis Allotment of Stock Acquisition Rights” for details on the gratis allotment of Stock Acquisition Rights.

(a) Number of Stock Acquisition Rights

The number of the Stock Acquisition Rights granted will be equal to the final and total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is determined by the Company’s board of directors in a resolution relating to the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”).

(b) Shareholders eligible for allotment

The Company will implement gratis allotment of the Stock Acquisition Rights to shareholders other than the Company who are recorded in the Company’s final register of shareholders (the “Applicable Shareholders”) on the Allotment Date, at a ratio of one Stock Acquisition Right for each share held.

(c) Effective date of gratis allotment of Stock Acquisition Rights

The Company’s board of directors will determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.

(d) Number of shares to be acquired upon exercise of Stock Acquisition Rights

One share will be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”).

(e) Amount of assets to be contributed upon exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights will be in cash, and the amount per share of assets to be contributed upon exercise of the Stock Acquisition Rights will be an amount determined by the Company's board of directors in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum the amount equivalent to 50% of the fair market value for one share of the Company. The "fair market value" is equivalent to the average daily closing price for regular transactions in the Company's common stock conducted on the Tokyo Stock Exchange for the 90 days (excluding any day on which no trade occurred) immediately prior to the date of the Gratis Allotment Resolution. Any fraction of a yen will be rounded up to the nearest whole yen.

(f) Exercise period of Stock Acquisition Rights

The exercise period for Stock Acquisition Rights will commence on the effective date of the gratis allotment of Stock Acquisition Rights (or the date separately determined by the Company's board of directors in the Gratis Allotment Resolution as an alternative to that date) (the commencement date of this exercise period will be referred to as the "Exercise Period Commencement Date"), and the period will be a period of one to three months as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of Paragraph (i) below, the exercise period for the Stock Acquisition Rights will be up to and including the day immediately prior to that acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place of the cash payable upon exercise, the final day will be the preceding business day.

(g) Conditions for the exercise of Stock Acquisition Rights

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below will collectively be referred to as "Non-qualified Parties"):

(I) Specified Large Holders;¹³

(II) Joint Holders of Specified Large Holders;

(III) Specific Large Acquirers;¹⁴

¹³ "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed to be a specified large holder by the Company's board of directors); provided, however, that a party that the Company's board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or a certain other party that the board of directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this document.

¹⁴ "Specified Large Acquirer" means, in principle, a person who makes a public announcement of acquisition, etc.,

- (IV) Persons having a Special Relationship with Specific Large Acquirers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any person falling under (I) through (IV) without the approval of the Company's board of directors; or
- (VI) Any Affiliated Party¹⁵ of any person falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition of Stock Acquisition Rights by the Company in exchange for shares of the Company as set out in ii of Paragraph (i) below on the condition that those foreign laws and ordinances are followed). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights. Please refer to Attachment 1 "Terms and Conditions of the Gratis Allotment of Stock Acquisition Rights" for details of these conditions.

(h) Restricted Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's board of directors.

(i) Acquisition of Stock Acquisition Rights by the Company

- i. At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company

(as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 14) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 14) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such acquisition, etc., (including similar ownership as prescribed in Article 7(1) of the Enforcement Regulations of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a Person having a Special Relationship (including any party who is deemed to be a specified large acquirer by the Company's board of directors); provided, however, that a party that the Company's board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or a certain other party that the Company's board of directors determines in the Gratis Allotment Resolution is not a Specified Large Acquirer. The same is applied throughout this document.

¹⁵ An "Affiliated Party" of a given party means a party who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to be an affiliated party by the Company's board of directors), or a party deemed by the Company's board of directors to act in concert with such given party. "Control" means a situation where one company "controls the determination of the financial and business policies" of another company or the like (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act).

may, on a day determined separately by the Company's board of directors, acquire all of the Stock Acquisition Rights for no compensation.

- ii. On a day determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to the date determined by the Company's board of directors, that are held by parties other than Non-qualified Parties and, in exchange, deliver one share in the Company for each Stock Acquisition Right.

Further, if, after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-qualified Parties, the Company may, on a day determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's board of directors and, in exchange, deliver one share in the Company for each Stock Acquisition Right. The same will apply thereafter.

4.4 Effective Period of the Plan

The Plan takes legal effect once the shareholders approve its proposed renewal at the 133rd Shareholders Meeting. The Plan will remain in effect until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending March 2011 (the "Effective Period").

4.5 Abolition and Amendment of the Plan

If, during the Effective Period, (a) a general meeting of shareholders of the Company passes a resolution recommending that the board of directors abolish decisions on matters relating to the gratis allotment of Stock Acquisition Rights under the Plan, or (b) a meeting of the Company's board of directors comprised of directors appointed at a general meeting of shareholders passes a resolution to abolish the Plan by its own judgment, the Plan will be abolished at that time. Therefore, the Plan may be abolished in accordance with the shareholders' intent.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period of the Plan to the extent deemed reasonably necessary following amendments to the Companies Act, Financial Instruments and Exchange Law, and other laws and ordinances or stock

exchange rules, or changes in the interpretation or application of those laws, or amendments to taxation or judicial precedents.

If the Plan is abolished or amended, the Company will promptly disclose facts including the facts of such abolition or amendment taking place, and (in the event of an amendment) the details of the amendment.

5. Rationale of the Plan

5.1 Fully Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

5.2 Respecting Shareholders' Intent (Sunset Clause)

As mentioned in 4.1 "Procedures for Renewal of the Plan," the Plan will take effect when it is approved by the shareholders at the 133rd Shareholders Meeting, for which the Effective Period will be the period of two years until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending March 2011, as mentioned in 4.4 "Effective Period of the Plan." In addition, as the term of office for directors is one year, if a resolution to abolish the Plan is made at the Company's general shareholders' meeting, the Plan will be abolished before the expiration of its term, as mentioned in 4.5 "Abolition and Amendment of the Plan." In this regard, the continuance of the Plan depends on the intent of the Company's shareholders.

5.3 Disclosure of Information and Emphasis on the Decisions of Independent Parties

The Company has established the Independent Committee as an organization that will eliminate arbitrary decisions by the directors, and objectively carry out substantive decisions in the interests of the shareholders in the event of the triggering, abolition, or other operation of the Plan. The members of the Independent Committee will be appointed from the Company's outside directors, outside corporate auditors, and outside experts.

If an Acquisition of shares in the Company were to actually occur, this Independent Committee

would, as set out above in 4.2 “Plan Details” and in accordance with the Rules of the Independent Committee under the Plan, make recommendations to the board of directors as to whether or not the Acquisition would have a detrimental effect on the corporate value of the Company and the common interests of shareholders. The Company’s board of directors would then, by giving maximum consideration to those determinations, pass a resolution regarding implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an institution pursuant to the Companies Act of Japan. Please refer to Attachment 2 “Outline of the Rules of the Independent Committee.”

In this way, the Independent Committee will strictly monitor any arbitrary triggering of the Plan by directors and disclose outlines of its decisions to the shareholders, and will ensure a structure under which the Plan is only operated in a transparent way in order to contribute to the corporate value of the Company and the common interests of its shareholders.

5.4 Establishment of Reasonable, Objective Requirements

As set out above in 4.2(D) “Independent Committee methods for judgment,” the Plan is established so that it will not be triggered unless reasonable, objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company’s board of directors.

5.5 Obtaining the Advice of Third-party Experts

As mentioned above in 4.2(C) “Independent Committee consideration after delivery of Completion Notice,” if an Acquirer emerges, the Independent Committee may obtain advice from independent third parties (including financial advisors, certified public accountants, lawyers, consultants and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

5.6 No Dead-hand or Slow-hand Takeover Defense Measures

As stated in 4.5 “Abolition and Amendment of the Plan,” the Plan is designed in a way so that it may be abolished at any time at a meeting of the board of directors comprised of persons appointed at a general meeting of shareholders of the Company. The Plan may also be abolished by the board of directors comprised of directors appointed under a new shareholder composition.

Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in

which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Company's directors is one year and the Company has not adopted a staggered board, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the directors cannot be replaced all at once).

6. Impact on Shareholders and Other Investors

6.1. Impact on Shareholders and Investors at the Time of Renewing the Plan

At the time of renewing the Plan, there will be no direct or material impact on the rights and interests of shareholders and investors because no actual gratis allotment of Stock Acquisition Rights will be implemented.

6.2. Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

The Company's board of directors will allot Stock Acquisition Rights to shareholders on record on the date specified in the Gratis Allotment Resolution, at a ratio of one Stock Acquisition Right for one share at no cost. If a shareholder does not carry out procedures on execution of the Stock Acquisition Rights including payment in full as described in detail in the following (b) of 6.4 during the exercise period, its own holding of Company shares will be diluted by execution of Stock Acquisition Rights held by other shareholders.

However, the possibility exists that the Company will, in accordance with a decision of the Company's board of directors, acquire the Stock Acquisition Rights of all shareholders other than Non-qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) of 6.4 below. If the Company carries out such acquisition procedures, all shareholders other than Non-qualified Parties will come to receive shares in the Company without being required to exercise their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and no economic dilution of the aggregate shares in the Company they hold will result.

6.3. Impact of Canceling the Gratis Allotment of Stock Acquisition Rights

After it is decided which shareholders are to receive a gratis allotment of Stock Acquisition Rights, even if the Company cancels the gratis allotment or acquires without compensation those Stock Acquisition Rights that had been allotted at no cost, no dilution of stock value will occur, and investors who made transactions on the assumption of dilution may suffer losses due to fluctuation in the stock price.

6.4. Necessary Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights

(a) Necessary procedures on Allotment Date

If the Company's board of directors resolves to implement a gratis allotment of Stock Acquisition Rights, the Company will first make public notice of the Allotment Date for the gratis allotment of Stock Acquisition Rights. The Company will make a gratis allotment of Stock Acquisition Rights to the Applicable Shareholders. Furthermore, all Applicable Shareholders will become holders of Stock Acquisition Rights as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights. The Applicable Shareholders are not required to carry out any procedures such as submitting an application.

(b) Procedures for Exercising Stock Acquisition Rights

On the Allotment Date, the Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights in the form prescribed by the Company and other documents necessary for the exercise of the Stock Acquisition Rights to the Applicable Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per each Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and, as a general rule, by paying to the place handling such payments the exercise price determined by the Company's board of directors in the Gratis Allotment Resolution, which will be an amount within the range of one yen and 50% of the fair market value of one share in the Company per each Stock Acquisition Right.

(c) Procedures for the Acquisition of Stock Acquisition Rights by the Company

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures on the day determined by the Company's board of directors. The Company shall promptly deliver shares in the Company to shareholders in exchange for Stock Acquisition Rights. Furthermore, in this case, the shareholders concerned will be separately requested to submit, in the form prescribed by the Company, a written undertaking including representations and warranties regarding matters such as the fact that they are not Non-qualified Parties, indemnity clauses, and other pledges.

--- End ---

Attachment 1

Terms and Conditions of the Gratis Allotment of Stock Acquisition Rights

I. Determination on Gratis Allotment of Stock Acquisition Rights

1. Terms and number of Stock Acquisition Rights

The terms of the stock acquisition rights that the Company will allot to shareholders (“the “Stock Acquisition Rights”) are set out in Section II below, and the number of Stock Acquisition Rights will be equivalent to the final total of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a date to be determined by the Company’s board of directors (the “Allotment Date”) in a resolution on the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”).

2. Shareholders eligible for allotment

The Company will implement a gratis allotment of Stock Acquisition Rights to shareholders who are recorded in the Company’s final register of shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for each share that is held in the Company (excluding shares in the Company held by the Company at that time).

3. Effective date of gratis allotment of Stock Acquisition Rights

The Company’s board of directors will determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.

II. Terms of Stock Acquisition Rights

1. Number of shares to be acquired upon exercise of Stock Acquisition Rights

One share in the Company will be acquired per each Stock Acquisition Right (the “Applicable Number of Shares”).

2. Amount of assets to be contributed upon exercise of Stock Acquisition Rights

(1) Contributions upon exercise of the Stock Acquisition Rights will be in cash, and the amount to be contributed upon exercise of the Stock Acquisition Rights will be an amount equal to the Exercise Price (as defined in (2) below) multiplied by the Applicable Number of Shares.

(2) The amount of assets per Company share to be contributed upon exercise of the

Stock Acquisition Rights (the “Exercise Price”) will be determined by the Company’s board of directors in the Gratis Allotment Resolution, and will be within the range of a minimum of one yen and a maximum of 50% of the fair market value for one share of the Company. The “fair market value” is equivalent to the average daily closing price for regular transactions in the Company’s common stock that are conducted on the Tokyo Stock Exchange for the 90 days (excluding any day on which no trade occurred) immediately prior to the date of the Gratis Allotment Resolution. Any fraction of a yen will be rounded up to the nearest whole yen.

3. Exercise period of Stock Acquisition Rights

The commencement date will be the effective date of the gratis allotment of Stock Acquisition Rights (or another date as the Company’s board of directors may determine), and the period will be a period of one to three months long as determined by the Company’s board of directors in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights in accordance with the provisions of Item 7 below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to that acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will become the preceding business day.

4. Conditions for the exercise of Stock Acquisition Rights

(1) The following parties may not exercise the Stock Acquisition Rights:

- (i) Specified Large Holders;
- (ii) Joint Holders of Specified Large Holders;
- (iii) Specific Large Acquirers;
- (iv) Persons having a Special Relationship with Specific Large Acquirers;
- (v) Any transferee of or successor to the Stock Acquisition Rights of any party set out in (i) through (iv) without the approval of the Company’s board of directors; or
- (vi) Any Affiliated Party of any party falling under (i) through (v).

The terms used above have the following meanings:

- (a) “Specified Large Holder” means a party who is a holder (including any person who is described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law) of share certificates, etc. (as defined in Article 27-23(1) of the Financial Instruments and Exchange Law; the same applies hereinafter unless otherwise provided for) issued by the Company and whose holding ratio of share certificates, etc. (as defined in Article 27-23(4) of the Financial Instruments and Exchange Law) in respect of such share certificates, etc. is at least 20% (including any party who is deemed to be a specified large holder by the Company’s board of directors); provided, however, that the party is recognized by the Company’s board of directors as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders, or is a certain other party that the board of directors determines in the Gratis Allotment Resolution is not a Specified Large Holder, it shall not be regarded as a Specified Large Holder.

- (b) “Joint Holder” means a joint holder as defined in Article 27-23(5) of the Financial Instruments and Exchange Law, including any party who is deemed to be a joint holder in accordance with Article 27-23(6) of the Financial Instruments and Exchange Law (including any party who is deemed to be a joint holder by the Company’s board of directors).

- (c) “Specific Large Acquirer” means a person who makes a public announcement of acquisition, etc. (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same applies hereinafter) of share certificates, etc. (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same applies throughout this paragraph (c)) issued by the Company through a tender offer (as defined in Article 27-2(6) of the Financial Instruments and Exchange Law) and whose ratio of ownership of share certificates, etc. (as defined in Article 27-2(8) of the Financial Instruments and Exchange Law; the same applies hereinafter) in respect of such share certificates, etc. owned by such person after such acquisition, etc. (including similar ownership as prescribed in Article 7(1) of the Enforcement Regulations of the Financial Instruments and Exchange Law) is at least 20% when

combined with the ratio of ownership of share certificates, etc. of a Person having a Special Relationship (including any party who is deemed to be a specified large acquirer by the Company's board of directors); provided, however, that the party is recognized by the Company's board of directors as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders, or is a certain other party that the Company's board of directors determines in the Gratis Allotment Resolution is not a Specific Large Acquirer, it shall not be regarded as a Specific Large Acquirer.

(d) "Person having a Special Relationship" is defined in Article 27-2(7) of the Financial Instruments and Exchange Law (including any party who is deemed to be a person having a special relationship by the Company's board of directors); provided, however, that those parties provided for in Article 3(2) of the Cabinet Ordinance concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from those parties set out in Article 27-2(7)(i) of the Financial Instruments and Exchange Law.

(e) An "Affiliated Party" of any given party means a party who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to be an affiliated party by the Company's board of directors), or a party deemed by the Company's board of directors to act in concert with such given party. "Control" means a situation where one company "controls determinations of financial and business policies" of another company or the like (defined in Article 3 of the Enforcement Regulations of the Companies Act).

(2) Notwithstanding (1) above, parties that fall under (a) through (d) below are not Specified Large Holders or Specific Large Acquirers:

(a) the Company, its subsidiaries (as defined in Article 8(3) of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.) or its affiliates (as defined in Article 8(5) of the Regulations concerning Terminology, Forms and Method of

Preparation of Financial Statements, etc.);

- (b) a party that the Company's board of directors recognizes as a party that fell under the category of Specified Large Holder set forth in (1)(i) above with no intention to control the Company, but ceased to fall under the category of Specified Large Holder set forth in (1)(i) above due to a disposal of the share certificates, etc. of the Company within 10 days after falling under the category of Specified Large Holder set forth in (1)(i) above (provided, however, that the 10 day period can be extended by the Company's board of directors);
 - (c) a party that the Company's board of directors recognizes as a party that involuntarily fell under the category of Specified Large Holder set forth in (1)(i) above by the Company acquiring treasury stock or for any other reason (excluding cases where the party thereafter newly acquires Company share certificates, etc. at its own discretion); or
 - (d) a party that the Company's board of directors recognizes as a party whose acquisition and holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders. (The Company's board of directors may determine that acquisition and holding of share certificates, etc., of the Company by a party determined by the Company's board of directors as falling under parties set forth in (1)(i) through (vi) above is not contrary to the Company's corporate value or the common interests of shareholders, and if the Company's board of directors determines that an acquisition and holding is not contrary to the Company's corporate value or common interests of shareholders under certain conditions, such recognition is effective to the extent that these conditions are satisfied.)
- (3) Under the applicable foreign laws and ordinances, if a party located under the jurisdiction of such laws and ordinances is required for the purposes of exercising the Stock Acquisition Rights to (i) perform certain procedures, (ii) satisfy certain conditions (including prohibition of exercise for a certain period of time or submission of specified documents), or (iii) both perform such procedures and satisfy such conditions (collectively, the "Governing Law

Exercise Procedures and Conditions”), such party may exercise the Stock Acquisition Rights only if the Company’s board of directors recognizes that it fully performs or satisfies the Governing Law Exercise Procedures and Conditions, and such party may not exercise the Stock Acquisition Rights if the Company’s board of directors does not recognize that it satisfies the Governing Law Exercise Procedures and Conditions. However, the Company bears no obligation to implement or satisfy any Governing Law Exercise Procedures and Conditions which are required in order for the party under such jurisdiction to exercise the Stock Acquisition Rights. In addition, if a party located under such jurisdiction is not permitted to exercise the Stock Acquisition Rights under such laws and ordinances of such jurisdiction (“Exercise Prohibition under Governing Law”), such person who is located in such jurisdiction may not exercise the Stock Acquisition Rights.

- (4) Notwithstanding (3) above, a party located in the United States may exercise the Stock Acquisition Rights only if it (i) represents and warrants that it is an accredited investor as defined in Rule 501(a) of the U.S. Securities Act of 1933, and (ii) covenants to resell the shares of the common stock of the Company to be acquired upon exercise of the Stock Acquisition Rights held by such party only through a regular transaction at the Tokyo Stock Exchange (not on the basis of any previous arrangements and without previous solicitation). Only in this case shall the Company perform or satisfy the Governing Law Exercise Procedures and Conditions under Regulation D of the U.S. Securities Act of 1933 and U.S. state laws that are required to be performed or satisfied by the Company for exercise of the Stock Acquisition Rights by that party located in the United States. A party located in the United States may not exercise the Stock Acquisition Rights if the Company’s board of directors determines that such party is not permitted to legally exercise the Stock Acquisition Rights under the U.S. Securities Act due to a change in the laws of the United States or some other reason, even though such party satisfies the conditions as described in (i) and (ii) above.
- (5) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights only if the holder submits to the Company a written statement in which the holder undertakes representations and warranties, including, but not limited to, the fact that the holder does not fall under the category of parties set forth in

(1)(i) through (vi) above, nor is a party that has any intention to exercise the Stock Acquisition Rights on behalf of any parties set forth in (1)(i) through (vi) above, and the fact that the holder satisfies the conditions for the exercise of the Stock Acquisition Rights, provisions for indemnification and other matters prescribed by the Company and any written statement required under the laws and ordinances.

(6) Even if a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights in accordance with the provisions of this Item 4, the Company will not be liable to such holder of the Stock Acquisition Rights for damages or any other obligations.

5. Capital and capital reserve to be increased upon issuance of shares by exercise of Stock Acquisition Rights

The capital to be increased upon issuance of shares of the Company by exercise of the Stock Acquisition Rights will be equal to the aggregate of the amount of assets to be contributed upon exercise of the Stock Acquisition Rights, and the capital reserve will not be increased.

6. Restrictions on transfers of Stock Acquisition Rights

(1) Any acquisition of the Stock Acquisition Rights by assignment requires approval of the Company's board of directors.

(2) If a party who intends to assign the Stock Acquisition Rights is located outside of Japan and is unable to exercise the Stock Acquisition Rights in accordance with the provisions of Item 4(3) and 4(4) above (excluding a party not being able to exercise Stock Acquisition Rights in accordance with the provisions of Item 4(1) above), then the Company's board of directors shall determine whether to give the approval described in (1) above considering the following matters:

(a) whether a written undertaking prepared and signed or sealed by the transferor and transferee (including provisions for representations and warranties with respect to the matters described in (b), (c) and (d) below, provisions for indemnification and other provisions for covenants as provided by the Company) has been submitted with respect to the acquisition by assignment of all or part of the Stock Acquisition Rights by the person who is located in such jurisdiction;

- (b) whether it is clear that the transferor and transferee are not parties set forth in Item 4(1)(i) through (vi) above;
- (c) whether it is clear that the transferee is not located in such jurisdiction and does not intend to accept the Stock Acquisition Rights for a party located in such jurisdiction;
- (d) whether it is clear that the transferee does not intend to accept the Stock Acquisition Rights for a party not able to exercise Stock Acquisition Rights in accordance with the provisions of Item 4(1) above.

7. Acquisition of Stock Acquisition Rights by the Company

- (1) At any time prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a date specified by the Company's board of directors, acquire all of the Stock Acquisition Rights for no compensation.
- (2) On a date specified by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before the date specified by the Company's board of directors and which are held by parties other than parties not able to exercise Stock Acquisition Rights in accordance with the provisions of Item 4(1) above. In exchange, the Company may deliver one share of the Company for each Stock Acquisition Right.

Further, if, after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of a party other than parties not able to exercise Stock Acquisition Rights in accordance with the provisions of Item 4(1) above who hold the Stock Acquisition Rights, the Company may, on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised before the date determined by the board of directors (if any) and, in exchange, the Company may deliver one share of the Company for each Stock Acquisition Right. The same will apply

thereafter. If the Applicable Number of Shares is less than one share, the Company shall make a bulk sale of these shares and allocate the disposal proceeds to shareholders pro rata in accordance with the fractions they hold.

8. Delivery of Stock Acquisition Rights in the case of merger, corporate division, share exchange, or share transfer and conditions thereof

In the case of a merger, corporate division, share exchange, or share transfer, the Company's board of directors will determine the delivery of the Stock Acquisition Rights and the conditions thereof in the Gratis Allotment Resolution.

9. Issuance of certificates representing Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

10. Revision due to amendment to laws and ordinances

The provisions of the laws and ordinances referred to above came into effect on April 16, 2009. If the interpretation of the provisions or terms as set forth in each item above requires revision due to the enactment, amendment or abolishment of laws and ordinances on or after April 16, 2009, the Company's board of directors may do so to a reasonable extent and as appropriate, taking into consideration the purposes of such enactment, amendment, or abolishment.

--- End ---

Attachment 2

Outline of the Rules of the Independent Committee

1. The Independent Committee will be established by resolution of the Company's board of directors.
2. The number of members of the Independent Committee will be no less than three and no more than seven.
3. The Company's board of directors will elect the members of the Independent Committee from (i) outside directors of the Company, (ii) outside corporate auditors of the Company, and (iii) other experts.
4. The outside experts must be experienced corporate managers, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Companies Act of Japan or the like, or parties of similar qualifications.
5. The outside experts must have executed an agreement with the Company as specified by the Company's board of directors and containing a provision obligating them to carefully exercise their managerial duties, or some similar provision.
6. The term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending March 2011.
7. The Independent Committee will make decisions on the matters listed below and submit recommendations to the Company's board of directors containing the details of and reasons for the decision. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's board of directors shall pass resolutions concerning the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights as an organization under the Companies Act of Japan. However, if a general meeting of shareholders is convened after the Independent Committee makes its recommendations, the Company's board of directors shall follow the resolutions approved at that general meeting of shareholders. Each member of the Independent Committee and each director of the Company must make such decisions with a view to whether the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve solely for the purpose of their own interests or those of the Company

management.

- (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
- (b) The suspension of the gratis allotment of Stock Acquisition Rights, or the acquisition of Stock Acquisition Rights for no compensation.
- (c) Any other matters that are to be determined by the Company's board of directors in respect to which it has consulted the Independent Committee.

In addition to the matters prescribed above, the Independent Committee may carry out the following:

- (a) Subject to the Plan, determine whether it is appropriate for an Acquisition to be made
- (b) Determine what information the Acquirer and the Company's board of directors should provide to the Independent Committee, and the deadline for the provision of that information
- (c) Examine and consider the terms of the Acquirer's Acquisition, and gather and evaluate information on the business plans of the Acquirer and the Company's board of directors
- (d) Request and consider alternative proposals from the Company's board of directors
- (e) Determine whether to obtain the consent of the general meeting of shareholders for the implementation of the gratis allotment of Stock Acquisition Rights
- (f) Any other items prescribed in the Plan
- (g) Any other items that the Company's board of directors determines may be carried out by the Independent Committee

8. Except when Acquisitions are determined by the Company's board of directors to be amicable, the Company will promptly send any Acquirer materials requesting the provision of an Acquisition Statement and Essential Information in the form prescribed by the Company. As a general rule, the Company requires the Acquirer to submit to the Company's board of directors the Acquisition Statement and the Essential Information no later than 10 business days after the Acquirer has received the materials sent by the Company before effecting the Acquisition. The Company's board of directors will send the Acquisition Statement and the Essential Information to the Independent Committee promptly after receiving them. If the Independent Committee decides that the Acquisition Statement and the Essential Information so provided are insufficient as information

essential to consider the terms of the Acquisition, it shall request that the Acquirer submit additional information. Further, the Independent Committee may, after delivering the Completion Notice, request that the Company's board of directors disclose within a certain period its opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal, and any other information that the Independent Committee considers necessary from time to time. The Independent Committee will consider the terms of the Acquirer's Acquisition, gather information on and evaluate the business plans of the Acquirer and the Company's board of directors, and consider any alternative proposal from the Company's board of directors within a set period of time after receiving the information from the Acquirer and the Company's board of directors.

9. In order to collect the necessary information, the Independent Committee may request the attendance of a director, corporate auditor or employee of the Company, or any other person that the Independent Committee considers necessary, and may demand an explanation of any matter it requests.

10. The Independent Committee may, at the Company's expense, obtain advice from an independent third party (including financial advisors, certified public accountants, lawyers, consultants, and other experts).

11. Any member of the Independent Committee or the board of directors may convene a meeting of the Independent Committee when an Acquisition arises, or whenever a meeting is deemed reasonably necessary.

12. Resolutions of the Independent Committee will pass with a majority of the votes cast when a majority of the members of the Independent Committee are in attendance.

--- End ---

Attachment 3

Names and Career Summaries of Members of the Independent Committee

The following six candidates are the proposed initial members of the Independent Committee at the time of renewing the Plan:

1. Masahisa Naito

Born on February 20, 1938

Chairman and CEO of the Institute of Energy Economics, Japan

[Career Summary]

Apr. 1961	Joined Ministry of International Trade and Industry
June 1991	Appointed Deputy Vice-Minister of International Trade and Industry
June 1993	Appointed Chief of Industrial Policy Bureau
Apr. 1998	Appointed Representative Director and Executive Vice President of Itochu Corporation
Jan. 2000	Appointed Outside Director of DuPont, USA
Apr. 2000	Appointed Director and Executive Vice Chairman of Itochu Corporation
June 2003	Appointed Chairman and CEO of the Institute of Energy Economics, Japan (current position)
	Appointed Outside Director of Yokogawa Electric Corporation (current position)
June 2006	Appointed Outside Director of Nippon Koei Co., Ltd. (current position)
	Appointed Outside Director of ESPEC Corp. (current position)

Masahisa Naito is a candidate for outside director who satisfies the requirements of an outside director set out in Article 2.3 (7) of the Enforcement Regulations of the Companies Act and is scheduled to be reappointed as an outside director after being approved at the 133rd Shareholders Meeting. He does not have any special interests in the Company.

2. Yasuro Tanahashi

Born on January 4, 1941

Senior Advisor to NS Solutions Corporation

[Career Summary]

- Apr. 1963 Joined Fuji Steel Co. (now Nippon Steel Corporation)
- June 1995 Appointed Director of Nippon Steel Corporation
- Apr. 1997 Appointed Managing Director of Nippon Steel Corporation
- Apr. 2000 Appointed Representative Director-President of Nippon Steel Information & Communication Systems Inc. (now NS Solutions Corporation)
- Apr. 2003 Appointed Representative Director-Chairman of NS Solutions Corporation
- June 2004 Appointed Outside Director of Internet Initiative Japan Inc. (current position)
- June 2005 Appointed Outside Director of Murata Manufacturing Company, Ltd. (current position)
- June 2007 Appointed Senior Advisor to NS Solutions Corporation (current position)
- June 2007 Appointed Outside Director of Yokogawa Electric Corporation (current position)

Yasuro Tanahashi is a candidate for outside director who satisfies the requirements of an outside director set out in Article 2.3 (7) of the Enforcement Regulations of the Companies Act and is scheduled to be reappointed as an outside director after he is elected as such at the 133rd Shareholders Meeting. He does not have any special interests in the Company.

3. Nobuo Katsumata

Born on December 5, 1942

Chairman, Member of the Board of Marubeni Corporation

[Career Summary]

- Apr. 1966 Joined Marubeni-Iida Co., Ltd. (now Marubeni Corporation)
- June 1996 Appointed Director of Marubeni Corporation
- Apr. 1999 Appointed Corporate Vice President of Marubeni Corporation
- Apr. 2001 Appointed Senior Vice President of Marubeni Corporation
- Apr. 2003 Appointed President and CEO of Marubeni Corporation
- Apr. 2008 Appointed Chairman of Marubeni Corporation (current position)
- Mar. 2009 Appointed Outside Director of Sapporo Holdings Ltd. (current position)

Nobuo Katsumata is a candidate for outside director set out in Article 2.3 (7) of the Enforcement Regulations of the Companies Act and is scheduled to be appointed as an outside director after he is elected as such at the 133rd Shareholders Meeting. He does not have any special interests in the Company.

4. Takaaki Wakasugi

Born on March 11, 1943

Professor of Finance, School of Business Administration, Tokyo Keizai University

[Career Summary]

Jan. 1972	Appointed Assistant Professor of the Faculty of Commerce, Yokohama City University
Apr. 1974	Appointed Assistant Professor of the Faculty of Economics, Tohoku University
June 1985	Appointed Professor of the Faculty of Economics, University of Tokyo
Apr. 2003	Appointed Chairman & CEO of Japan Corporate Governance Research Institute Inc. (current position)
Apr. 2004	Appointed Professor of Finance, School of Business Administration, Tokyo Keizai University (current position)
June 2004	Named Professor Emeritus, University of Tokyo
June 2005	Appointed Outside Director of Ricoh Company, Ltd. (current position)
June 2006	Appointed Outside Statutory Auditor of JFE Holdings, Inc. (current position)
June 2007	Appointed Outside Corporate Auditor of NTT DOCOMO Inc. (current position)

Takaaki Wakasugi does not have any special interests in the Company.

5. Naoto Nakamura

Born on January 25, 1960

Partner at Nakamura, Tsunoda and Matsumoto

[Career Summary]

Oct. 1982	Passed bar exam
Apr. 1985	Graduated from the Legal Training and Research Institute of Japan, Registered with the Daini Tokyo Bar Association
Apr. 1985	Joined Mori Sogo Law Offices

Attachment 4

Outline of the Company's Shareholding

The principal shareholders of the Company as of March 31, 2009 are as follows:

	Name of Shareholders	Status of Investments in the Company	
		Number of shares held	Shareholding ratio (%)
1	The Dai-ichi Mutual Life Insurance Company	22,697,000	8.44
2	The Master Trust Bank of Japan, Limited (Trust Account)	18,003,000	6.70
3	Japan Trustee Services Bank, Limited (Trust Account)	14,773,900	5.49
4	Nippon Life Insurance Company	14,284,615	5.31
5	Yokogawa Electric Corporation	11,037,684	4.10
6	Japan Trustee Services Bank, Limited (Trust Account 4)	10,047,500	3.74
7	SSB Client Omnibus OM04	8,697,259	3.23
8	Yokogawa Electric Employee Shareholding Program	6,998,950	2.60
9	Retirement Benefit Trust in Mizuho Trust (Mizuho Corporate Bank, Ltd. account) Asset Management Services Trust for Beneficiary of Retrust	6,643,990	2.47
10	Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,694,936	1.74
11	Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. account) Asset Management Services Trust for Beneficiary of Retrust	4,617,010	1.71

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