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For immediate release:

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Introduction of Countermeasure (Takeover Defense) Responding to Large-scale Purchase of USS Co., Ltd. Shares

USS Co., Ltd. (the “Company”) today announced that, by resolution of the meeting of the Board of Directors held on May 16, 2006, USS will implement the below-described measure (the “Plan”) to respond to large-scale purchases of shares of the Company to prevent abusive acquisition and the like of the Company as part of its endeavors to protect and enhance the Company’s corporate value or shareholders’ common interests.

At the board meeting, having decided on the Plan, all of the directors and corporate auditors (who are all outside corporate auditors) were present and agreed to the Plan on the condition that the Plan is appropriately operated in practice.

Description of the Plan

I. Endeavors to Protect and Enhance Corporate Value and Shareholders’ Common Interests

The business of the Company and its consolidated subsidiaries (collectively, the “USS Group”) consists of a membership auto-auction business, as its core business, a used-car purchasing and selling business, and a recycling business for end-of-life cars.

The auto-auction business operates 16 actual auction sites nationwide and has 37,142 member companies (as of March 31, 2006) for the entire USS Group, the annual number of auction consignment is 2,662,000 vehicles (for the year ending in March 2006), and the Company maintains top status in the industry with an market share of 32.3% (for the 2005 calendar year).

The USS Group has gained immense support and trust from the member companies as a leading company in the auto-auction industry. Since its founding in 1980, the Company has upheld management creeds of “the creation of a fair market” and “coexistence with member companies,” has constantly introduced state-of-the-art technologies ahead of competitors, and has established its vehicle inspection systems at the highest level of the industry.

From a mid- and long-term perspective, a target to be achieved is “Project 343” (the annual auction consignment of 3,000,000 vehicles, an market share of 40%, and a consolidated ordinary income of 30 billion yen), the Company’s mid-term management plan up to the period ending in March 2009. For this target, the USS Kobe Auction Site was opened in September 2005, the USS Kyushu Auction Site

was redesigned in January 2006, and the USS Osaka Auction Site was redesigned in March 2006. Management resources are thus concentrated on the auto-auction business for the purpose of increasing our corporate value on a mid- and long-term basis. In order to continuously increase the USS Group's corporate value under Project 343, we consider it to be extremely important to continue to further fulfill the aforementioned management creeds, as part of the foundation of its management, and to operate its business by focusing on the mid-term relationship of trust between the USS Group and its member companies.

The Company has made efforts to expand the number of its shareholders by share splits, the modification of the number of shares constituting one voting unit and the like since the initial listing of its 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 11,761 as of the end of March 2006. 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 or shareholders' common interests by further improving the liquidity of the Company shares and conducting prudent management.

II. The Plan

1. Purpose of Introduction of the Plan

In the event of a Large-scale Share Purchase (as defined in 2.1 below), even if it involves the transfer of control over the target company, 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 Company's corporate value or where the common interests of its shareholders are threatened, such as: (i) cases where it is clear that the Large-scale Share Purchaser does not aim towards reasonable management with sincerity in light of the purpose of or other circumstances surrounding the Large-scale Share 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 Large-scale 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 present its opinion for or against the Large-scale Share Purchase, or a business plan or the like (an "Alternative Proposal") that presents an alternative to the takeover proposal, business plan or the like presented by the Large-scale Share Purchaser, (b) an opportunity to negotiate with regard to Alternative Proposals with the Large-scale Share Purchaser, or (c) an adequate consideration period that is necessary or adequate for it to form its opinion for or against the Large-scale Share Purchase or Alternative Proposals.

Taking these recent situations of corporate acquisitions into consideration, 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 of the Company (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 Company's Corporate Value 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 introduce the Plan.

In order to introduce the Plan, it is necessarily desirable to confirm the shareholders' intentions. For this purpose, the Company will confirm the shareholders' intentions regarding the introduction of the Plan at the 26th annual general meeting scheduled for June 28, 2006 (the "General meeting"). In light of the recent situations of corporate acquisitions, however, we cannot deny the risk of the Company's corporate value or the shareholders' common interests being impaired by a Large-scale Share Purchase as described above in the meantime until the shareholders' intentions are confirmed at the General meeting. To prevent this, it is necessary to take an interim measure at this stage.

For the above reasons, the Board of Directors has decided to introduce the Plan with the expectation that the Company's shareholders' intentions will be confirmed at the General meeting. If we do not obtain the shareholders' support, this Plan will be forthwith abolished.

2. Substance of the Plan

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

The Plan shall apply if a transaction that falls or might fall under the following item (i) or item (ii) (excluding those approved in advance by the Board of Directors) (such transaction being referred to as a "Large-scale Share Purchase"):

- (i) Any purchase or other form of acquisition of share certificates, etc. (Note 1) issued by the Company by a Large-scale Share Purchaser that will render such purchaser's holding ratio of share certificates, etc. (Note 2) to be 20% or more.
- (ii) Any purchase or other form of acquisition of share certificates, etc. (Note 3) issued by the Company by a Large-scale Share Purchaser that will render the total of such purchaser's holding ratio of certificates, etc. (Note 4) and the aggregate holding ratio of share certificates, etc. of the special affiliated persons (Note 5) to be 20% or more.

(Note 1) The term "share certificates, etc." as used for cases under item (i) refers to "share certificates, etc." as defined in Article 27-23, Clause 1 of the Securities and Exchange Law (*Shoken-torihiki-ho*) unless otherwise specified.

(Note 2) The term "holding ratio of share certificates, etc." as used for cases under item (i) refers to "holding ratio of share certificates, etc." as defined in Article 27-23, Clause 4 of the Securities and Exchange Law unless otherwise specified. In the calculation of such a holding ratio, (1) any special affiliated person as defined in Article 27-2, Clause 7 of the Securities and Exchange Law, and (2) any investment bank, securities company or other financial institution that has entered into a financial advisory agreement with the Large-scale Share Purchaser, or any tender offer agent and a securities company acting as the lead manager (collectively, the "Large-scale Share Purchaser Group") is deemed to be a joint holder (as defined in Article 27-23, Clause 4 of the Securities and Exchange Law) of the Large-scale Share Purchaser. Also, in the calculation of such a holding ratio, the total number of the Company's issued shares (as mentioned in Article 27-23, Clause 4 of the Securities and Exchange Law) may be determined in reference to the latest information publicized by the Company.

(Note 3) The term "share certificates, etc." as used for cases under item (ii) refers to "share certificates, etc." as defined in Article 27-2, Clause 1 of the Securities and Exchange Law.

(Note 4) 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, Clause 8 of the Securities and Exchange Law unless otherwise specified. In the calculation of such a holding ratio, the total voting rights (referring to the total number of voting rights mentioned in Article 27-2, Clause 8 of the Securities and Exchange Law) with respect to the Company may be determined in reference to the latest information publicized by the Company.

- (Note 5) The term “special affiliated person” refers to “special affiliated person” as defined in Article 27-2, Clause 7 of the Securities and Exchange Law. However, with respect to those listed in Item 1 of the said Clause, those mentioned in Article 3, Clause 1 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-kaisuke no Kaiji ni Kansuru Naikakufu-rei*) shall be excluded. In addition, joint holders as defined in Article 27-23, Clause 5 of the Securities and Exchange Law and the Large-scale Share Purchaser Group shall be deemed to be special affiliated persons with respect to the Large-scale Share Purchaser.
- (Note 6) 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 Corporate Law (*Kaisha-ho*), the Securities and Exchange Law (*Shoken-torihiki-ho*) or any other relevant law, 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 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 a Large-scale Share Purchase, a Large-scale Share Purchaser will be required to submit to the Board of Directors a document (the “Share Purchase Statement”), in the form separately specified by the Company, bearing the signature or the name and seal impression of the representative of the Large-scale Share Purchaser by which the Large-scale Share Purchaser pledges to comply with the procedure set forth in the Plan. Upon receipt of the Share Purchase Statement, the Board of Directors will promptly submit it to the Corporate Value Committee (as defined in 4 below).

In the Share Purchase Statement, the Large-scale Share Purchaser will be requested to confirm its pledge to comply with the procedure set forth in the Plan, and its name, address, governing law, representative’s name and contact person(s) in Japan, as well as explain the outline of the intended Large-scale Share Purchase and other relevant information.

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 to be appropriate.

2.3. Large-scale Share Purchaser’s Demand for Information

Within ten (10) business days after the Board of Directors receives the Share Purchase Statement, the Large-scale Share Purchaser will be requested to submit the information listed in the items (i) to (vii) (collectively, the “Large-scale Share Purchase Information”) below to the Board of Directors. Upon receipt of the Large-scale Share Purchase Information, the Board of Directors will promptly provide the same to the Corporate Value Committee.

If the Corporate Value Committee determines it difficult, only with the Share Purchase Information provided by the Large-scale Share Purchaser, for the shareholders to appropriately decide whether to accept the Large-scale Share Purchase, or for the Corporate Value Committee and the Board of Directors to formulate their opinion for or against the Large-scale Share Purchase or appropriately present an Alternative Proposal to the shareholders of the Company (such opinion formulation and Alternative Proposal presentation being collectively referred to as the “Evaluation Activity”), the Board of Directors may first fix a reasonable submission period and then demand from time to time that the Large-scale Share Purchaser provide additional information that is required for the Evaluation Activity.

If the Corporate Value Committee determines that the provision of the Large-scale Share Purchase Information has been completed, the Company will promptly disclose such fact to the shareholders of the Company. In addition, at an appropriate time following the receipt of the Large-scale Share Purchase Information, the Company will disclose to the shareholders such

portion of the Large-scale Purchase Information that is considered to be necessary for the shareholders to determine whether to accept the Large-scale Share Purchase.

- (i) An outline (including the name, capital composition, financial condition, names and career summaries of the board members and the like) 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 of a fund, including its major members, capital contributors (whether direct or indirect), other constituent elements, managing partner, and advisors who continuously give advice on investments).
- (ii) The purpose and substance (including the amount and type of the purchase price, the timing of the purchase, the structure(s) of the related transaction(s), the lawfulness of the manner of purchase, the plausibility of the purchase and the like) of the Large-scale Share Purchase.
- (iii) The calculation basis (including the facts and assumptions forming the calculation basis, the manner of calculation, the numeric information used in the calculation, the amount of the synergy effect anticipated to result from the series of transactions relevant to the purchase and calculation basis and the like) of the purchase price.
- (iv) Proof of the financial resources for the purchase (including the names of providers (including beneficial providers, whether direct or indirect) of resources, the manner of funding and the substance of the relevant transactions).
- (v) The management policies, business, financial and investment plans, capital and dividend policies of the USS Group intended to be implemented after the completion of the Large-scale Share Purchase, and the policies for handling the Company's employees, business partners, customers, local authorities of where the Company's business establishments and the like are located and other interested parties after the completion of the Large-scale Share Purchase.
- (vi) A document by which the Large-scale Share Purchaser pledges that it is not an Abusive Acquisitor (as defined in 2.5 below).
- (vii) Other information that the Corporate Value Committee reasonably determines to be necessary and demands the Large-scale Share Purchaser to submit within ten (10) business days after the Board of Directors receives the Share Purchase Statement.

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

If a Large-scale Share Purchase is initiated without the Large-scale Share Purchaser's submission of a Share Purchase Statement to the Board of Directors or completion of the provision of the Large-scale Share Purchase Information to the Board of Directors, the Corporate Value 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 necessary not to trigger a countermeasure against the Large-scale Share Purchase for the purposes of protecting and enhancing the Company's corporate value or shareholders' common interests or where any other extraordinary circumstance exists.

2.5. Corporate Value Committee's Determination as to an Abusive Acquisitor

The Corporate Value Committee will determine whether the Large-scale Share Purchaser in question is an Abusive Acquisitor (the term "Abusive Acquisitor" refers to a purchaser that is suspected, on reasonable grounds, to fall under any of the following items):

- (i) The Large-scale Share Purchaser conducts a share purchase, 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 the so-called "green mailer"), or the Large-scale Share Purchaser's main purpose of a share purchase 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 operation to transfer to the Large-scale Share Purchaser, its group company or the like.

- (iii) The Large-scale Share Purchaser purchases shares of the Company under the plan that it will 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 the 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 cause the Company to sell or otherwise dispose of highly-valued assets, such as real property or 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.
- (v) It is determined, on reasonable grounds, that the conditions (including, without limitation, the type, amount and calculation basis of the purchase price, the substance, timing, manner, existence or non-existence of unlawfulness, plausibility and the like of the purchase) of the acquisition of shares of the Company proposed by the Large-scale Share Purchaser are inadequate or inappropriate in light of the Company's corporate value.
- (vi) The manner of acquisition of shares 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 acquisition or partial tender offer.
- (vii) The Large-scale Share Purchaser's acquisition of control is anticipated to impair the Company's corporate value including the benefits of not only the shareholders but also customers, employees and other interested parties, or is determined, on reasonable grounds, to threaten to prevent the maintenance or enhancement of the Company's corporate value; or the Company's corporate value in the event of the Large-scale Share Purchaser's acquisition of the 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 such control.
- (viii) The fact of the Large-scale Share Purchaser's acquisition of control as such significantly impairs the Company's corporate value, such as the loss of important business partners of the USS Group.
- (ix) 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 moral, such as in cases where a person or entity directly or indirectly relating to a socially disruptive force is included in the management members or major shareholders of the Large-scale Share Purchaser.

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

If the Corporate Value Committee determines that the Large-scale Share Purchaser in question is an Abusive Acquisitor, the Corporate Value Committee will recommend to the Board of Directors that it trigger a countermeasure against the Large-scale Share Purchase irrespective of whether the Corporate Value Committee Evaluation Period (as defined in 2.7 below) commences or expires.

2.7. Fixing of Corporate Value Committee Evaluation Period

The Corporate Value Committee will fix the period mentioned in item (i) or item (ii) below (to commence on the day on which the Company discloses the Corporate Value Committee's determination that the provision of the Large-scale Share Purchase Information has completed), in accordance with the substance of the Large-scale Share Purchase as disclosed by the Large-scale Share Purchaser, as a period for the Evaluation Activity conducted by the Corporate Value Committee (the "Corporate Value Committee Evaluation Period"). Such Corporate Value Committee Evaluation Period has been established in light of the difficulty of the evaluation of

the business performance of the Company, the level of difficulty of the Evaluation Activity and the like, and any Large-scale Share Purchase shall be deemed commenced only after the expiry of the Corporate Value Committee Evaluation Period.

- (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 purchase prices to cash (Japanese Yen): sixty (60) days (excluding the first day).
- (ii) In the case of Large-scale Share Purchases other than as mentioned in item (i) above: ninety (90) days (excluding the first day).

During the Corporate Value Committee Evaluation Period, the Corporate Value Committee will conduct the Evaluation Activity from the viewpoint of the protection and enhancement of the Company's corporate value or shareholders' common interests on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser. In conducting the Evaluation Activity, the Corporate Value Committee shall, as a general rule, seek the advice of outside professionals (*e.g.*, a financial advisor, a practicing attorney and a certified public accountant) in third-party positions independent from the Board of Directors.

If there is a compelling reason for the Corporate Value Committee not to make a recommendation mentioned in 2.9 below during the Corporate Value Committee Evaluation Period, and the Board of Directors agrees to the extension of the Corporate Value Committee Evaluation Period, then the Corporate Value Committee may extend the Corporate Value Committee Evaluation Period by up to by thirty (30) days (excluding the first day) to the extent necessary (the same applies to the further extension of such extended period). If the Corporate Value Committee extends the Corporate Value Committee Evaluation Period, the Company will promptly disclose such fact to the shareholders of the Company.

2.8. Procedure upon Commencement of Large-scale Share Purchase during Corporate Value Committee Evaluation Period

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

2.9. Corporate Value Committee Recommendation Procedure

A. Corporate Value Committee Recommendation

During the Corporate Value Committee Evaluation Period, the Corporate Value 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) Corporate Value Committee Recommendation to Trigger Countermeasure

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

Upon such recommendation, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

Even after the Corporate Value 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 a determination leading to the recommendation, the Corporate Value Committee may further make a recommendation to cease a countermeasure or any other appropriate recommendation to the Board of Directors.

(ii) Corporate Value Committee Recommendation to Confirm Shareholders' Intentions

If, as a result of the Evaluation Activity conducted by the Corporate Value Committee, it is determined that there is no obvious difference between the takeover proposal and the like, including the business plan of the USS Group presented by the Large-scale Share Purchaser and the business plan and the like of the USS Group presented by the Board of Directors, it will generally be difficult for the Corporate Value 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 or shareholders' common interests. Therefore, the Corporate Value Committee will recommend to the Board of Directors that it confirm the intentions of the shareholders of the Company, at its general meeting, as to whether it is necessary or not to trigger a countermeasure, the substance of a countermeasure and the like. Upon such recommendation, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

Even after the Corporate Value 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 a determination leading to the recommendation, the Corporate Value Committee may further make a different recommendation to the Board of Directors.

(iii) Corporate Value Committee Recommendation for Other Action

The Corporate Value Committee may make a recommendation at any time to the Board of Directors to not-trigger a countermeasure or to take any other necessary action.

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

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

The Board of Directors will conduct a reasonable analysis and consideration on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser and other reliable, objective data and information. Except in cases of an extraordinary circumstance, such as where the Board of Directors finds, as a result of its analysis 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 Corporate Value Committee or a clearly unreasonable aspect in the course of reaching a determination leading to the recommendation, the Board of Directors will adopt the necessary board resolutions, such as a resolution for triggering or not triggering a countermeasure or for convening a general meeting, by respecting the Corporate Value Committee recommendation to the greatest extent possible. (In adopting a resolution to trigger a countermeasure, the Board of Directors may grant the Corporate Value Committee a certain power to decide on the substance of a countermeasure (including the abandonment thereof) to the extent permitted by the Laws and Regulations in appropriate cases.)

In the case where such resolution is adopted, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

In the case where the Board of Directors triggers a countermeasure, discontinues an intended allotment of share purchase warrants or makes a decision for the Company to acquire share purchase warrants, in accordance with a further recommendation of the Corporate Value 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 Corporate Value Committee to confirm the intentions of the shareholders of the Company at its general meeting as mentioned in 2.9.A(ii) above, if the Board of Directors fails to adopt a resolution for convening a general meeting scheduled to be held within two (2) months from the date of such recommendation, the Board of Directors shall follow the procedure, without delay, to convene an extraordinary general meeting in accordance with the provisions of the 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 the like of a countermeasure against the Large-scale Share Purchase shall be adopted at a general meeting where shareholders holding a majority of the total voting rights held by the voting shareholders are present, and by a majority vote of the shareholders present.

When such general meeting adopts a resolution for triggering a countermeasure against the Large-scale Share Purchase and the substance thereof, the Board of Directors will trigger the countermeasure in accordance with such general meeting resolution. When the Board of Directors adopts a resolution with respect to triggering the countermeasure, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

In the case of a recommendation made by the Corporate Value Committee to confirm the shareholders' intentions at a general 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

After the Board of Directors discloses its determination that the provision of the Large-scale Share Purchase Information has been completed, if the Large-scale Share Purchaser modifies the Large-scale Share Purchase Information in any material respect, the Board of Directors may, in accordance with the recommendation of the Corporate Value Committee, discontinue the procedure under the 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, and reapply the procedure under the Plan to the Large-scale Share Purchase on the premise of the modified Large-scale Share Purchase Information, as another Large-scale Share Purchase separate from the Pre-modification Large-scale Share Purchase.

2.12. Specific Substance of Countermeasure

The countermeasure triggered by the Company against a Large-scale Share Purchase shall be a free-of-charge allotment, free-of-charge issuance or the like of share purchase warrants (*shinkabu-yoyaku-ken*) (share purchase warrants so issued being referred to as "Share Purchase Warrants"). However, if a general meeting of the Company determines it appropriate to trigger any other countermeasure, other measures available under the Laws and Regulations may be implemented.

The outline of a free-of-charge allotment of Share Purchase Warrants to be made as a countermeasure against a Large-scale Share Purchase is as described in Exhibit 1 attached hereto. When actually making a free-of-charge allotment of Share Purchase Warrants, the Company may establish the exercise period, exercise conditions, acquisition clause and the like

with respect to the Share Purchase Warrants, including, without limitation: (i) an exercise condition that the Large-scale Share Purchaser violating the Plan or warrant-holders with a certain relationship with such Large-scale Share Purchaser (in this Section 2.12, each being referred to as an “Excluded Warrant-holder”) are not allowed to exercise their rights; (ii) a clause to the effect that the Company may acquire Share Purchase Warrants for different prices depending upon whether the relevant holder of Share Purchase Warrants is an Excluded Warrant-holder (*e.g.*, a clause to the effect that while Share Purchase Warrants held by holders other than the Excluded Warrant-holders may be acquired by the Company in exchange for ordinary shares of the Company, Share Purchase Warrants held by the Excluded Warrant-holders may be acquired by the Company in exchange for other assets (or partially in exchange for ordinary shares of the Company, as the case may be)); and (iii) a clause to the effect that when the Company is to acquire a portion of the Share Purchase Warrants, the Company may acquire only Share Purchase Warrants held by holders other than the Excluded Warrant-holders.

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

The effective period of the Plan shall expire on June 30, 2009. However, the Plan will be abolished before such expiry (i) if the Company’s general meeting approves a proposal to abolish the Plan, or (ii) if the Board of Directors adopts a resolution to abolish the Plan. It is thus possible to abolish the Plan at any time in accordance with the intentions of the shareholders of the Company.

In addition, the Company plans to submit to the General meeting a proposal to modify its articles of incorporation to the effect that the term of office of a director be shortened to one (1) year, and to request the shareholders of the Company to elect all of the directors of the Company, including the newly appointed directors, to take office after the General meeting, as the term of office of all incumbent directors of the Company will expire upon the close of the General meeting.

It is planned that the proposal for such election of directors will contain each director candidate’s position with respect to being for or against the Plan.

The Company may revise or modify the Plan if necessary, after consulting with the Corporate Value Committee, from the viewpoint of the protection and enhancement of the Company’s corporate value or shareholders’ common interests.

Upon a board resolution being adopted for the abolition, modification or the like of the Plan, the Company will promptly disclose to the shareholders of the Company the matters considered by the Board of Directors to be appropriate.

4. Corporate Value Committee

In conjunction with the introduction of the Plan, the Company will create a corporate value committee (the “Corporate Value Committee”) comprised of three or more members appointed from among the Company’s outside directors (outside director candidates until the close of the General meeting) to preclude arbitrary decision-making by the Board of Directors as to whether to apply the Plan.

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

As a general rule, a resolution of the Corporate Value 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 of any member or any unavoidable circumstance, 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.

5. Effect upon Shareholders and Investors

5.1. Effect upon Shareholders and Investors When the Plan Is Introduced

At the time of the introduction of the Plan, no Share Purchase Warrants will be issued. Accordingly, the rights and economic interests of the shareholders and investors of the Company will not be directly and specifically affected.

5.2. Effect upon Shareholders and Investors When Share Purchase Warrants Are Issued

The Board of Directors may take a countermeasure against a Large-scale Share Purchase, based on the Plan, for the purpose of protecting and enhancing the Company's corporate value or 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 Plan and those in certain relationships with such purchaser). However, if the Company's general meeting decides to use any other type of countermeasure 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 countermeasure. We request the shareholders and investors to acknowledge this in advance.

In order to receive allotment of Share Purchase Warrants, Shareholders who have not entered their name changes in the shareholder register will be required to make such entries by the record date for the Share Purchase Warrants as separately fixed and publicized by the Board of Directors.

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

(i) When Share Purchase Warrants Are Exercised

When the Company's shareholders are to exercise their Share Purchase Warrants, they will be required to pay a specified amount to acquire shares within a specified period. Notification of the details of the procedure will be separately given when the free-of-charge allotment of Share Purchase Warrants is actually offered in accordance with the Laws and Regulations.

(ii) When Share Purchase Warrants Are Acquired

When the Company is to acquire Share Purchase Warrants, the Company will acquire such Share Purchase Warrants, and the shareholders transferring such Share Purchase Warrants will receive shares of the Company in exchange therefor without such shareholders following any procedure regarding the exercise of Share Purchase Warrants as described in item (i) above, except in the case where a shareholder is a Large-scale Share Purchaser or its joint holder or special affiliated person.

III. Reasonableness of the Plan

The 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" (*Kigyo-kachi/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, and therefore highly reasonable.

1. Protection and Enhancement of Shareholders' Common Interests

As described in II.1 above, the Plan will be introduced for the purposes of protecting and enhancing the Company's corporate value and shareholders' common interests by ensuring the provision of necessary and adequate information and time for the shareholders of the Company to determine whether to accept a Large-scale Share Purchase.

In the case of a Large-scale Share Purchase not complying with the Plan introduced for the above purposes, or even in the case of a Large-scale Share Purchase complying with the Plan, as mentioned in II.2.6 above, if the Large-scale Share Purchase is considered to significantly impair the Company's corporate value or shareholders' common interests, the Company may trigger a countermeasure. Such countermeasure will be triggered for the purposes of protecting and enhancing the Company's corporate value or shareholders' common interests.

2. Prior Disclosure

The Company hereby discloses the 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 the appropriate opportunity for the shareholders to make a choice.

The Company will continue to make appropriate and timely disclosures in accordance with the applicable Laws and Regulations as well as the rules of each relevant stock exchange.

3. Respect for Shareholders' Intentions

The Company expects to indicate each director candidate's position with respect to being for or against the Plan in the proposal for the election of directors at the General meeting, as mentioned in II.3 above, in order to confirm the Company's shareholders' intentions regarding the Plan. The effective period of the Plan will expire on June 30, 2009 as mentioned in II.3 above.

In addition, in order to clarify the management's responsibility towards the shareholders of the Company, the Board of Directors will submit to the General meeting a proposal to modify its articles of incorporation to the effect that the term of office of a director be shortened to one (1) year, as mentioned in II.3 above. Upon approval of this proposal, it will become possible to reflect shareholders' wishes with respect to the continuation, abolition or modification of the Plan through a proposal for election of directors at the annual general meeting every year.

4. Creation of Corporate Value Committee

The Board of Directors will create the Corporate Value Committee in order to preclude arbitrary decision-making by the Board of Directors with respect to the triggering or the like of a countermeasure under the Plan, as mentioned in II.4 above, and has made it a rule that it will respect, to the greatest extent possible, a recommendation of the Board of Directors when the Board of Directors trigger a countermeasure.

5. Retaining Outside Specialists

As set forth in II.2.7 above, when the Corporate Value Committee conducts the Evaluation Activity as a premise for its recommendation to the Board of Directors, the Corporate Value Committee shall, as a general rule, seek the advice of professionals (*e.g.*, a financial advisor, a practicing attorney and a certified public accountant) in third-party positions independent from the Board of Directors. The objectivity and reasonableness of the determination of the Corporate Value Committee giving recommendations to the Board of Directors are thus ensured.

6. Not a “Dead Hand” Type Takeover Defense

Share Purchase Warrants to be allotted under the Plan and as a countermeasure triggered thereunder are allowed to be, at any time, abandoned, acquired or cancelled by a resolution of the Company’s board of directors, which is composed of the directors appointed by its general meeting, as mentioned in II.3 above and Clause 8 of Exhibit 1 attached hereto, and therefore, the Plan is not a takeover defense measure of the 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).

Outline of Free-of-charge Allotment of Share Purchase Warrants

1. Shareholders Eligible for Allotment

To the shareholders entered or recorded in the Company's latest shareholder register or substantial shareholder register as of the record date fixed by the Board of Directors, Share Purchase Warrants shall be allotted in proportion to the respective numbers of their shares held (excluding the ordinary shares of the Company held by itself) at the ratio of one (1) share per one (1) share purchase warrant.

2. Type and Number of Shares Subject to Share Purchase Warrants

The type of shares of the Company corresponding to the Share Purchase Warrants shall be ordinary shares, and upon exercise of one (1) Share Purchase Warrant, one (1) ordinary share shall be issued. However, in the case of a share split, a share consolidation or a similar transaction conducted by the Company, the necessary adjustments shall be made.

3. Effective Date of Free-of-charge Allotment of Share Purchase Warrants

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

4. Value of Assets Contributed upon Exercise of Share Purchase Warrants

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

5. Restriction on Transfer of Share Purchase Warrants

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

6. Conditions for Exercise of Share Purchase Warrants

The exercise conditions for the Share Purchase Warrants 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 and their respective joint holders and special affiliated persons, as defined by the Board of Directors in accordance with the prescribed procedure, and those designated by the Board of Directors as being substantially controlled by, or acting jointly with, them (each an "Excluded Warrant-holder") are not permitted to exercise their respective rights).

7. The Company's Acquisition of Share Purchase Warrants

- 7.1. The Board of Directors may set forth a provision that the Company shall be entitled to acquire all of the Share Purchase Warrants or only Share Purchase Warrants held by warrant-holders other than the Excluded Warrant-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 Plan, a certain specified event occurs or a date separately specified by the Board of Directors passes.
- 7.2. If the provision mentioned in the preceding section is set forth, another provision may also be set forth to the effect that if the Company acquires the Share Purchase Warrants held by warrant-holders other than the Excluded Warrant-holders, the Company shall deliver to each Share Purchase Warrant-holder the prescribed number of ordinary shares ("Delivered Shares") of the

Company for each of the Share Purchase Warrants, or that if the Company acquires Share Purchase Warrants held by Excluded Warrant-holders, the Company shall deliver to each of the Excluded Warrant-holders cash, bonds, corporate bonds, bonds with share purchase warrants or other assets, or new share purchase warrants to be replaced with such share purchase warrants, (it may be that all or part of these assets are replaced with ordinary shares of the Company) for the value equivalent to the market value of the Delivered Shares in exchange for the Share Purchase Warrants so acquired.

8. Reasons for Free-of-charge Acquisition of Share Purchase Warrants (Reasons for Abolishing the Countermeasure)

The Company shall be entitled to acquire all of the share purchase warrants free of charge, if:

- (a) the takeover proposal of the Large-scale Share Purchaser is approved by an ordinary resolution of a general meeting of the Company;
- (b) all of the director candidates proposed by the Large-scale Share Purchaser are appointed as directors of the Company at its general meeting;
- (c) there is a unanimous decision of the Corporate Value Committee of the Company; or
- (d) such acquisition is otherwise separately authorized by the Board of Directors.

9. Exercise Period of Share Purchase Warrants

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

End of the document.

(Exhibit 2)

Corporate Value Committee: Names and Career Summaries of Members

Isamu Hayashi

2000: Osaka Sangyo University, Faculty of Business Management, Associate Professor

2004: Osaka Sangyo University, Faculty of Business Management, Professor (Incumbent)

Satoru Madono

2002: Reitaku University, International School of Economics and Business
Administration, Professor (Incumbent)

2002: IJIC, INC., Representative Director (Incumbent)

Koji Sato

1988: Passed the National Bar Examination

1991: Registered as a member of the Nagoya Bar Association (presently, the Aichi Bar
Association))

1995: Established *Sato Koji Horitsu-jimusho* (Incumbent)

(Note) It is planned that the appointment of the above three candidates will be referred to in the decision of the shareholders of the Company as candidates for new outside directors, as set forth in Article 2, Clause 15 of the Company Law, at the Company's 26th Annual General Meeting scheduled for June 28, 2006 as mentioned in "4. Corporate Value Committee."