

Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of non-Japanese speakers concerned. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

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To whom it may concern:

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**Partial amendment of Countermeasures to Large-Scale Acquisitions of  
FUJIFILM Holdings Corporation Shares (Takeover Defense Measures)**

As of March 30, 2010, FUJIFILM Holdings Corporation (the “Company”) revised and renewed its plan for countermeasures in response to large-scale acquisitions of shares (Takeover Defense Measures) based on a resolution of its Board of Directors meeting held on March 26, 2010. Having subsequently reevaluated the measures with the goals of (1) reducing the time period for replies from the Company’s Board of Directors in response to the Independent Committee’s requests for the provision of information and of (2) further clarifying the reasons for the amendment of the Takeover Defense Measures, the Company has further amended the Takeover Defense Measures (The pre-amended plan shall be referred to as the “Current Plan” and the amended plan shall be referred to as the “Plan”.) based on a resolution of the Board of Directors meeting held today. This amendment has already been approved by the Independent Committee.

The Plan will be effective until the conclusion of the Company’s ordinary general meeting of shareholders for the 114th fiscal year to be held on June 29, 2010 (the “114th Shareholders Meeting”). Subject to the approval of shareholders at the 114th Shareholders Meeting, the Plan will be renewed to be effective until the conclusion of the ordinary general

meeting of shareholders for the final fiscal year ending within three years of the conclusion of the 114th Shareholders Meeting.

**Amendments to the Current Plan to Create the “Plan”**

(Amended portions are underlined.)

**Amendment 1:** Reduction of the time period for replies from the Company’s Board of Directors in response to the Independent Committee’s requests for the provision of information

The Current plan	The Plan (See P.13)
<p>III.3.1(d) (i) Request to the Company’s Board of Directors for the Provision of Information</p> <p>If the Acquirer submits the Acquisition Document and any other information additionally requested by the Independent Committee (if any), the Independent Committee may set a reply period (up to <u>60</u> days as a general rule) and request that the Company’s board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer’s Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.</p>	<p>III.3.1(d) (i) Request to the Company’s Board of Directors for the Provision of Information</p> <p>If the Acquirer submits the Acquisition Document and any other information additionally requested by the Independent Committee (if any), the Independent Committee may set a reply period (up to <u>30</u> days as a general rule) and request that the Company’s board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer’s Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.</p>

**Amendment 2:** Deletion of a portion of the reasons for the amendment of the Takeover Defense Measures

The Current Plan	The Plan (See P.22)
<p>III. 3.4 Effective Period, Abolition and Amendment of the Plan</p> <p>(Omission)</p> <p>Further, the Company’s board of directors may revise or amend the Plan even during the Effective Period, <u>if such revision or amendment is not against the purpose of a resolution at the 114th Shareholders Meeting such as</u> cases where any law, ordinance, or rules of the financial instruments exchange or</p>	<p>III. 3.4 Effective Period, Abolition and Amendment of the Plan</p> <p>(Omission)</p> <p>Further, the Company’s board of directors may revise or amend the Plan even during the Effective Period, <u>in</u> cases where any law, ordinance, or rules of the financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such</p>

<p>the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, <u>or cases where such revision or amendment is not detrimental to the Company’s shareholders,</u> and subject to the approval of the Independent Committee.</p>	<p>establishment, amendment or abolition, <u>or</u> cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and subject to the approval of the Independent Committee.</p> <p>(The portions, “<u>if such revision or amendment is not against the purpose of a resolution at the 114th Shareholders Meeting such as</u>” and “<u>or cases where such revision or amendment is not detrimental to the Company’s shareholders.</u>” have been deleted)</p>
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## **I. Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies**

The Company's board of directors to whom its shareholders have delegated the management of the Company, believes, to fulfil its responsibility, that it should seek to ensure and enhance the corporate value of the Company / the common interests of its shareholders through sustainable growth with a mid-to-long term perspective in determining the financial and business policies of the Fujifilm Group (the "Group"). Based on this policy, and under the corporate philosophy of the Group that states "we will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide," the Company has strived to enhance its corporate value through, among other similar methods, expanding the sources of the corporate value of the Group, that are, namely, its "diversity of advanced and innovative technologies" and "global network," and its "human resources" and "corporate culture" that support such technologies and network.

The Company believes that the persons who control decisions on the Company's financial and business policies need to be the ones who understand the source of the corporate value of the Group and will make it possible to continually and persistently ensure and enhance the corporate value of the Company / the common interests of its shareholders from a mid-to-long term perspective.

The Company believes that a decision on any proposed acquisition that aims to obtain corporate control of the Company should ultimately be made based on the intent of its shareholders as a whole. On the other hand, there are some types of large-scale acquisition that benefit neither the corporate value of the target company / the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company / the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares, (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition or for the target company's board of directors to make an alternative proposal, and (iv) those that do not provide the target company sufficient opportunity to negotiate with the acquirer.

Therefore, the Company believes that if an acquisition proposal is made, it is necessary to introduce a framework that ensures necessary information and a reasonable amount of time for consideration and negotiation of the proposal and that prevents abusive acquisitions to

ensure and enhance the corporate value of the Company / the common interests of its shareholders.

## **II. The Source of Corporate Value of the Group and Special Initiatives to Implement the Basic Policy**

The Company was established with the aim of manufacturing domestic movie film in Japan. Subsequently, the Company succeeded in the domestic production of photographic film and X-ray film and consolidated its position as an all-round manufacturer of photosensitive materials. The Company then diversified into printing, electronic photographic imaging, and other businesses, while also entering overseas markets and expanding its network internationally. The Company also took initiatives in digitalization at an early date. To respond to the rapid changes taking place in the business environment along with this trend toward digitalization, the Company adopted measures to reform its business structure by “enhancing consolidated management,” “implementing comprehensive structural reforms at all management levels,” and “building new growth strategies,” with the objective of making a “Second Foundation” of its business activities. The sources of corporate value of the Group are its “diversity of advanced and innovative technologies” and its “global network,” combined with its “human resources” and “corporate culture,” both of which support these sources of value. With these as a base, the Group is working to achieve further gains in corporate value.

### **1. The Sources of the Corporate Value of the Company**

#### **1.1 A Diversity of Advanced and Innovative Technologies Accumulated since the Group’s Establishment**

The Group has accumulated a broad technological base in its photosensitive material, document solutions and other businesses which include thin-film formation and processing, organic materials, inorganic materials, optics, analytics, imaging and software, and other fields. Building on this technology platform, the Group has worked toward more in-depth development of these technologies and, by combining them with one another, has accumulated a diversity of core technologies, including fine chemicals, electronics, and mechatronics. This accumulation of technologies has become the Group’s intellectual property and know-how and, by also applying these technologies in business processes, they have provided the foundation for the pursuit of the Group’s business activities and become a source of competitiveness. The number of companies in the world with such a diversity of technologies is limited. The Group’s accumulation of this “diversity of advanced and innovative technologies” is being put to good use in advancing the development of its growth businesses, which include, in particular, “medical systems/life sciences” and “highly

functional materials.” These technologies are the driving force for the Group’s development of new businesses.

## 1.2 The Group’s Global Network

The Group’s “global network” comprises its business systems in Japan and the rest of the world, which include its integrated chain for raw materials procurement, R&D, production, logistics, sales, and after-sales service, and which are supported by the trust and confidence the Group has won from its customers and other stakeholders, the power of its brand, and other strengths it has built over many years. This global network has enabled the Group to build a strong competitive position, expand its growth businesses, develop new businesses, and build a powerful base for expanding its operations globally, including the newly emerging markets.

## 1.3 The Group’s “Human Resources” and “Open, Fair, and Clear (Transparent) Corporate Culture”

The Group’s “diversity of advanced and innovative technologies” and its “global network” are supported by its “human resources.” Over its history, the Group has confronted many kinds of crises that have shaken its operations to their very foundations, including the so-called “silver shock” in 1980 and the “digital shock” that began in the year 2000. But with the support provided by its “human resources,” it has overcome these crises and implemented structural reforms. In addition, the Group’s “human resources” have been essential for realizing its vision of “Anchored by an open, fair and clear (transparent) corporate culture and with leading-edge, proprietary technologies, the Company is determined to remain a leading company by boldly taking up the challenge of developing new products and creating new value.”

By making this vision a reality, the Group has been able to offer high-quality products and services that meet customer needs. Also, by proactively engaging in CSR activities, including environmental preservation and contributing to the community, the Group has responded to the expectations of its stakeholders including its shareholders. “Human resources” and “an open, fair, and clear (transparent) corporate culture” are major sources of the Group’s driving power to enhance its corporate value.

## 2. Initiatives to Enhance Corporate Value

The Group was faced with a sudden deterioration in performance as the trend toward digitalization in 2000 and subsequent years proceeded more rapidly than anticipated, and the

demand for photographic film dropped sharply. To cope with this change in the business environment, the Group took decisive measures to change its business structure and, for the fiscal year ended March 31, 2008, attained the highest levels of revenue and operating income in its history. However, as a result of deterioration of the business environment by the global financial downturn that began in fall 2008, the Group's performance declined suddenly and harsh conditions are continuing to date.

To sustain firm growth and generate profits under conditions that are more severe than any experienced in the past, the Group structures a powerful operating and financial position as well as restructures its growth strategies in major business fields.

To create such a powerful position, the Group is making decisive and concentrated structural reforms in all its businesses and activities, without any exceptions, including thoroughgoing cuts in manufacturing costs and other expenses.

Businesses where market growth is expected to be high going forward are "medical systems/life sciences," "graphic arts," "document solutions," "optical devices," "highly functional materials," and "digital imaging." These are also fields where the Group is highly competitive because of its market position along with its technological, product, and other strengths. The Group will, therefore, continue to concentrate its management resources in these fields as priority businesses. In addition, in emerging countries, the Group will reformulate its growth strategies and work to expand sales and market share.

Especially in the medical systems/life sciences business, the Group will strategically concentrate its management resources and, by increasing the scale of these activities, make it one of the Group's core businesses. In the digital printing business, which is expected to show growth in the years ahead, the Group will concentrate its resources including the strengths of its technology, marketing and brand and build this into a core business of the Group. In the highly functional material business, where the Group has technological superiority, it will work to grasp customer needs and, by drawing on its advanced and innovative technology, respond to customer needs and develop businesses in peripheral areas as it also builds the foundations for new businesses where growth is anticipated.

The Company has shifted to a holding company system. To maximize the corporate value of the Group as a whole, the Company will become the focal corporate entity of the Group as a holding company and move forward rapidly and decisively with strategic Group management and allocating management resources optimally. The Company is also working toward establishing common Group standards for CSR and other activities and strives to enhance the transparency and soundness of the Group's management.

By implementing these management measures, the Group will work to secure its growth in the med-to-long term and further increase its corporate value.

### **3. Enhancement of Corporate Governance**

The Company recognizes that its principal mission is to keep improving its corporate value. To accomplish this mission, the Company understands that enhancement and improvement of its corporate governance systems is a management task with maximum priority.

The Company has positioned the board of directors as the organization to determine basic Group management policies and strategies and other important matters relating to business execution as well as to supervise the implementation of business affairs. The Company has adopted an executive officer system under which the executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the board of directors. The Company's Articles of Incorporation provides that the board shall consist of up to 12 directors. Currently, the board has eight directors, including one outside director who has been appointed with the aim of enhancement of the supervisory functions of the board. In addition, to better clarify their missions and responsibilities and to timely cope with changes in the business environment, board members and executive officers are appointed for a one-year term of office.

The board of corporate auditors currently consists of four members, including two outside corporate auditors. Based on the understanding that the board of corporate auditors is an independent organization with responsibilities in the Company's corporate governance system, the corporate auditors examine the directors' performance of their duties in accordance with audit policies and an audit plan formulated by the board of corporate auditors. At their board meeting, the corporate auditors share information on matters subject to auditing. In principle, all full-time corporate auditors attend meetings of the management council, which discusses the matters to be deliberated by the board of directors and other important matters. In addition, the full-time corporate auditors regularly exchange opinions with the representative directors.

### **III. Purpose of the Plan and Plan Outline**

#### **1. Purpose of the Plan**

The Company will restate and renew the Plan for the purpose of ensuring and enhancing the corporate value of the Company / the common interests of its shareholders in accordance with the Basic Policy set out in Section I above.

The Company's thoughts regarding renewal of the Plan are as follows.

The Company's board of directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company / the common interests of its shareholders would be inappropriate to become

persons who control decisions on the Company's financial and business policies. Thus, the Company determined to restate and renew the Plan in order to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Company / the common interests of its shareholders, with the aim of, on the occasion that the Company receives a large-scale acquisition proposal from an acquirer for shares in the Company, enabling the Company's board of directors to present an alternative proposal to the shareholders or ensuring necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and enabling the Company to negotiate for the benefit of the shareholders.

## **2. Plan Outline**

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the share certificates and other equity securities in the Company until and unless the Company's board of directors or the Confirmation Meeting (as defined in section (g) of 3.1 'Procedures for Triggering the Plan' below; the same shall apply hereinafter) determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan or a large-scale acquisition of shares and other equity securities in the Company could harm the corporate value of the Company / the common interests of its shareholders, etc. and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will allot stock acquisition rights by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time. The stock acquisition rights will have (a) an exercise condition that does not allow the acquirer to exercise the rights as a general rule and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from holders of the stock acquisition rights other than the acquirer.

In order to eliminate arbitrary decisions by directors, the Company will establish the Independent Committee solely composed of outside directors, outside corporate auditors or experts who are independent from the management of the Company to make objective decisions with respect to matters such as the implementation or non-implementation of the

gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, the Company's board of directors may, if prescribed in the Plan, hold a Confirmation Meeting and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

The outline of procedures set out in the Plan is described in Attachment 1 attached hereto for reference.

### **3. Plan Details (Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy)**

#### 3.1 Procedures for Triggering the Plan

##### (a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action, or a proposal<sup>1</sup> for such action (except for such action as the Company's board of directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)<sup>2</sup> of a holder (*hoyuusha*)<sup>3</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>4</sup> issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*)<sup>5</sup> that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)<sup>6</sup> of the party conducting the tender offer's and the ownership ratio of share certificates, etc. of a person having a special

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<sup>1</sup> "Proposal" includes solicitation of a third party.

<sup>2</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. The same is applied throughout this document.

<sup>3</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company's the board of directors of). The same is applied throughout this document.

<sup>4</sup> Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same is applied throughout this document unless otherwise provided for.

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

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

relationship (*tokubetsu kankei-sha*)<sup>7</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>8</sup> issued by the Company.

The party intending to effect the Acquisition (the “Acquirer”) shall follow the procedures set out in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company’s board of directors or Confirmation Meeting passes a resolution not to implement the gratis allotment of stock acquisition rights in accordance with the Plan.

(b) Submission of Acquirer’s Statement

The Company will request an Acquirer to submit to the Company, in the form separately prescribed by the Company, a document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by or affixed with the name and seal of the representative of the Acquirer) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, “Acquirer’s Statement”) before commencing or effecting the Acquisition. The Acquirer’s Statement must include the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended Acquisition. The Acquirer’s Statement and the Acquisition Document set out in (c) below must be written in Japanese.

(c) Request to the Acquirer for the Provision of Information

The Company will provide an Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days after receiving the Acquirer’s Statement. The Acquirer must provide the Company’s board of directors with the document in the form provided by the Company (collectively, “Acquisition Document”), which includes the information described in each item of the list below (“Essential Information”).

If the Company’s board of directors receives the Acquisition Document, it will promptly send it to the Independent Committee, which is established by resolution of the Company’s board of directors. (Standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Attachment 2 ‘Outline of the Rules of the Independent Committee’ and the

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<sup>7</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company’s the board of directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act. The same is applied throughout this document.

<sup>8</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.

career backgrounds and other matters of initial members of the Independent Committee under the Plan are as described in Attachment 3 ‘Profiles of the Members of the Independent Committee.’) If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request that the Acquirer provide additional information. In such case, the Acquirer should provide the additional information within the set time limit (up to 60 days as a general rule).

- (i) Details (including name, capital relationship, financial position, operation results, details of violation of laws and ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders,<sup>9</sup> persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation<sup>10</sup>).<sup>11</sup>
  - (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the structure of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
  - (iii) The amount and basis for the calculation of the purchase price of the Acquisition.
  - (iv) Information relating to any previous acquisition of shares certificates, etc. in the Company by the Acquirer.
  - (v) Financial support for the Acquisition (specifically including the names of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions).
  - (vi) Post-Acquisition management policy, business plan, capital and dividend policies for the Group.
  - (vii) Policies for the Company’s shareholders (other than the Acquirer), employees, business partners, customers, and any other stakeholders in the Company.
  - (viii) Any other information that the Independent Committee reasonably considers necessary.
- (d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration

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<sup>9</sup> Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company’s board of directors). The same is applied throughout this document.

<sup>10</sup> Defined in Article 9(5) of Enforcement Regulation for the Financial Instruments and Exchange Act.

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

## of an Alternative Proposal

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

If the Acquirer submits the Acquisition Document and any other information additionally requested by the Independent Committee (if any), the Independent Committee may set a reply period (up to 30 days as a general rule) and request that the Company's board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

### (ii) Independent Committee Consideration

If the Independent Committee receives the information (including the information additionally requested) from the Acquirer and (in case the Independent Committee requested the Company's board of directors submit information as detailed in (i) above) the Company's board of directors, the Independent Committee will consider the Acquisition terms, collect information on materials such as the management plans and business plans of the Acquirer and the Company's board of directors and make a comparison thereof, and consider any alternative plan presented by the Company's board of directors for a period that will not, as a general rule, exceed 60 days after the date upon which the Independent Committee receives the information. (The period for information collection and consideration by the Independent Committee is hereinafter referred to as the "Independent Committee Consideration Period".) Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company / the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

In order to ensure that the Independent Committee's decision contributes to the corporate value of the Company / 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, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

### (e) Recommendation by the Independent Committee

The Independent Committee will make recommendations to the Company's board of directors as follows based on the abovementioned procedures.

(i) Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under any of the trigger events set out below at 3.2, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights’ (collectively “Trigger Event”), the Independent Committee will recommend the implementation of the gratis allotment of stock acquisition rights (as detailed in 3.3 ‘Outline of the Gratis Allotment of Stock Acquisition Rights;’ such stock acquisition rights hereinafter referred to as “Stock Acquisition Rights”) to the Company’s board of directors except in any specific case where further information disclosure by the Acquirer or negotiation or discussion with the Acquirer is necessary. If it is concerned that an Acquisition may fall under the second Trigger Event (“Trigger Event (2)”) set out in 3.2, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights,’ the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the Company’s shareholders in advance.

Notwithstanding the foregoing paragraph, 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 (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights for no consideration.

- (A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.
- (B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

(ii) Recommendations for the Non-Triggering of the Plan

If the Independent Committee determines there is no Trigger Event with respect to the Acquisition, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company’s board of directors, regardless of whether the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, even after the Independent Committee has

already made one recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change or the like in the facts or other matters on which the recommendation decision was made and a Trigger Event arises, the Independent Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and negotiation with the Acquirer, extend the Independent Committee Consideration Period (up to 30 days as a general rule). However, the Independent Committee may not extend the Independent Committee Consideration Period unless it has reasonable grounds for such extension (and if the Independent Committee extends the Independent Committee Consideration Period, it shall disclose such grounds). If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(f) Resolutions of the Board of Directors

The Company's board of directors, in exercising their role under the Corporation Law, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights respecting to the maximum extent any recommendation made by the Independent Committee as described above. If a Confirmation Meeting is convened in accordance with (g) below, the Company's board of directors will be subject to any resolution at the Confirmation Meeting.

If the Independent Committee recommends not to implement the gratis allotment of the Stock Acquisition Rights or if the Confirmation Meeting resolves to reject the implementation of the gratis allotment of the Stock Acquisition Rights, the Company's board of directors will not implement the gratis allotment of the Stock Acquisition Rights.

(g) Convocation of the Confirmation Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Company's board of directors may convene a meeting of shareholders to confirm the intent of the Company's shareholders regarding the

implementation of the gratis allotment of the Stock Acquisition Rights (the quorum, etc of general shareholders meetings set out under the Corporation Law and the Articles of Incorporation of the Company will apply mutatis mutandis to the quorum, etc. of such meeting of shareholders; the “Confirmation Meeting”), if (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the shareholders in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) becomes an issue and the board of directors determines it appropriate to confirm the shareholders’ intent for the Acquisition taking into consideration the time required to convene a Confirmation Meeting or other matters pursuant to the duty of care of a good manager.

(h) Information Disclosure

When operating the Plan, the Company will disclose information in a timely manner on matters that the Independent Committee or the Company’s board of directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer’s Statement and Acquisition Document have been submitted, that the Independent Committee Consideration Period has commenced, and that the Independent Committee Consideration Period has been extended), an outline of recommendations made by the Independent Committee, and an outline of resolutions by the Company’s board of directors, in accordance with the applicable laws and ordinances or the rules of the financial instruments exchange.

### 3.2 Requirements for the Gratis Allotment of Stock Acquisition Rights

The requirements to trigger the Plan to implement gratis allotment of Stock Acquisition Rights are as follows. As described above at (e) of 3.1, ‘Procedures for Triggering the Plan,’ the Company’s board of directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

The Acquisition is not in compliance with the procedures set out in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not provided) and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company / the common interests of its shareholders through any of the following actions (provided that the Company will not implement the gratis allotment of Stock Acquisition Rights solely because the Acquisition formally falls under this item):
  - (i) A buyout of share certificates to require such share certificates to be purchased by the Company's side at a high price.
  - (ii) Management that achieves an advantage for 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 a 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 taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions the financial conditions of which (including amount and type of consideration and the timing and method of payment of consideration) are inadequate or inappropriate in light of the corporate value of the Company /the common interests of its shareholders.
- (d) Acquisitions the proposal of which from an Acquirer includes the contents (including legality and feasibility of the Acquisitions, management policies or business plans after the Acquisitions and policies dealing with the Company's shareholders (excluding the Acquirer) after the Acquisitions, as well as the financial conditions of the Acquisitions) that are materially likely to be contrary to the corporate value of the Company / the common interests of its shareholders, by harming the Company's diversity of advanced and innovative technologies, global network, human resources and corporate culture which are indispensable to the generation of the corporate value of the Company.

### 3.3 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.

(a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent 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 separately determined in a resolution by the Company’s board of directors relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who are recorded in the Company’s latest register of shareholders on the Allotment Date, at a ratio, in principle, of one Stock Acquisition Right for each share in the Company held.

(c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

(d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall be separately determined by the Company’s board of directors in the Gratis Allotment Resolution (one share as a general rule; provided, however, that the board of directors may determine that, if the number of shares of the Company to be delivered to the holders of the Stock Acquisition Rights includes a fraction of less than one, the Company will round off that fraction).

(e) Amount of Contributions upon Exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the

common stock of the Company on the Tokyo Stock Exchange on each day during the 90 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.

(g) Conditions for Exercise of Stock Acquisition Rights

Except where any exceptional event<sup>12</sup> occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;<sup>13</sup>
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;<sup>14</sup>

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<sup>12</sup> Specifically, the Company intends to set out that an “exceptional event” means when (x) an Acquirer cancels or revokes an Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so and (y) the Acquirer’s shareholding ratio determined by the Company’s board of directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s board of directors.

<sup>13</sup> “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 fall under the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party that unintentionally falls under the foregoing definition such as in case of the acquisition of own shares by the Company (this does not apply if the party subsequently intentionally acquires shares in the Company), 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 / the common interests of shareholders or any specific 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.

<sup>14</sup> “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same is applied throughout this Note 14) of share certificates, etc., (as defined in Article 27-2(1) of the Financial

- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company's board of directors; or
- (VI) Any Affiliated Party<sup>15</sup> of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable 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 by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company,' subject to confirmation of compliance with applicable laws and ordinances). 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.

(h) 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 deems that it is

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Instruments and Exchange Act; 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 purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Act) 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 fall under the above 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 / the common interests of shareholders or certain other party that the Company's board of directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this document.

<sup>15</sup> An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above 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 to "control the determination of the financial and business policies" (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law) of other corporations or entities.

appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights for no consideration.

- (ii) On a date separately 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 such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right (provided, however, that the board of directors may determine that, if the number of shares of the Company to be delivered to the holders of the Stock Acquisition Rights includes a fraction of less than one, the Company will round off that fraction; the same shall apply hereinafter in this item (ii)).

Further, if, on or 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 date determined by the Company's board of directors that falls 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 (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right. The same will apply thereafter. However, if the Company acquires the Stock Acquisition Rights held by Non-Qualified Parties, it will not make any payment in exchange therefor.

- (j) Delivery of Stock Acquisition Rights in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

- (k) Issuance of Certificates Representing the Stock Acquisition Rights  
Certificates representing the Stock Acquisition Rights will not be issued.

- (l) Other

In addition, the details of the Stock Acquisition Rights will be separately determined in

the Gratis Allotment Resolution.

### 3.4 Effective Period, Abolition and Amendment of the Plan

The initial effective period of the Plan will be from March 30, 2010 until the conclusion of the 114th Shareholders Meeting. The Company will seek shareholders' approval for the renewal of the Plan at the 114th Shareholders Meeting, and subject to the approval of the shareholders, the Plan will be renewed to be effective until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years of the conclusion of the 114th Shareholders Meeting.

However, if, before the expiration of the effective period of the Plan (the "Effective Period"), the Company's general shareholders meeting or the Company's board of directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period, in cases where any law, ordinance, or rules of the financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, or cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and subject to the approval of the Independent Committee.

If the Plan is abolished, modified or amended, the Company will promptly disclose the fact that such abolition, modification or amendment has taken place, and (in the event of a modification or amendment) the details of the modification, amendment and any other matters.

### 3.5 Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of March 26, 2010. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

## **4. Impact on Shareholders and Investors**

#### 4.1 Impact on Shareholders and Investors Upon Renewal of the Plan

Upon renewal, the Plan will have no direct or material impact on shareholders and investors. This is because, at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

#### 4.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

##### (i) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights

If the Company's board of directors passes a resolution for a gratis allotment of Stock Acquisition Rights, the Company's board of directors will also decide the Allotment Date in the same resolution and give public notice of this Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are recorded in the Company's latest register of shareholders as of the Allotment Date (the "Entitled Shareholders") for, in principle, one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's board of directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Independent Committee described above at section (e)(i) of 3.1, 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period) acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will suffer unexpected losses as a result of a fluctuation in the share price.

##### (ii) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations

and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to record shares in the Company to be delivered to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right (If the board of directors determines in the Gratis Allotment Resolution that, if the number of shares of the Company to be delivered to the holders of the Stock Acquisition Rights includes a fraction of less than one, the Company will round off that fraction, then the number of shares shall be that after such round-off.) upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and by paying in the prescribed manner an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right, as a general rule. The Non-Qualified Parties intending to exercise Stock Acquisition Rights must follow the Company's separate determination in accordance with (g) of 3.3, 'Outline of the Gratis Allotment of Stock Acquisition Rights.'

If the Company's shareholders do not exercise their Stock Acquisition Rights or pay the amount equivalent to the exercise price, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, it is also possible for the Company to 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 (iii) below. If the Company carries out such an acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares they hold in the Company.

(iii) 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 from the shareholders other than Non-Qualified Parties, on the date separately determined by the Company's board of directors and, in exchange, deliver shares in the Company. In this case, the shareholders concerned will come to receive shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right (If the board of directors determines in the Gratis Allotment Resolution that, if the number of shares of the Company to be delivered to the holders of the Stock Acquisition

Rights includes a fraction of less than one, the Company will round off that fraction, then the number of shares shall be that after such round-off.) as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such 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 covenants.

If the Gratis Allotment Resolution provides for the matters relating to acquisition of the Stock Acquisition Rights from the Non-Qualified Parties or other acquisition, the Company may take procedures in accordance with the provisions of the Gratis Allotment Resolution.

In addition, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method, exercise method and method for acquisition by the Company after any resolution in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

#### **IV. Rationale of the Plan**

##### **1. Ensure and Enhance the Corporate Value of the Company/the Common Interests of Shareholders**

The Plan was established under the Basic Policy, with the purpose of maintaining the corporate value of the Company / the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the board of directors to present an alternative proposal to the shareholders, and by enabling the Company to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

##### **2. 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 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. These principles are namely:

- ensuring and enhancing the corporate value / shareholders' common interests;
- prior disclosure and shareholder intent; and
- ensuring necessity and appropriateness.

In addition, in establishing the Plan, the Company considered discussions and other factors related to “Takeover Defense Measures in Light of Recent Environmental Changes” issued by the Corporate Value Study Group on June 30, 2008. Further, the Plan conforms to the purposes of the guidelines for introduction of takeover defense measures set out by the Tokyo Stock Exchange.

### **3. Placing High Value on the Intent of Shareholders**

As described in III.3.4, ‘Effective Period, Abolition and Amendment of the Plan,’ the Company will seek shareholders’ approval for the renewal of the Plan at the 114th Shareholders Meeting to reflect the intent of the shareholders. If the shareholders approve the renewal of the Plan at the 114th Shareholders Meeting, the Plan will be renewed to be effective until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years of the conclusion of the 114th Shareholders Meeting.

Further, as described in section (g) of III.3.1 ‘Procedures for Triggering the Plan’, the Company’s board of directors may, in certain cases, confirm the intent of the Company’s shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights at the Confirmation Meeting.

In addition, the initial Effective Period is until the conclusion of the 114th Shareholders Meeting and the Plan is subject to a so-called sunset clause setting the Effective Period after the renewal of approximately three years, and if, even before the expiration of the Effective Period, the Company’s general shareholders meeting or the Company’s board of directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution. In this regard, the life of the Plan depends on the intent of the Company’s shareholders.

### **4. Emphasis on the Decisions of Independent Parties Such As Outside Directors and Obtaining the Advice of Third-Party Experts**

The Company must obtain a recommendation from the Independent Committee, solely composed of outside directors, outside corporate auditors or experts who are independent, when making decisions for triggering the Plan.

Further, the Independent Committee may obtain advice from independent third-party experts at the Company’s expense, which is a mechanism to even further ensure the objectivity and fairness of the decisions made by the Independent Committee.

## **5. Establishment of Reasonable Objective Requirements**

As set out above at section (e) of III.3.1, ‘Procedures for Triggering the Plan,’ and section III.3.2, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights,’ the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company’s board of directors.

## **6. No Dead-Hand or Slow-Hand Takeover Defense Measures**

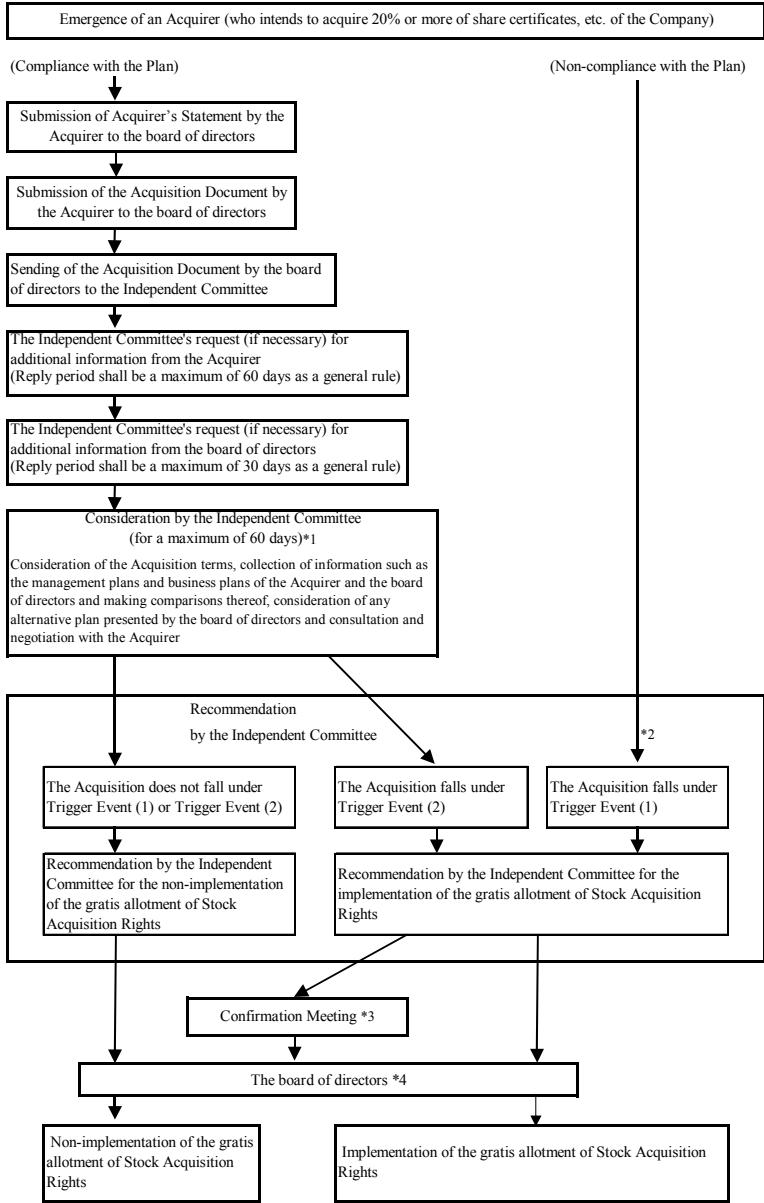
The Plan may be abolished by a meeting of the board of directors composed of directors who are nominated by a person who acquires a large number of share certificates of the Company and appointed at the Company’s general shareholders’ meeting. Therefore, the Plan is not a dead-hand takeover defense measure (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 director is one year and the Company has not adopted a system of staggered terms of office for the board of directors, 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 all members of the board of directors cannot be replaced at once).

--- End of Document ---

**Attachment 1**

**The Outline of the Applicable Procedures from Emergence of an Acquirer to a Resolution to Issue or not to Issue the Stock Acquisition Rights by the Way of a Gratis Allotment**

This chart is intended for reference purposes only and for contributing to your understanding of the outline of the Plan. For more details, please refer to the main text of the press release.



**Notes:**

- \*1 If the Independent Committee has reasonable grounds for extension of the period, it may do so to a reasonable extent, in principle for up to a total of 30 days.
- \*2 Only if it is reasonable to implement the gratis allotment of Stock Acquisition Rights.
- \*3 If the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the shareholders' intent in advance. However, the Confirmation Meeting may also be held if an Acquisition may fall under Trigger Event (2) and the board of directors deems it appropriate to confirm the shareholders' in light of their duty of care as directors, even if the Independent Committee is allowed to recommend implementation of the gratis allotment of Stock Acquisition Rights without confirmation of the shareholders' intent in advance.
- \*4 The board of directors should respect to the fullest extent possible the recommendation by the Independent Committee in the resolution. When the Confirmation Meeting is held, the board of directors accepts the resolution of the Confirmation meeting.

--- End of Attachment 1 ---

## Attachment 2

### Outline of the Rules of the Independent Committee

- The Independent Committee will be established by resolution of the Company's board of directors.
- There will be no less than three members of the Independent Committee, and the Company's board of directors shall elect the members from (i) outside directors of the Company, (ii) outside corporate auditors of the Company and (iii) other experts, who are independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Corporation Law or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- Unless otherwise determined in a resolution by the Company's board of directors, the term of office of members of the Independent Committee will be until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years of the 114th Shareholders Meeting. However, the term of office of any member of the Independent Committee who is an outside director or an outside corporate auditor of the Company will end at the same time they lose the status as an outside director or an outside corporate auditor (except in the case of their re-appointment).
- The Independent Committee will make decisions on or consider the matters listed below and make recommendations to the Company's board of directors containing the details of and reasons for the decisions or the considerations. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's board of directors shall make decisions regarding implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organization under the Corporation Law (or, if the Confirmation Meeting otherwise resolves the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as set out in (a) below, in accordance with such resolution). Each member of the Independent Committee and each director of the Company must make such decisions solely with a view to whether or not the corporate value of the Company / the common interests of its shareholders will be enhanced, and they must not serve their own interests or those of the management of the Company.
  - (a) The implementation or non-implementation of the gratis allotment of Stock

#### Acquisition Rights.

- (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
  - (c) Any other matters that are for determination by the Company's board of directors in respect to which it has requested recommendation of the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
    - (a) Determination of whether the Acquisition should be made subject to the Plan.
    - (b) Determination of the information that the Acquirer and the Company's board of directors should provide to the Independent Committee, and the deadline for the provision of that information.
    - (c) Examination and consideration of the terms of the Acquirer's Acquisition.
    - (d) Discussion and negotiation with the Acquirer.
    - (e) Request for an alternative proposal and consideration of the alternative proposal by the Company's board of directors.
    - (f) Determination regarding extension of the Independent Committee Consideration Period.
    - (g) Approval of modification or amendment to the Plan.
    - (h) Determination whether to introduce takeover defense measures other than the Plan.
    - (i) Any other matters prescribed in the Plan that the Independent Committee may conduct.
    - (j) Any matters that the Company's board of directors separately determines that the Independent Committee may conduct.
  - If the Independent Committee decides that the details stated in the Acquisition Document are inadequate as Essential Information, it will request that the Acquirer provide additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Document and any additional information that it requests, it may request that the Company's board of directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information that the Independent Committee may consider necessary from time to time.
  - If it is necessary in order to have the terms of the Acquirer's Acquisition improved from the standpoint of ensuring and enhancing the corporate value of the Company / the common interests of its shareholders, the Independent Committee will either directly or indirectly discuss and negotiate with the Acquirer.

- In order to collect the necessary information, the Independent Committee may request the attendance of a director, corporate auditor, executive officer or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, tax accountants, consultants and other experts) or conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- As a general rule, resolutions of meetings of the Independent Committee will pass with a majority when all the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may be passed with a majority when a majority of the members of the Independent Committee are in attendance.

--- End of Attachment 2 ---

### **Attachment 3**

#### **Profiles of the Members of the Independent Committee**

The following 3 persons are the initial members of the Independent Committee.

##### **Yoshiyuki Kasai**

Born on October 20, 1940

Apr. 1963	Joined the National Railways Corporation
Jun. 1995	Central Japan Railway Company, President and Representative Director
Jun. 2004	Central Japan Railway Company, Chairman and Representative Director (to present)

##### **Takeo Kosugi**

Born on March 23, 1942

Apr. 1968	Osaka District Court, Judge
Sep. 1972	Kushiro District & Family Court, Judge
May 1974	Registered as Attorney at Law
Jun. 1974	Joined Matsuo Law Office (at present, Matsuo & Kosugi)

Takeo Kosugi is an outside director of Toshiba Corporation.

There is no adviser contract between the Company and Takeo Kosugi or the legal firm to which he belongs, at present and the past.

##### **Kenji Yoshino**

Born on February 8, 1937

Oct. 1969	Registered as Certified Public Accountant
Jul. 1976	Ernst & Young, Partner
Jun. 1993	Showa Ota & Co. (currently Ernst & Young ShinNihon LLC), Partner
Jun. 1996	Vice Executive Officer, Showa Ota & Co.
Jun. 2001	Retired from the company above

Kenji Yoshino is an outside auditor of McDonald's Holdings Company (Japan), Ltd. and an outside auditor of ALPS ELECTRONIC CO., LTD.

Kenji Yoshino belonged to the audit firm which the Company engages, but during his career for the firm, he has never audited the Company, and he retired the firm nine years ago.

--- End of Attachment 3 ---