



April 7, 2009

Company Name: USS Co., Ltd.
(Code No. 4732; TSE/NSE Section 1)
Representative: Yukihiro Ando
Representative Director & President
Contact: Masafumi Yamanaka
Junior Managing Director & Officer of
the Supervisory Office
(TEL: 052-689-1129)

Dear Shareholders and Investors:

Partial Modification and Continuation of Countermeasure (Takeover Defense) to Large-scale Purchases of USS Co., Ltd. Shares

USS Co., Ltd. (the “Company”) is pleased to announce that the Company decided, at a meeting of its board of directors (the “Board of Directors”) on April 7, 2009, to modify the current countermeasure (the “Current Plan”) to large-scale purchases of shares of the Company and continuously implement the modified countermeasure (the “New Plan”).

The Current Plan was introduced, by the resolution of a meeting of the Board of Directors on May 16, 2006, as part of its endeavors to protect and enhance the Company’s corporate value and shareholders’ common interests, in order to prevent the impairment of such value and interests due to any “Large-scale Purchase of Shares” (as defined in Section III.2.(1) below) of the Company.

Whereas the effective term of the Current Plan would expire on June 30, 2009, the above board decision has been rendered, taking into consideration revisions of relevant laws and regulations and other related changes since the introduction of the Current Plan. The board decision is part of the Company’s endeavors (as defined in Article 118, item (iii) “*ro*” of the Ordinance for Enforcement of the Companies Act) to prevent decision-making by any inappropriate persons on the Company’s financial or business policies, in light of the basic policy (as defined in Article 118, item (iii) of the Ordinance for Enforcement of the Companies Act; the “Basic Policy”) regarding the requirements for those who control the decision-making on financial and business policies of the Company.

At the above-mentioned board meeting, the Company also decided, by unanimous vote of the board members, to submit a proposal for the approval of the continuation of the takeover defense under the New Plan to the 29th Annual General Meeting of Shareholders (the “General Meeting”) to be held on June 24, 2009.

All Directors (including four outside directors) and all Auditors (all of the Company’s three Auditors are outside auditors) attended the above-mentioned board meeting and agreed to the New Plan subject to the condition that the New Plan be appropriately managed and operated.

The New Plan shall become effective on the condition that the shareholders’ approval is obtained for the New Plan at the General Meeting, and upon the coming into force of the New Plan, the Current Plan shall be abolished.

Description of the Plan

I. Substance of the Basic Policy

In the event of a Large-scale Share Purchase, even if it involves the transfer of control over the target company, it is the Company's position that decision-making as to whether to sell shares to the Large-scale Share Purchaser (hereinafter defined as a purchaser who is conducting or will conduct a Large-scale Share Purchase) or as to whether it is appropriate or not to delegate the control over the target company to the Large-scale Share Purchaser should be left to the shareholders, as a general rule, insofar as the target company's shares are traded in open markets.

However, among the recent cases of large-scale share purchases, there are a substantial number of cases involving the possibility of irreparable damage to the target company's corporate value or where the common interests of its shareholders are threatened, such as: (i) cases where it is clear that the share purchaser does not strive towards reasonable management with sincerity in light of the purpose of or other circumstances surrounding the purchase; (ii) cases involving the apprehension that general shareholders will be virtually compelled to sell their shares under unfavorable conditions; (iii) cases where general shareholders are not provided with the information or consideration period that is necessary or adequate for them to appropriately determine whether to accept the share purchase; or (iv) cases where the board of directors of the target company is not provided with (a) the information that is necessary for the board of directors to provide to its shareholders with its opinion for or against the share purchase, or a business plan (an "Alternative Proposal") that presents an alternative to the takeover proposal, business plan or the like presented by the share purchaser, (b) an opportunity to negotiate with the share purchaser, or (c) an adequate consideration period that is necessary or adequate for it to form its opinion for or against the share purchase or Alternative Proposals.

In light of the above-described circumstances surrounding corporate acquisition, the Company wishes to require each Large-scale Share Purchaser to provide, in advance, the necessary information regarding the intended Large-scale Share Purchase and ensure an appropriate period for consideration and negotiation. This will enable our shareholders to adequately consider whether to accept the Large-scale Share Purchase, the board of directors of the Company to provide its shareholders with its opinion for or against the purchase or an Alternative Proposal with respect to the Large-scale Share Purchase, and the Company to negotiate with the Large-scale Share Purchaser on behalf of its shareholders. It is our position that this measure is necessary to secure and enhance the Company's corporate value and its shareholders' common interests.

It is necessary to secure the Company's corporate value and its shareholders' common interests by implementing the necessary and reasonable defensive means against anyone who conducts a large-scale purchase of share certificates, etc. (as defined in III.2(1) below) of the Company in a manner that would frustrate the Company's endeavors to protect and enhance its corporate value and shareholders' common interests.

II. Special Endeavors to Serve the Realization of the Basic Policy

The business of the Company and its consolidated subsidiaries (collectively, the "USS Group") consists of an auto-auction business operated on a membership basis, as its core business, a used-car purchase and resale business, and an abandoned car recycling business.

The auto-auction business operates 18 actual auction sites nationwide and has 43,307 member companies (as of March 31, 2009) for the entire USS Group, the annual number of auction entries is 2,902,636 vehicles (for the year ending in March 2009), and the Company maintains top status in the industry with an industry share of 34.7% (for the 2008 calendar year).

1. Used-car Market in Japan

In the used-car distribution system in Japan, it is a prevailing commercial practice that consumers purchase new cars by selling their used-cars to car dealers or used-car purchasing agencies.

It is a mainstream business that cars so sold are traded in approximately 130 auction sites nationwide, including those of the USS Group.

Therefore, auto-auctions perform an important social infrastructure role as a merchandise exchange, as a financial instruments exchange performs for the stock market.

2. The Role of USS Group in the Auto-auction Industry

In the used-car distribution market, the USS Group is a leading company in the auto-auction industry, and has gained enormous support and trust from its member companies, used-car dealers. Since its foundation in 1980, the group has been advocating for the “creation of a fair market” and “coexistence with member companies,” as management creeds, was early in introducing a computer-based auction system, and has deployed auction sites in major cities nationwide, staying ahead of competitors. The group’s reputation is a result of these continuing efforts to effectively and speedily implement business schemes and measures.

The group has also developed a system utilizing the Internet and satellite TV systems, by which auction bids can be placed with a particular auction site, without actually visiting that site, from any of the 18 sites of the USS Group or the auction sites of operators under business tie-up agreements with the group. This system has dramatically improved the convenience of the member dealers, and the USS Group has thus realized further profit growth.

3. Endeavors to Enhance Corporate Value by Setting Mid-term Management Objectives

In a mid- to long-term view, as the Japanese car industry is entering a stage of demand maturity, it is crucial for the Company, as a stock company publicly traded in capital markets, to assume a social infrastructure role in the used-car distribution industry, and at the same time, to gain a greater market share to expand its shareholders’ interests.

The USS Group has set a mid-term objective of a 40% share in the auto-auction market. In order to further improve the convenience of the 18 auction sites operated nationwide by the group, we will make further capital investments, and concentrate our management resources in our auto-auction business, such as sales activities to obtain new members. In addition, while the USS Group operates the auto-auction business as its core business, as well as the used-car sale and purchase business and recycling business, we are committed to further accelerate our growth speed, taking all growth opportunities, including M&A transactions, in order to transform ourselves into an “integrated corporation taking the lead in the used-car distribution industry,” as advocated in the Company’s management policy.

The USS Group has also adopt a slogan of capital efficiency-oriented management. Considering the return on equity (ROE) as an important management index, we have set the ROE exceeding 15% as a mid-term target.

4. Endeavors to Reinforce Corporate Governance

In order to facilitate continuous improvement of the overall corporate value of the USS Group by realizing our management creeds, the “creation of a fair market” and “coexistence with the member companies,” the Company considers it to be a key management challenge to reinforce our corporate governance, and making efforts to improve management transparency and fairness and pursue speedy decision-making.

In order to further clarify the management members' responsibilities towards their shareholders, the Company reduced the term of office of each director from two years to one year and appointed four outside directors to ensure management transparency and fairness, at the 26th Annual General Meeting of Shareholders on June 28, 2006. This has since been the practice.

5. Endeavors for Company Shares

The Company has made efforts to expand the number of its shareholders by, among other things, share splits and the modification of the number of shares constituting one voting unit since the initial listing of Company Shares on Section 2 of the Nagoya Stock Exchange in September 1999 and on Section 1 of the Nagoya Stock Exchange and the Tokyo Stock Exchange in December 2000. As a result, the number of shareholders is 9,166 as of the end of March 31, 2009. (This number is based on a preliminary report of the Shareholder Registries, which the shareholder registry administrator of the Company has made.) As for shareholder composition, a great majority of shareholders are represented by individual shareholders. Thus, the liquidity of the Company Shares has substantially improved since the initial listing.

The Company will endeavor to continuously protect and enhance the Company's corporate value and shareholders' common interests by further improving the liquidity of the Company Shares and conducting prudent management.

III. The New Plan (Endeavors to Prevent Those Who Are Considered Inappropriate in Light of the Basic Policy from Acquiring Control over Decision-Making on Financial and Business Policies of the Company)

1. Purpose of the New Plan

As endeavors to prevent anyone who is considered to be inappropriate in light of the Basic Policy stated in Section I above from acquiring control over the decision-making on financial and management policies of the Company, the Company will enable (i) its shareholders to appropriately determine whether to accept a Large-scale Share Purchase by asking the Large-scale Share Purchaser to provide the necessary information regarding the Large-scale Share Purchase and to be ensured of an adequate period for considering and/or negotiating with respect to such transaction, and (ii) the Board of Directors to present its opinion for or against, or an Alternative Proposal to, the Large-scale Share Purchase in accordance with the recommendation of the Independent Committee (as defined in 4 below) or to negotiate with the Large-scale Share Purchaser for the benefit of the shareholders. By these efforts, we aim to protect and enhance the Company's corporate value and shareholders' common interests. This is the purpose of our decision to continue the takeover defense under the New Plan. For the continuation of the takeover defense under the New Plan, it is of course desirable to confirm the intention of the shareholders of Company Shares. For this purpose, the Company plans to submit the matter to the General Meeting to confirm the intention of the shareholders of Company Shares regarding the proposed continuation of the takeover defense under the New Plan. If their consent is not obtained at the General Meeting, we will not continue the takeover defense under the New Plan.

At this point in time, no proposal has been made to the Company to the effect that a Large-scale Share Purchase of Company Shares is specifically planned.

The Major Shareholders of the Company, as of March 31, 2009, are as shown in Exhibit 3 attached hereto.

2. Substance of the New Plan

2.1. Definition of Large-scale Share Purchase Subject to the New Plan

The takeover defense under the New Plan may be triggered if a transaction that falls or might fall under any one of the following items (i) to (iii) (excluding those approved in advance by the Board of Directors; such transaction being referred to as a “Large-scale Share Purchase”) is or will be conducted:

- (i) Any purchase or other form of acquisition (Note 3) of share certificates, etc. (Note 1) issued by the Company by any particular shareholder of the Company that will render such shareholder’s holding ratio of share certificates, etc. (Note 2) to be 20% or more.
- (ii) Any purchase or other form of acquisition (Note 7) of share certificates, etc. (Note 4) issued by the Company by any particular shareholder of the Company that will render the total of such purchaser’s holding ratio of certificates, etc. (Note 5) and the aggregate holding ratio of share certificates, etc. of persons in a special relationship (Note 6) to be 20% or more.
- (iii) Irrespective of whether a transaction falling under either of item (i) or item (ii) above is actually executed or not, any agreement or other form of transaction between any particular shareholder of the Company and any other shareholder of the Company (as used in this item (iii), the term “other shareholder” includes the case of several other shareholders) that will render such other shareholder to become a joint holder (Note 8) with said particular shareholder, or any other transaction between such particular shareholder and such other shareholder that will establish a relationship (Note 9) under which one of them substantially controls the other or they act jointly or cooperatively (limited to cases where the aggregate holding ratio of share certificates, etc. issued by the Company of such particular shareholder and such other shareholder amount to 20% or more) (Notes 10 and 11).

(Note 1) The term “share certificates, etc.” refers to “share certificates, etc.” as defined in Article 27-23, Paragraph (1) of the Financial Instruments and Exchange Act (*Kin’yu-shohin-torihiki-ho*; the “FIEA”) unless otherwise specified.

(Note 2) The term “holding ratio of share certificates, etc.” refers to “holding ratio of share certificates, etc.” as defined in Article 27-23, Paragraph (4) of the FIEA unless otherwise specified. In the calculation of such a holding ratio, (1) any person in a special relationship as defined in Article 27-2, Paragraph (7) of the FIEA, and (2) any investment bank, securities company or other financial institution that has entered into a financial advisory agreement with such particular shareholder, or any tender offer agent, and a securities company acting as the lead manager (collectively, the “Contracted Financial Institution, etc.”) is deemed to be a joint holder with such particular shareholder. Also, in the calculation of such a holding ratio, the total number of the Company’s issued shares may be determined in reference to the latest information publicized by the Company.

(Note 3) The term “other form of acquisition” as used for cases under item (i) includes the holding of the right to request delivery of share certificates, etc. under a sale and purchase or other agreement, and the transactions mentioned in Article 14-6 of the Ordinance for Enforcement of the FIEA.

(Note 4) The term “share certificates, etc.” as used for cases under item (ii) refers to “share certificates, etc.” as defined in Article 27-2, Paragraph (1) of the FIEA.

(Note 5) The term “holding ratio of share certificates, etc.” as used for cases under item (ii) refers to “holding ratio of share certificates, etc.” as defined in Article 27-2, Paragraph (8) of the FIEA. In the calculation of such a holding ratio, the

total voting rights with respect to the Company may be determined in reference to the latest information publicized by the Company.

- (Note 6) The term “person in a special relationship” refers to “person in a special relationship” as defined in Article 27-2, Paragraph (7) of the Financial Instruments and Exchange Act. However, with respect to those listed in Item (i) of said Paragraph, those mentioned in Article 3, Paragraph (2) of the Cabinet Office Order Concerning a Tender Offer of Shares by Parties Other than the Issuer (*Hakkosha-igai no Mono ni Yoru Kabuken-to no Kokai-kaitsuke no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded. In addition, (1) joint holders and (2) the Contracted Financial Institution, etc. shall be deemed to be persons in a special relationship with respect to such particular shareholder, unless otherwise specified.
- (Note 7) The term “purchase or other form of acquisition” as used for cases under item (ii) includes purchases or other types of acceptance of a transfer for value, and transactions analogous to an acceptance of a transfer for value as mentioned in Article 6, Paragraph (2) the Ordinance for Enforcement of the FIEA.
- (Note 8) The term “joint holder” refers to “joint holder” as defined in Article 27-23 (5) of the FIEA.
- (Note 9) The determination as to whether a “relationship under which one of them substantially controls the other or they act jointly or cooperatively” is established or not shall be made, on the basis of, among other things, (1) the formulation of a new capital contribution relationship, business tie-up relationship, trading or contractual relationship, concurrent officer position relationship, funding relationship, credit facility relationship, holding of substantial interest in Company Shares through a derivatives or share lending transaction relationship, or similar relationships; and (2) the direct or indirect effect that may be brought by such particular shareholder and such other shareholder upon the Company.
- (Note 10) The determination as to whether a transaction falling under item (iii) is carried out or not shall be made by the Board of Directors in accordance with the recommendation of the Independent Committee. In this regard, the Company may request shareholders of the Company to provide necessary information to the extent that the Company deems necessary to determine the satisfaction of the requirements under item (iii).
- (Note 11) In the event of revision (including the abolition of a provision and the enactment of a new provision substantially succeeding such abolished provision) and enforcement thereof of the Companies Act (*Kaisha-ho*), the FIEA or any other relevant act, or any regulation, government order, Cabinet Order, Ministerial Order or the like (collectively, the “Laws and Regulations”), each affected provision of the Laws and Regulations referred to in the New Plan shall be replaced by the provision so modified or the provision which substantially succeeds such provision unless otherwise determined by the Board of Directors.

2.2 Submission of Share Purchase Statement

Before initiating or executing a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit to the Representative Director and President of the Company documentation (the “Share Purchase Statement”) consisting of: (i) a document, in the form separately specified by the Company, stating that the Large-scale Share Purchaser pledges to the Company to comply with the Laws and Regulations and the procedure set forth in the New Plan, and bearing the signature or the name and seal impression of the representative of the Large-scale Share Purchaser; and (ii) a certificate of qualification of that representative. Upon

receipt of the Share Purchase Statement, the Board of Directors will promptly submit it to the Independent Committee.

In the Share Purchase Statement, the Large-scale Share Purchaser will be required to clarify, in addition to the above-mentioned pledge, to comply with the Laws and Regulations and the procedure set forth in the New Plan, the name and address of the Large-scale Share Purchaser, or the corporate name and the location of the head office or other business office of the Large-scale Share Purchaser, the law governing its incorporation, and the name of its representative officer and contact person(s) in Japan, as well as the number of shares of the Company then held by the Large-scale Share Purchaser, the history of trading by the Large-scale Share Purchaser of share certificates, etc. of the Company during the sixty-day period preceding the submission of the Share Purchase Statement, and an outline of the intended Large-scale Share Purchase and other relevant information. The language used in the Share Purchase Statement is limited to Japanese.

Upon the Large-scale Share Purchaser's submission of the Share Purchase Statement, we will promptly disclose to the shareholders of the Company the matters determined by the Board of Directors or the Independent Committee to be appropriate, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

2.3. Requirement to Submit Information for Large-scale Share Purchasers

Within ten (10) business days after (and excluding) the date of receipt by the Board of Directors of the Share Purchase Statement, the Large-scale Share Purchaser will be required to submit the information listed in items (i) to (xii) (collectively, the "Large-scale Share Purchase Information") below to the Board of Directors (however, the information mentioned in item (xii) shall be submitted within a reasonable period fixed by the Board of Directors in each case). Upon receipt of the Large-scale Share Purchase Information, the Board of Directors will promptly provide the same to the Independent Committee.

If the Board of Directors or the Independent Committee determines that it is difficult, with only the information provided by the Large-scale Share Purchaser, for the shareholders of the Company to appropriately determine whether to accept the Large-scale Share Purchase, or for the Board of Directors and the Independent Committee to formulate their opinion for or against the Large-scale Share Purchase (the "Opinion Formulation"), or to make and present an alternative plan (the "Alternative Planning"), then the Board of Directors or the Independent Committee may demand from the Large-scale Share Purchaser the provision of additional information that is necessary for the Opinion Formulation and Alternative Planning by the Board of Directors and the Independent Committee, by fixing a reasonable submission period (of not more than sixty (60) days from (and excluding) the date of receipt by the Board of Directors of the Share Purchase Statement), after disclosing to the shareholders the specific period so decided and the reasons for the necessity of such reasonable period. In this case, however, the Board of Directors shall, as a general rule, accept and follow the opinion of the Independent Committee unless there are extraordinary circumstances, such as where it is reasonably likely that following the opinion of the Independent Committee will be determined as a breach of the fiduciary duty of each director.

When the Board of Directors or the Independent Committee determines that the provision of the Large-scale Share Purchase Information has been completed, the Company will disclose it to our shareholders, in a timely and appropriately manner, in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges. In addition, subject to the decision of the Board of Directors, the Company will disclose to our shareholders parts of the Large-scale Share Purchase Information that are considered to be necessary for them to appropriately determine whether to accept the Large-scale Share Purchase, as a general rule in a timely and appropriate manner, in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges. In this case, however, the Board of Directors shall, as a general rule, accept and follow the opinion of the Independent Committee unless there are extraordinary circumstances,

such as where it is reasonably likely that following the opinion of the Independent Committee will be determined as a breach of the fiduciary duty of each director.

The language used in the provision of Large-scale Share Purchase Information under the New Plan, and other relevant notices to and communications with the Company is limited to Japanese.

- (i) An outline (including the name, capital composition, capital contribution ratio, financial condition, the existence or non-existence of any violation of any law or regulation in the past ten (10) years (and a brief description of such violations, if any), the names and career summaries of the board members and officers, and the existence or non-existence of their violation of any law or regulation (and a brief description of such violations, if any)) of the Large-scale Share Purchaser and its group (including the major shareholders and capital contributors, and important subsidiaries and affiliates; and in the case where the Large-scale Share Purchaser is a fund or a business entity operated under the capital contribution of a fund, including its major members, capital contributors (whether direct or indirect), other constituent elements, managing partners, and advisors who continuously give advice on investments).
- (ii) The purpose, method and substance of the Large-scale Share Purchase (including the type and amount of the consideration paid for the Large-scale Share Purchase, the timing of the Large-scale Share Purchase, the structure(s) of the related transaction(s), the lawfulness of the manner of the Large-scale Share Purchase, the plausibility of the Large-scale Share Purchase and related transactions, the expectation, if any, that the Company Shares will be delisted upon completion of the Large-scale Share Purchase, and the reason(s) for such expectation; and with respect to the lawfulness of the manner of the Large-scale Share Purchase, a written opinion prepared by a qualified practicing attorney will be required).
- (iii) The existence or non-existence of any communication of intent (including, without limitation, communication of intent regarding any “act of making an important suggestion, etc.” (as defined in Article 27-26, Paragraph (1) of the FIEA)) to third parties in connection with the Large-scale Share Purchase, and the specific manner and substance of the communication of intent, if any.
- (iv) The basis and background of the calculation (including the facts and assumptions forming the calculation premises, the manner of calculation, information regarding the calculation entity, the numeric information used in the calculation, the amount of a synergy or dys synergy effect anticipated to result from the series of transactions relevant to the Large-scale Share Purchase and the calculation basis and other relevant information) of the price of purchases and related transactions involved in the Large-scale Share Purchase.
- (v) Proof of the financial resources for the purchases and related transactions involved in the Large-scale Share Purchase (including the names of providers (including substantial providers, whether direct or indirect) of resources, the manner of funding, conditions for the execution of funding, the existence or non-existence, and the substance, if any, of collateral and/or covenants after the funding, and the substance of the specific funding and other related transactions).
- (vi) The management policies, business, financial, funding and investment plans, capital and dividend policies, and other relevant policies and plans of the USS Group intended to be implemented after the completion of the Large-scale Share Purchase (including, without limitation, plans of sale, collateralization or other disposal of any business or asset of the Company after the completion of the Large-scale Share Purchase), and the policies for handling the USS Group’s customers, business partners, officers, employees, local authorities where the Company’s business offices or other establishments are located, and other interested parties after the completion of the Large-scale Share Purchase.

- (vii) A document by which the Large-scale Share Purchaser pledges that it is not an Abusive Acquisitor (as defined in 2.5 below).
- (viii) The probability of obtainment of the approval or other permission, license or authorization under the regulatory matters under domestic or overseas Laws or Regulations that may possibly be applied in connection with the Large-scale Share Purchase, or the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade or any other relevant Laws and Regulations, to be obtained from domestic or overseas government authorities or third parties (and on these matters, a written opinion prepared by a qualified practicing attorney will be required).
- (ix) A possibility of maintenance of the domestic or overseas permissions, licenses and authorizations that are necessary in connection with the management of the USS Group after the completion of the Large-scale Share Purchase, and a possibility of compliance with regulations of the relevant domestic or overseas Laws and Regulations.
- (x) The specific substance of the internal governance system of the Large-scale Share Purchaser and its group, and the existence or non-existence and status of effectiveness of such system.
- (xi) The existence or non-existence of a relationship (irrespective of whether direct or indirect) with a socially disruptive force or terrorism-related organization, and the responsive measures thereto.
- (xii) Other information that the Board of Directors or the Independent Committee reasonably determines to be necessary and demands the Large-scale Share Purchaser to submit, as a general rule, within ten (10) business days from (and excluding) the date of receipt by the Board of Directors of a complete and appropriate Share Purchase Statement.

2.4. Procedure When a Large-scale Share Purchase Is Commenced or Executed without a Share Purchase Statement or Large-scale Share Purchase Information

If a Large-scale Share Purchase is commenced or executed without the Large-scale Share Purchaser's submission of a Share Purchase Statement to the Representative Director and President of the Company or completion of the provision of the Large-scale Share Purchase Information to the Board of Directors, the Independent Committee will, as a general rule, recommend to the Board of Directors that it trigger a countermeasure (as described in 2.12 below) against the Large-scale Share Purchase, except in cases where it is clearly not necessary to trigger a countermeasure against the Large-scale Share Purchase for the purposes of protecting and enhancing the Company's corporate value and its shareholders' common interests or where any other extraordinary circumstances exist.

2.5. Independent Committee's Consideration of an Abusive Acquisitor

If the Large-scale Share Purchaser complies with the procedure set forth in the New Plan, the Independent Committee will, as a general rule, recommend the Board of Directors not to trigger a countermeasure against the Large-scale Share Purchase.

Even in cases of compliance with the procedure set forth in the New Plan, the Independent Committee will consider whether the Large-scale Share Purchaser is an Abusive Acquisitor (the term "Abusive Acquisitor" refers to a purchaser that is suspected, on reasonable grounds, to fall under any one of the following items):

- (i) The Large-scale Share Purchaser purchases Company Shares without any true intention to participate in the management of the Company, for the purpose of boosting the share price and thereafter having parties interested in the Company purchase shares (cases of a so-called "green mailer"), or the Large-scale Share Purchaser's main purpose of acquisition of Company Shares is to obtain short-term profits.
- (ii) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to temporarily control the management of the Company and thereby

cause intellectual property rights, know-how, confidential corporate information, key business partners, customers or the like necessary for the Company's business operations to transfer to the Large-scale Share Purchaser, its group company or the like.

- (iii) The Large-scale Share Purchaser purchases Company Shares under a plan to unjustly divert the Company assets as collateral or repayment resources for obligations of the Large-scale Share Purchaser, its group company or the like after its acquisition of control over the Company.
- (iv) The Large-scale Share Purchaser's purpose in participating in the management of the Company is mainly to temporarily control the management of the Company, thereby causing the Company to sell or otherwise dispose of highly-valued assets, such as real properties and securities, that are not currently related to the Company business and to distribute temporarily higher dividends with the gains from such disposal, or to sell its shares at an inflated price caused by such temporarily higher dividends (Note 12).
- (v) It is determined, on objective and reasonable grounds, that the conditions (including, without limitation, the type, amount and calculation basis of the consideration for the purchase, the substance, timing, manner, existence or non-existence of unlawfulness, and plausibility of the purchase) of the acquisition of Company Shares as proposed by the Large-scale Share Purchaser are inadequate or inappropriate in light of the Company's corporate value or its shareholders' common interests.
- (vi) The manner of acquisition of shares as proposed by the Large-scale Share Purchaser is so structurally oppressive that it would restrict the shareholders' opportunity or liberty to make decisions, typically represented by a two-phase share purchase (a scheme consisting of two phases of purchase, under which shareholders of the Company are in fact forced to accept the Large-scale Share Purchase since the conditions for the second phase are disadvantageously formulated or not clarified, or the Company Shares are purchased in a manner that gives rise to the uncertainty of future liquidity of Company Shares due to delisting or similar changes, if the Large-scale Share Purchaser is unable to purchase all the Company Shares in the first phase purchase).
- (vii) The Large-scale Share Purchaser's acquisition of control is anticipated to damage or impair the Company's relationship with its customers, employees and other interested parties, as sources of its corporate value, and as a result, to materially damage or impair its corporate value, or is determined, on reasonable grounds, to threaten to prevent the maintenance or enhancement of the Company's corporate value; or in a mid- to long-term view, the Company's corporate value in the event of the Large-scale Share Purchaser's acquisition of control over the Company is determined to become clearly worse than the Company's corporate value in the absence of the Large-scale Share Purchaser's control.
- (viii) It is determined, on reasonable grounds, that the Large-scale Share Purchaser is inappropriate as a controlling shareholder of the Company from the perspective of public policy or good morals, such as in cases where a person or entity relating to a socially disruptive force or terrorism-related organization is included in the management members, major shareholders or capital contributors of the Large-scale Share Purchaser.
- (ix) In cases analogous to any one of the preceding items where it is determined that the Company's corporate value and/or its shareholders' common interests will be significantly impaired.

(Note 12) For example, even in the case where a Large-scale Share Purchaser intends to collateralize assets of the target company for the purchaser's obligation, or to dispose of idle assets of the target company and cause it to pay out high dividends using the proceeds from the disposal, we will not find such a Large-scale Share Purchaser to be an Abusive Acquisitor solely on the grounds that the Large-scale Share Purchaser's intention formalistically falls under the

definition of an Abusive Acquisitor, or will adversely affect the interests of stakeholders other than the shareholders.

2.6. Procedure Where It Is Determined that the Large-scale Share Purchaser Is an Abusive Acquisitor

If the Independent Committee recognizes the Large-scale Share Purchaser as an Abusive Acquisitor, and determines it appropriate to trigger a countermeasure against the Large-scale Share Purchase, the Independent Committee will recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase irrespective of whether the Board Evaluation Period (as defined in 2.7 below) has commenced or expired.

With respect to the disclosure procedure and the subsequent further recommendation procedure in connection with such recommendation, 2.9. A. (i) below shall apply analogously.

2.7. Fixing of Board Evaluation Period

The Board of Directors will fix the period mentioned in item (i) or item (ii) below (from (but excluding) the day on which the Company discloses the determination of the Board of Directors or the Independent Committee that the provision of the Large-scale Share Purchase Information has been completed) in accordance with the substance of the Large-scale Share Purchase as disclosed by the Large-scale Share Purchaser, as a period mainly for evaluation, consideration, Opinion Formulation, Alternative Planning and negotiations, etc. with the Large-scale Share Purchaser (the “Board Evaluation Period”). The Large-scale Share Purchase may not be commenced or executed until the Board Evaluation Period has expired.

Such Board Evaluation Period has been established mainly in light of the difficulty of the evaluation and consideration of the business performance of the Company, as well as the level of difficulty of the Opinion Formulation and the Alternative Planning.

- (i) In the case of the purchase of all of the share certificates, etc. of the Company by way of a tender offer that limits the type of consideration for each purchase to cash (Japanese yen): up to sixty (60) days.
- (ii) In the case of Large-scale Share Purchases other than as mentioned in item (i) above: up to ninety (90) days.

During the Board Evaluation Period, the Board of Directors will conduct an evaluation, consideration, Opinion Formulation, Alternative Planning, negotiations with the Large-scale Share Purchaser and other related activities, from the viewpoint of the protection and enhancement of the Company’s corporate value and its shareholders’ common interests on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser. In conducting such activities, the Board of Directors shall, as a general rule, seek the advice of outside professionals (*e.g.*, financial advisors, practicing attorneys and certified public accountants) in third-party positions independent from the Board of Directors.

If there is a compelling reason for the Board of Directors not to reach a resolution on whether or not to trigger a countermeasure during the Board Evaluation Period, for example, since the Independent Committee cannot make a recommendation as mentioned in 2.9 below during the Board Evaluation Period, then the Board of Director or the Independent Committee may extend the Board Evaluation Period by up to thirty (30) days (excluding the first day) to the extent necessary. If the Board of Directors or the Independent Committee extends the Board Evaluation Period, the Company will disclose the specific period so decided and the reason(s) for the necessity of such period, in a timely and appropriate manner, to the shareholders of the Company in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

2.8. Procedure upon Commencement of Large-scale Share Purchase during the Board Evaluation Period

If the Independent Committee determines that the Large-scale Share Purchaser has commenced the Large-scale Share Purchase during the Board Evaluation Period, the Independent Committee shall, as a general rule, recommend to the Board of Directors that it trigger a countermeasure, except in cases where it is clearly not necessary to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests or where any other extraordinary circumstances exist.

2.9. Independent Committee Recommendation Procedure

A. Independent Committee Recommendation

During the Board Evaluation Period, the Independent Committee shall make a recommendation to the Board of Directors with respect to the Large-scale Share Purchase in accordance with the following items (i) to (iii):

(i) Independent Committee Recommendation to Trigger Countermeasure

Except as otherwise set forth in the New Plan, in the event of the Large-scale Share Purchaser's violation of the procedure prescribed in the New Plan in any material respect, and if such violation is not remedied within ten (10) business days after (and excluding the date of) written notice to the Large-scale Share Purchaser given by the Board of Directors demanding the remedy thereof, and if the Board of Directors determines that it is necessary to trigger a countermeasure against the Large-scale Share Purchase, then the Independent Committee shall, as a general rule, recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase, except in cases where it is clearly not necessary to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests or where any other extraordinary circumstance exists. (The Independent Committee shall be entitled to specify the substance of the countermeasure and impose certain conditions upon the triggering of the countermeasure whenever the Independent Committee determines it necessary.)

Upon such recommendation, the Company will disclose the Independent Committee's opinion and the reason(s) thereof as well as other matters that the Board of Directors deems appropriate, in a timely and appropriate manner, to the shareholders of the Company in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in the recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary.

Even after the Independent Committee gives its recommendation to the Board of Directors to trigger a countermeasure, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in the determination leading to the recommendation, the Independent Committee may further make a recommendation to cease the countermeasure or any other appropriate recommendation to the Board of Directors. In the case of such a further recommendation, the Company will also disclose to the shareholders of the Company, in a timely and appropriate manner, such further recommendation of the Independent Committee and the reason(s) thereof as well as other matters that the Board of Directors deems appropriate in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in such further recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary.

(ii) Independent Committee Recommendation to Confirm Shareholders' Intentions

If, as a result of the evaluation and consideration conducted by the Independent Committee, it is determined that there is no obvious difference between the takeover proposals, including the business plan of the USS Group, presented by the Large-scale Share Purchaser, and the business plan and other proposals of the USS Group presented by the Board of Directors, it will generally be difficult for the Independent Committee to determine whether it is desirable or not to trigger a countermeasure for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests. Therefore, the Independent Committee will recommend to the Board of Directors that it confirm the intentions of the shareholders of the Company, at its shareholders' meeting, as to whether it is necessary or not to trigger a countermeasure, the substance of such a countermeasure and other relevant matters. Upon such recommendation, the Company will disclose the matters that the Board of Directors deems appropriate, in a timely and appropriate manner, to the shareholders of the Company in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, the Company will also disclose a summary of the proceedings of the Independent Committee resulting in the recommendation to the shareholders in a timely and appropriate manner as necessary.

Even after the Independent Committee gives its recommendation to the Board of Directors to confirm the intention of the shareholders of the Company, if the Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in the determination leading to the recommendation, the Independent Committee may further make a different recommendation to the Board of Directors. In the case of such a further recommendation, the Company will also disclose to the shareholders of the Company, in a timely and appropriate manner, such further recommendation of the Independent Committee and the reason(s) thereof as well as other matters that the Board of Directors deems appropriate in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. In addition, a summary of the proceedings of the Independent Committee resulting in such further recommendation will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary.

(iii) Independent Committee Recommendation for Other Action

In addition to those mentioned above, the Independent Committee may at any time make a recommendation to the Board of Directors of a substance that the committee considers to be appropriate from the viewpoint of maximizing the Company's corporate value and its shareholders' common interests, or a recommendation for the discontinuation of, or the suspension of triggering, a countermeasure in cases where such discontinuation or suspension is permissible under the relevant Laws and Regulations.

With respect to the disclosure procedure and the subsequent further recommendation procedure with respect to such recommendation, items (i) above shall apply analogously.

B. Independent Committee Recommendation to Be Respected by the Board of Directors

With respect to the intended Large-scale Share Purchase, the Board of Directors will conduct an evaluation, consideration, Opinion Formulation, Alternative Planning and negotiations with the Large-scale Share Purchaser, on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser and other reliable objective data and information, from the viewpoint of protecting and enhancing the Company's corporate value and its shareholders' common interests. Except in cases of

extraordinary circumstances where it is reasonably determined that following the recommendation is likely to be determined as a breach of the fiduciary duty of each director, such as where the Board of Directors finds, as a result of its evaluation and consideration, that there is a material and reckless error in the understanding of facts assumed in the recommendation (in this section B, including further recommendations) of the Independent Committee or a clearly unreasonable aspect in the course of reaching the determination leading to the recommendation, the Board of Directors shall, as a general rule, follow the recommendation of the Independent Committee, and will adopt the necessary board resolutions, among other things, for triggering or not triggering a countermeasure, for suspending the triggering of a countermeasure, for discontinuing a triggered countermeasure, or for convening a shareholders' meeting.

In the case where such a resolution is adopted, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriate manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

In the case where the Board of Directors triggers a countermeasure, discontinues an intended allotment of share option certificates without contribution, or makes a decision for the Company to acquire share option certificates, in accordance with a further recommendation of the Independent Committee, a price volatility risk may possibly arise with respect to the shares of the Company.

2.10. Procedure to Confirm Shareholders' Intentions

Upon a recommendation made by the Independent Committee to confirm the intentions of the shareholders of the Company at its shareholders' meeting as mentioned in 2.9.A. (ii) above, the Board of Directors shall follow the procedure, without delay, to convene an extraordinary shareholders' meeting in accordance with the provisions of the relevant Laws and Regulations as well as the articles of incorporation of the Company.

A resolution for the confirmation of the intentions of the shareholders of the Company with respect to the necessity, substance and other details of a countermeasure against the Large-scale Share Purchase shall be adopted at a shareholders' meeting where shareholders holding a majority of the total voting rights held by voting shareholders are present, and by a majority vote of the shareholders present.

When such shareholders' meeting adopts a resolution for triggering a countermeasure against the Large-scale Share Purchase and the substance thereof, the Board of Directors will trigger it in accordance with such shareholders' meeting resolution. When the Board of Directors adopts a resolution with respect to triggering a countermeasure, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriate manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

In the case of a recommendation made by the Independent Committee to confirm the shareholders' intentions at a shareholders' meeting as mentioned in 2.9.A. (ii) above, the Large-scale Share Purchase may not be executed until such intention confirmation procedure is completed.

2.11. Modification of Large-scale Share Purchase Information

If, following its disclosure of the determination that the provision of the Large-scale Share Purchase Information has been completed, the Board of Directors determines that the Large-scale Share Purchaser has modified the Large-scale Share Purchase Information in any material respect, then the Board of Directors will disclose, in a timely and appropriate manner, said determination, the reason(s) therefor and other information that the Board of Directors deems appropriate in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges. Upon this disclosure, the procedure thus far carried out under the New Plan with respect to the Large-scale Share Purchase (the "Pre-modification

Large-scale Share Purchase”) then being followed on the premise of the Large-scale Share Purchase Information before such modification shall be discontinued, and the Large-scale Share Purchase to be conducted on the premise of the modified Large-scale Share Purchase Information shall be treated as another Large-scale Share Purchase separate from the Pre-modification Large-scale Share Purchase, to which the procedure under the New Plan shall be newly applied. However, in making such determination, the Board of Directors shall, as a general rule, follow the opinion of the Independent Committee, unless there are extraordinary circumstances, such as where it is reasonably likely that following the opinion of the Independent Committee will be determined as a breach of the fiduciary duty of each director.

2.12. Specific Substance of Countermeasure

As one countermeasure under the New Plan by the Company against a Large-scale Share Purchase, we contemplate an allotment of share options (*shinkabu-yoyaku-ken*) without contribution as set forth in Articles 277 *et seq.* of the Companies Act (share options so allotted being referred to as “Share Options”). However, if the Company determines it appropriate to trigger any other countermeasure available under the Companies Act or any other Laws and Regulations and the articles of incorporation of the Company, such countermeasure may be implemented.

The outline of an allotment of Share Options without contribution to be made as a countermeasure against a Large-scale Share Purchase is as described in Exhibit 1 attached hereto. When actually making an allotment of Share Options without contribution, the Company may establish the exercise period, exercise conditions, acquisition clause and other conditions with respect to the Share Options, including, without limitation: (i) an exercise condition that a Large-scale Share Purchaser violating the New Plan or option-holders with a certain relationship with the Large-scale Share Purchaser (in this Section 2.12, each being referred to as an “Excluded Option-holder”) are not allowed to exercise their rights; and (ii) a clause to the effect that when the Company is to acquire a portion of the Share Options, the Company may acquire only Share Options held by holders other than the Excluded Option-holders.

3. Effective Period, Continuation, Abolition and Modification of the New Plan

The effective period of the New Plan shall expire on June 30, 2012. However, if, on June 30, 2012, there is a person designated by the Independent Committee, either (i) executing, in practical terms, a Large-scale Share Purchase or (ii) planning, in practical terms, to execute a Large-scale Share Purchase, then such effective period of the New Plan will be extended to the extent necessary to respond to such actual or planned Large-scale Share Purchase. The New Plan will be abolished before such expiry if: (i) the Company’s general meeting of shareholders approves a proposal to abolish it; or (ii) the Board of Directors adopts a resolution to abolish it. It is thus possible to abolish the New Plan at any time in accordance with the intentions of the shareholders of the Company.

In addition, the Company provides, in Article 21, Paragraph 1 of its articles of incorporation, that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders regarding the last business year ending within one (1) year from the appointment of the director. It is planned that the agenda on the appointment of directors for each annual general meeting of shareholders will contain the indication of each director candidate’s yes-no position on the New Plan. Therefore, our shareholders are able to reflect their intentions regarding the continuation, abolition and modification of the New Plan through the agenda on the appointment of directors for each annual general meeting of shareholders.

From this year on, the Board of Directors will consider and make a resolution on the continuation, abolition or modification of the New Plan at its meeting first held after the conclusion of the Company’s annual general meeting of shareholders for each year.

The Company may revise or modify the New Plan if necessary, with the approval of the Independent Committee, from the viewpoint of the protection and enhancement of the Company’s corporate value

and its shareholders' common interests, within the scope that the substantial objectives of the New Plan are not impaired, and to the extent reasonably necessary to respond to revisions or changes in the interpretation or operation of any applicable Law or Regulation or the rules of any relevant financial instruments exchange, or modifications of the taxation system, case law or other relevant circumstances.

Upon a board resolution being adopted for the abolition, modification or other alteration of the New Plan, the Company will disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate, in a timely and appropriate manner, in accordance with the applicable Laws and Regulations and the rules of the relevant financial instruments exchanges.

4. Independent Committee

In conjunction with the continuation of the takeover defense under the New Plan, the Company will create an independent committee (the "Independent Committee") comprised of three (3) members appointed from among the Company's outside directors to preclude arbitrary decision-making by the Board of Directors as to whether to apply the New Plan.

The name and career summary of each member of the Independent Committee initially appointed at the commencement of the New Plan are as shown in Exhibit 2 attached hereto.

As a general rule, a resolution of the Independent Committee shall be adopted at a committee meeting at which all members are present and by a majority vote of the members. However, in the event of the inability to attend of any member or any unavoidable circumstances, a committee resolution may be adopted at a committee meeting at which a majority of the members are present and by a majority vote of the members present. A summary of the committee proceedings resulting in a recommendation or any other action will be disclosed to the shareholders of the Company in a timely and appropriate manner as necessary.

5. Effect upon Shareholders and Investors

5.1. Effect upon Shareholders and Investors When the New Plan Becomes Effective

At the time of the coming into force of the New Plan, no Share Options will be issued. Accordingly, the rights and economic interests of the shareholders and investors of the Company will not be directly or specifically affected.

5.2. Effect upon Shareholders and Investors When Share Options Are Allotted without Contribution

The Board of Directors may take a countermeasure against a Large-scale Share Purchase, based on the New Plan, for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests, although, under the currently contemplated countermeasure structure, we do not expect any measure to directly and specifically affect the rights and economic interests of the Company's shareholders and investors (excluding a Large-scale Share Purchaser violating the New Plan and those in certain relationships with such purchaser). However, if the Company decides to use any other type of countermeasure available under the Companies Act, any other Laws and Regulations or the articles of incorporation of the Company, pursuant to 2.12 above, we cannot deny the possibility, depending on the substance of such countermeasure, that the Company's shareholders' or investors' rights or economic interests will be somewhat affected as a result of triggering such a countermeasure. Even in the case where the Board of Directors has resolved on an allotment of Share Options without contribution, if the Board of Directors decides to discontinue the triggered countermeasure or suspend the triggering thereof in accordance with the procedure mentioned in Section 2.9 above or otherwise, there will be a possibility that the price of Company Shares is affected accordingly. For example, if, after the scope of shareholders entitled to the intended allotment of Share Options without contribution has definitively been determined, the Company will suspend the triggering of the countermeasure and acquire all of

the Share Options to be allotted, no dilution will occur to the economic value per share of Company Shares held by our shareholders and investors. As a result, shareholders who have sold or purchased Company Shares on the premise of the occurrence of dilution may possibly incur losses due to price fluctuation. We request the shareholders and investors to acknowledge this in advance.

The procedure to exercise or acquire the allotted Share Options that involves the shareholders of the Company is described as follows:

(i) When Share Options Are Exercised

When the Company's shareholders are to exercise their Share Options, they will be required to pay a specified amount to acquire shares within a specified period. When the allotment of Share Options without contribution is actually offered, notification of the details of the procedure will be separately given in accordance with the applicable Laws and Regulations.

(ii) When Share Options Are Acquired

When the Company is to acquire Share Options, the Company will acquire such Share Options, and the shareholders transferring such Share Options will receive shares of the Company in exchange therefor without such shareholders following any procedure regarding the exercise of Share Options as described in item (i) above, except in the case where a shareholder is an Excluded Option-holder.

IV. Reasonableness of the New Plan

The New Plan is consistent with three basic principles formulated in the "Guidelines Regarding Takeover Defenses for the Purposes of the Protection and Enhancement of Corporate Value and Shareholders' Common Interests" (*Kigyokachi/Kabunushi-kyodo no Rieki no Kakuho mataha Kojo no Tame no Baishu-boei-saku ni Kansuru Shishin*) jointly released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 ((i) the principle of the protection and enhancement of corporate value and shareholders' common benefits; (ii) the principle of prior disclosure and shareholders' intentions; and (iii) the principle of securing necessity and suitability), as described below. The substance of the New Plan also reflects recent practices and discussions, such as "Takeover Defense Measures in Light of Recent Environmental Changes" (*Kinji no Shokankyo no Henka wo Fumaeta Baishu-boei-saku no Arikata*) released on June 30, 2008, by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry. Thus, the New Plan is highly reasonable.

1. Protection and Enhancement of Corporate Value and Shareholders' Common Interests

As described in Section III.1. above, by requiring a Large-scale Share Purchaser to provide the necessary information and secure an opportunity for consideration and negotiations, in advance, with respect to the intended Large-scale Share Purchase, the takeover defense under the New Plan will enable: (i) our shareholders to appropriately consider whether to accept the proposed Large-scale Share Purchase; (ii) the Board of Directors to present to our shareholders its opinion for or against, or an Alternative Proposal to, the Large-scale Share Purchase in accordance with the recommendation of the Independent Committee or to negotiate with the Large-scale Share Purchaser for the benefit of our shareholders. Thus, the takeover defense should be continued for the purpose of protecting and enhancing the Company's corporate value and its shareholders' common interests.

2. Prior Disclosure

The Company hereby discloses the New Plan in advance in order to enhance the ability of the Company's shareholders, investors and prospective Large-scale Share Purchasers to foresee and ensure an appropriate opportunity for the shareholders to make a choice.

The Company will continue to make timely and appropriate disclosures in accordance with the applicable Laws and Regulations as well as the rules of the relevant financial instruments exchanges.

3. Respect for Shareholders' Intentions

The Company expects to confirm its shareholders' intentions regarding the New Plan through the agenda on the continuation of the takeover defense under the New Plan to be submitted to the General Meeting.

4. Creation of the Independent Committee

The Board of Directors will create the Independent Committee in order to secure the legitimacy of the judgment by the Board of Directors to trigger a countermeasure and to preclude arbitrary decision-making by the Board of Directors with respect to the triggering or other consideration of a countermeasure under the New Plan, as mentioned in Section III.4. above. The Board of Directors shall, as a general rule, accept and follow the recommendation of the Independent Committee unless there are extraordinary circumstances, such as where it is reasonably likely that following the recommendation of the Independent Committee will be determined as a breach of the fiduciary duty of each director, when the Board of Directors adopts a resolution to trigger a countermeasure.

5. Retaining Outside Specialists

As set forth in Section III.2.7 above, when triggering a countermeasure, the Board of Directors shall, as a general rule, seek the advice of professionals (*e.g.*, financial advisors, practicing attorneys and certified public accountants) in third-party positions independent from the Board of Directors. The objectivity and reasonableness of the determination of the Board of Directors will thus be ensured.

6. Confirmation of Shareholders Intentions through Election of Directors

As mentioned in Section III.3 above, Article 21, Paragraph 1 of the Company's articles of incorporation provides that the term of office of a director shall expire at the end of the conclusion of the annual general meeting of shareholders regarding the last business year ending within one (1) year from the appointment of the director. Therefore, our shareholders' intentions as to whether to abolish the New Plan will be confirmed through the agenda on the election of directors for each annual general meeting of shareholders.

7. Not a "Dead-Hand" Type Takeover Defense or "Slow-Hand" Type Takeover Defense

As mentioned in Section III.3 above, it is at any time possible to abolish the New Plan by the Company's general meeting of shareholders or by the Board of Directors comprised of directors elected by the general meeting of shareholders. Therefore, the New Plan is not a so-called "dead hand" type (a takeover defense measure that cannot be prevented even though a majority of the members of the board of directors are replaced) or a "slow-hand" type takeover defense (a takeover defense measure that takes substantial time to trigger due to the inability to replace all of the directors at one time).

(Exhibit 1)

Outline of Allotment of Share Options without Contribution

1. Shareholders Eligible for Allotment

To the shareholders entered or recorded in the Company's shareholder register as of the record date fixed by the Board of Directors, Share Options shall be allotted, without contribution, in proportion to the respective number of their shares held (excluding the common shares of the Company held by itself) at the ratio of one (1) share per one (1) Share Option.

2. Type and Number of Shares Underlying the Share Options

The type of shares of the Company underlying the Share Options shall be common shares, and upon exercise of one (1) Share Option, one (1) common share shall be issued.

3. Effective Date of Allotment of Share Options without Contribution

The effective date of the allotment shall be separately fixed by the Board of Directors.

4. Amount of Capital Contributed upon Exercise of Share Options

The capital contribution to be made upon the exercise of a Share Option shall be cash, and the amount of the capital contribution to be made upon the exercise of a Share Option shall be one (1) yen or more for one (1) common share of the Company.

5. Restriction on Transfer of Share Options

The acquisition of Share Options by sale may be subject to the approval of the Board of Directors.

6. Conditions for Exercise of Share Options

The exercise conditions for the Share Options shall be separately established by the Board of Directors (such an exercise condition may be that those within a certain scope of Large-scale Share Purchasers as defined by the Board of Directors in accordance with the prescribed procedure, and their respective joint holders and persons in a special relationship and those designated by the Board of Directors as being substantially controlled by, or acting jointly or cooperatively with, them (each an "Excluded Option-holder") are not permitted to exercise their respective rights).

7. The Company's Acquisition of Share Options

The Board of Directors may set forth an acquisition provision that the Company shall be entitled to acquire only Share Options held by option-holders other than the Excluded Option-holders, in accordance with a resolution of the Board of Directors, on the condition that the Large-scale Share Purchaser in question violates the procedure applied under the New Plan, a certain specified event occurs or a date separately specified by the Board of Directors passes.

8. Reasons for Acquisition of Share Options without Compensation (Reasons for Abolishing the Countermeasure)

The Company shall be entitled to acquire all of the Share Options without compensation, if:

- (a) the takeover proposal of the Large-scale Share Purchaser is approved by an ordinary resolution of a general meeting of shareholders of the Company;
- (b) there is a unanimous decision of the Independent Committee of the Company; or
- (c) such acquisition is otherwise separately authorized by the Board of Directors.

9. Exercise Period of Share Options

The exercise period and other necessary matters regarding the Share Options shall be separately determined by the Board of Directors.

End of the document.

(Exhibit 2)

Independent Committee: Names and Career Summaries of Members

Outside Director Mr. Hideo Okada

Joined Kabushiki Kaisha Nihon Kogyo Shinbunsha (presently, Kabushiki Kaisha Nihon Kogyo Shinbunsha) in 1965, served as Division Manager (*jigyo buchou*) and Department Manager (*jigyo kyokuchou*), and was appointed Director in 1997, Executive Director (*jyomu torishimariyaku*) in 2002, and Adviser (*komon*)(incumbent) in 2005 at Kabushiki Kaisha Nihon Kogyo Shinbunsha . Assumed a position as Outside Director of the Company from June 2006.

In respect to Mr. Hideo Okada, we have asked him to assume a position as Outside Director in order to reflect to the Company's management his considerable experience as a former executive officer and his in-depth insight from having experience in publishing newspapers specializing in the field of economy and industry.

Outside Director Mr. Isamu Hayashi

Joined Chuo Shintaku Ginko Kabushiki Kaisha (presently, the Chuo Mitsui Trust and Banking, Limited), served as Chief Examiner of the Legal Section of Securities Agency Division (*shoken daikoubu houmuka shunin chousayaku*) in 1985, Chief of the Legal Section of Securities Agency Division in 1995, Assistant Manager of the Securities Agency Division (in charge of legal matters) in October 1996 and retired in 2000. Assumed a position as Associate Professor in the Faculty of Business Management at Osaka Sangyo University in 2000 and Professor in 2004. At Osaka Sangyo University, specializes in the Commercial Code and the Companies Act. Assumed a position as Outside Director of the Company from June 2006.

In respect to Mr. Isamu Hayashi, we have asked him to assume a position as Outside Director in order to reflect to the Company's management his in-depth insight as a legal scholar and his considerable experience taking charge of legal matters at the Securities Agency Division during his career at Chuo Shintaku Ginko Kabushiki Kaisha.

Outside Director Mr. Satoru Madono

Joined the Export-Import Bank of Japan (presently, the Japan Bank for International Cooperation), served as Manager of the Project Finance Division, Manager of the International Examination Division (*kokusai shinsa buchou*), Counsel (*shingiyaku*), and retired in 2002. In the same year, assumed a position as Professor at the International School of Economics and Business Administration of Reitaku University. Also, incorporated Kabushiki Kaisha Isic, and deals with corporate consulting. Assumed a position as Outside Director of the Company from June 2006.

During his career at the Japan Bank for International Cooperation, he has served as a visiting consultant at Bechtel and Dillon Read of USA and as a visiting professor and a part-time lecturer of project finance at Tokyo University of Agriculture and Technology, University of Tokyo, International Christian University.

In addition, he was the first Japanese to be awarded with a medal from the Ukrainian government in 1999 for his accomplishments in technical assistance for the economic reconstruction of Ukraine (assistance in reform of Export-Import Bank of Ukraine), and he was also given an award by the Ukrainian government in 2001 for being the Japanese who contributed most in building a relationship between the two countries, as 2001 was the 10th anniversary year of the establishment of the diplomatic relationship between Japan and Ukraine.

In respect to Mr. Satoru Madono, we have asked him to assume a position as Outside Director in order to reflect to the Company's management his in-depth insight as an economist and his considerable experience as a former Counsel (*shingiyaku*) of the Japan Bank for International Cooperation.

Outside Director Mr. Koji Sato

Passed the National Bar Examination in 1988, registered as a member of the Nagoya Bar Association (presently, the Aichi Bar Association) in 1991, established Sato Koji Houritsu-jimusho in 1995. Assumed a position as vice - chairman of the Aichi Bar Association from April 2009. Assumed a position as Outside Director of the company from June 2006

In respect to Mr. Koji Sato, we have asked him to assume a position as Outside Director in order to reflect to the Company's management his in-depth insight with regard to management in addition to his technical perspective as a lawyer.

(Note) It is planned that the appointment of the above four members will be referred to in the decision of the shareholders of the Company as candidates for new outside directors at the Company's 29th Annual General Meeting of Shareholders scheduled for June 24, 2009.

(Exhibit 3)

Major Shareholders of the Company

Major Shareholders of the Company as of March 31, 2009

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
Futoshi Hattori	2,630	8.6
BBH for Fidelity Low Price Stock Fund	2,110	6.9
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	1,942	6.4
JPMorgan Chase Bank 380055	1,278	4.2
Japan Trustee Services Bank, Ltd. (Trust Account)	1,215	4.0
State Street Bank and Trust Company Japan	1,120	3.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,085	3.5
Yukihiro Ando	908	3.0
Nomura Trust and Banking Co., Ltd. (Trust Account for Retirement Benefit Trust of The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	2.7
Hattori Motors Co., Ltd.	720	2.4
Total	13,851	45.3

Other than the above, the following shareholdings have also been reported by way of Large Volume Shareholding Reports.

1. In the Large Volume Shareholding Report filed as of April 3, 2009 jointly in the names of Barclays Global Investors and three (3) other companies, the following shareholdings as of March 30, 2009 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2009, and accordingly, the respective numbers of shares substantially held have not been verified. Therefore, the following shareholdings have not been included in the above list of Major Shareholders.

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
Barclays Global Investors Japan Limited	1-39, Hiroo 1-chome, Shibuya-ku, Tokyo, Japan	658	2.2
Barclays Global Investors, N.A.	400 Howard St., San Francisco, California , U.S.A.	462	1.5
Barclays Global Fund Advisors	400 Howard St., San Francisco, California , U.S.A.	227	0.7
Barclays Global Investors Limited	1 Royal Mint Court, London, U.K.	223	0.7
Total		1,573	5.1

2. In the Large Volume Shareholding Report filed as of March 6, 2009 jointly in the names of Fidelity Investments Japan Limited and one (1) other company, the following shareholdings as of February 27, 2009 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2009, and accordingly, the respective numbers of shares substantially held have not been verified. Therefore, the following shareholdings have not been included in the above list of Major Shareholders.

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
Fidelity Investments Japan Limited	Siroyama Trust Tower, 3-1, Toranomom 4-chome, Minato-ku, Tokyo, Japan	247	0.8
FMR LLC	82 Devonshire St., Boston, Commonwealth of Massachusetts 02109, U.S.A.	2,094	6.8
Total		2,342	7.7

3. In the Large Volume Shareholding Report filed as of December 16, 2008 jointly in the names of Templeton Investment Counsel, LLC and five (5) other companies, the following shareholdings as of December 9, 2008 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2009, and accordingly, the respective numbers of shares substantially held have not been verified. Therefore, the following shareholdings have not been included in the above list of Major Shareholders.

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
Templeton Investment Counsel, LLC	500 East Broward Boulevard, Suite 2100, Fort Lauderdale, Florida 33394, U.S.A.	1,048	3.4
Franklin Templeton Investments (Asia) Limited	17th Floor, Chater House, 8 Connaught Road, Central, Hong Kong	853	2.8
Franklin Templeton Investment Management Limited	5 Morrison Street, Edinburgh, Scotland EH3 8BH, U.K.	372	1.2
Templeton Global Advisors Limited	PO Box N-7759, Lyford Cay, Nassau, Bahamas	1,176	3.8
Franklin Templeton Investments Australia Limited	Level 25, 360 Collins Street, Melbourne, Victoria 3000, Australia	43	0.1
Franklin Templeton Investments Corp	5000 Yonge Street, Suite 1200, Toronto, Ontario M2N 0A7, Canada	131	0.4
Total		3,625	11.9

4. In the Large Volume Shareholding Report filed as of February 21, 2008 jointly in the names of J.P. Morgan Asset Management and one (1) other company, the following shareholdings as of February 15, 2008 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2009, and accordingly, the respective numbers of shares substantially held have not been verified. Therefore, the following shareholdings have not been included in the above list of Major Shareholders.

Name	Address	Number of shares held (thousands of shares)	Shareholding ratio (%)
JPMorgan Asset Management (Japan) Limited.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	1,527	5.0
Highbridge Capital Management LLC	27th Floor, 9 West 57th St., New York, New York 10019, U.S.A.	43	0.1
Total		1,571	5.1

(Note)

1. The list of Major Shareholders of the Company as of March 31, 2009 is based on a preliminary report of the Shareholder Registries, which the shareholder registry administrator of the Company has made.
2. In the calculation of shareholding ratios, the number of treasury shares held by the Company (2,105,687 shares) have been excluded from the total number of issued shares as of March 31, 2009 (32,695,982 shares).
3. Each fractional figure of less than one unit shown has been rounded off. Each fractional percentage figure has been rounded to the nearest first decimal place.

End