

This translation is provided for the convenience of non-Japanese shareholders and investors. In the event of any discrepancies between the English version and the Japanese original, the latter shall prevail for all purposes. This translation is provided for informational purposes only and should not be interpreted as constituting an offer to buy or sell securities in any jurisdiction.



May 8, 2012

To All Stakeholders:

Company: USS Co., Ltd.
President and CEO: Yukihiro Ando
Stock code: 4732
Stock exchange listings: Tokyo and Nagoya (first sections)
Tel: +81-52-689-1129
Contact: Masafumi Yamanaka
Junior Managing Director, Officer, Supervisory Office

Regarding the continuation after partial modification of the Company's countermeasure (takeover defenses) against Large-scale Purchases of shares of USS Co., Ltd.

USS Co., Ltd. (the "Company") is hereby announcing that at a meeting of its board of directors (the "Board of Directors") on May 8, 2012 a decision was made to modify the Company's existing countermeasures (the "Current Plan") against Large-Scale Share Purchases (as defined below) of the Company and to keep such countermeasures in force amended as described below.

The Current Plan was adopted by resolution at a meeting of the Board of Directors on May 16, 2006, as part of the Company's efforts to protect and enhance the Company's corporate value and the collective interests of its shareholders by preventing the impairment of such value and interests which could result from a Large-scale Purchase of Shares (as defined in Section III.2.(1) below) made in respect of the Company.

Subsequently, at a meeting of the Board of Directors held on April 7, 2009, a decision was made to partially modify and continue the takeover countermeasures, as was announced in a press release of the same date entitled "Partial Modification and Continuation of Countermeasure (Takeover Defense) to Large-scale Purchases of USS Co., Ltd. Shares". The modified countermeasures (the "Current Plan") went into effect after being approved by the 29th Annual General Meeting of Shareholders (the "General Meeting in 2009") held on June 24, 2009.

The effective term of the Current Plan would result in it expiring on June 30, 2012. However, in light of circumstances such as amendments to laws and regulations after the General Meeting in 2009, it was decided at a meeting of the Board of Directors held on May 8, 2012 that the Company should make necessary changes to the Current Plan as described below (as so amended, the "New Plan") and continue its countermeasures (takeover defense) against large-scale purchases of shares of the Company, as one aspect of the Company's endeavors (as defined in Article 118, item (iii) "ro" (2) of the Ordinance for Enforcement of the Companies Act) to prevent decisions about the Company's finances or business being controlled by persons who, in light of the Company's basic policy regarding persons controlling decisions about the financial and business policies of the Company (as defined in

Article 118, item (iii) of the Ordinance for Enforcement of the Companies Act; the “Basic Policy”), would be deemed inappropriate.

The purpose of this notice is to inform you about this decision.

At the above-referenced Board of Directors meeting it was also unanimously decided that the Company would submit a proposal for the approval of the continuation of the takeover defense under the New Plan to the 32th Annual General Meeting of Shareholders to be held on June 26, 2012 (the “General Meeting”).

All directors (including four outside directors) and all statutory auditors (all of the Company’s three statutory auditors are outside statutory auditors) attended the above-referenced board meeting and agreed to the New Plan subject to the condition that the actual management of the New Plan be conducted appropriately.

The New Plan will become effective subject to the condition that it be approved by the shareholders at the General Meeting. Subject to the New Plan taking effect, the Current Plan will be revoked.

Description of the Proposed New Plan

I. Substance of the Basic Policy

In the event of a Large-scale Share Purchase, even if it would involve the transfer of corporate control, as a publicly-traded company it is the Company’s position that as a general rule the decision as to whether to sell shares to a Large-scale Share Purchaser (being defined as a purchaser who is conducting or attempting to conduct a Large-scale Share Purchase) and the determination of whether it is appropriate to entrust management to a Large-scale Share Purchaser should be left to the shareholders.

That said, however, Large-scale Share Purchases often have the potential to cause irreparable damage to the target company’s corporate value or the collective interests of its shareholders, such as in cases when: (i) it is clear from the purpose of their purchasing behavior that the prospective purchaser does not sincerely intend to implement legitimate management policies; (ii) there is an apprehension that general shareholders will be effectively compelled to sell their shares under unfavorable conditions; (iii) general shareholders are not provided with the information necessary or a period of time adequate for making an appropriate decision about how to respond to the proposed purchase; or (iv) the target company’s board of directors is not accorded the information, opportunities to negotiate with the prospective purchaser, and/or time for consideration that are necessary and sufficient for them to provide to shareholders an opinion against or in favor of the proposed takeover, or an alternative proposal (an “Alternative Proposal”).

In light of the above-described circumstances surrounding corporate acquisitions, the Company believes it is necessary to require each Large-scale Share Purchaser to provide in advance information relevant to the proposed Large-scale Share Purchase and to secure an adequate period for consideration and negotiation. The Company believes that such measures are necessary to protect and enhance corporate value and the collective interests of shareholders by making it possible for shareholders to adequately consider whether to accept a proposed Large-scale Share Purchase, for the board of directors of the Company to provide shareholders with its opinion against or in favor of the proposed Large-scale Purchase and/or an Alternative Proposal, and for the Company to negotiate with the Large-scale Share Purchaser on behalf of the shareholders.

The Company thus believes that it is necessary to secure the Company’s corporate value and the collective interests of its shareholders by implementing such defensive measures as are reasonable and necessary against anyone seeking to conduct 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 efforts to protect and enhance its corporate value and the collective interests of shareholders.

II. Special steps taken to implement the Basic Policy

The business of the Company and its consolidated subsidiaries (collectively, the “USS Group”) consists of its core membership-based automobile auction business as well as a used car purchase and resale business and a car recycling business.

Through its automobile auction business the Company operates 17 auction venues nationwide and has 44,796 member companies (as of March 31, 2012) for the entire USS Group. Annual volume was 2,252,566 vehicles (for the fiscal year ending March 31, 2012), and the Company leads the industry with a market share of 33.0% (for the 2011 calendar year).

1. The Japanese used-car market

The prevailing practice in the used-car distribution system in Japan is that at the time consumers purchase a new car they also sell their existing car to a car dealers or a used car purchasing broker.

Most of the used cars sold in this fashion are then traded at approximately 120 auction venues nationwide, including those of the USS Group.

Automobile auctions thus serve as an important part of the social infrastructure by functioning as a used car exchange, in much the same way that stock exchanges serve the equity capital markets.

2. The role of USS Group in the automobile-auction industry

Within the used car distribution market, the USS Group is a leading company in the automobile auction industry and has gained enormous support and trust from its member companies(used-car dealers). This is because since its foundation in 1980 the USS Group management philosophy has been to advocate the creation of fair markets and coexistence with member companies, and also because it has quickly and effectively implemented policies such as the use of computer-based auction systems (the group was an early adopter of these) and taken the lead on competitors in developing auction venues in major cities nationwide.

The group has also developed a system utilizing the Internet and satellite TV systems and by which bids can be made in auctions at any particular venue without being physically present at such venue. This can be done by placing bids from any of the USS Group’s 17 venues or from partner venues. This system has dramatically improved the convenience of our member dealers and resulted in further profit growth for the USS Group.

3. Efforts to enhance corporate value by setting medium-term management objectives

In an environment in which demand for cars in Japan is expected to mature in the medium- to long-term, the Company believes that it is crucial for the Company to acquire a greater market share in order to further enhance shareholder value while performing a social infrastructure role in the used car distribution system.

The USS Group has set as a medium-term objective the acquisition of a 40% share in the automobile auction market. In order to further improve the convenience of the 17 auction venues operated by the group nationwide, additional capital investments will be implemented and significant management resources are expected to be invested in the automobile auction business, such as in marketing activities for the acquisition of new member dealers. In addition, while the USS Group is developing used car purchase, sale and recycling operations with the automobile auction business as its core business, M&A and other opportunities for growth are being quickly seized to further enhance the speed of growth. This is in keeping with our management goal of becoming the leading consolidated company in the used-car distribution industry.

The USS Group has also adopted “capital efficiency-focused management” as a management slogan. Considering the return on equity (ROE) to be an important management index, the Company has set an ROE of at least 15% as a medium term goal.

4. Efforts to strengthen corporate governance

In order to facilitate the constant improvement of the overall corporate value of the USS Group by realizing our management philosophies the “creation of fair markets” and “coexistence with our member companies,” the Company considers strengthening corporate governance to be a key management task. These goals require us to endeavor for greater management transparency and fairness as well as prompt decision-making.

In order to further clarify the responsibilities of management to shareholders, at the 26th Annual General Meeting of Shareholders on June 28, 2006 the Company reduced the term of office of each director from two years to one year and appointed four outside directors so as to ensure management transparency and fairness. In addition, based on its judgment that none of them will have interests that conflict with those of ordinary shareholders, the Company has notified the Stock Exchanges on which the Company’s shares are listed that all four outside directors are “independent” (“*dokuritsu yakuin*” as defined in stock exchange rules). In situations such as board meetings where executive decisions are being made, these independent directors are expected to take actions in favor of protecting the interests of ordinary shareholders such as expressing opinions necessary to ensure that such interests are taken into consideration.

Furthermore, all three of the Company’s statutory auditors are outside statutory auditors who are independent from the Company’s management. The Company has notified the relevant stock exchanges that each of them is “independent” (“*dokuritsu yakuin*” as defined in stock exchange rules). In addition to attending board of directors’ meetings, these independent statutory auditors examine and oversee the Directors’ execution of their duties, as well as the Company’s operations and assets.

5. Efforts regarding shares and shareholdings

Since first being listed on the second section of the Nagoya Stock Exchange (NSE) in September 1999 and then on the first sections of both the NSE and the Tokyo Stock Exchange in December 2000, the Company has made efforts to expand the number of its shareholders by, among other things, share splits and modifying the number of shares constituting one voting unit. As a result of these efforts the number of shareholders was 7,420 as of the end of March 31, 2012 (This number is derived from a preliminary report based on the Company’s register of shareholder and prepared by the register’s administrator). The great majority of these shareholders are individual shareholders. As a result, the liquidity of the Company’s shares has substantially increased since they were first listed for trading.

The Company plans to continue its efforts to protect and enhance corporate value and the shareholders’ collective interests by further improving the liquidity of the Company’s shares while following prudent management policies.

III. The New Plan (efforts to prevent decisions about the Company’s finances or business being controlled by persons who, in light of the Basic Policy, are deemed inappropriate)

1. Purpose of the New Plan

As part of its efforts to prevent anyone who, in light of the Basic Policy (as defined in Section I above), it would be deemed inappropriate to acquire control over decisions regarding the financial and management policies of the Company, the Company will first seek from Large-scale Purchasers necessary information and adequate time for negotiations and consideration so as to, among other things, enable: (i) shareholders to appropriately determine how to respond to a Large-scale Share

Purchase offer, (ii) the Board of Directors to present to the shareholders its opinion against or in favor of the Large-scale Share Purchase in accordance with the recommendation of the Independent Committee (as defined in 4 below) and/or an Alternative Proposal, and (iii) negotiations 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 the shareholders' collective interests. This is the reason for our decision to continue implementing takeover countermeasures under the New Plan. In order to continue with these defensive countermeasures under the New Plan it is of course desirable to confirm the view of the Company's shareholders. For this reason the Company plans to submit the matter to the General Meeting to confirm the view of the shareholders of the Company regarding the proposed continuation of the takeover countermeasures under the New Plan. If the consent of shareholders is not obtained at the General Meeting, takeover countermeasures will not be continued under the New Plan.

At this point in time no proposal has been made to the Company indicating that any specific Large-scale Share Purchase of Company Shares is being planned.

The major shareholders of the Company as of March 31, 2012, are as shown in Exhibit 3.

2. Details of the New Plan

2.1. Definition of Large-scale Share Purchases that are subject to the New Plan

The takeover countermeasures under the New Plan may be triggered if conduct to which any of (i) to (iii) is or could be applicable (excluding instances when the prior approval of the Board of Directors has been received) takes place or may take place (such conduct collectively referred to herein as a "Large-scale Share Purchase"):

- (i) The purchase or other acquisition (Note 3) by a particular shareholder of Share Certificates, etc. (Note 1) issued by the Company that would result in such shareholder's holding ratio of Share Certificates, etc. (Note 2) being 20% or greater.
- (ii) The purchase or other acquisition (Note 7) by any particular shareholder of Share Certificates, etc. (Note 4) issued by the Company that would render the total of such purchaser's Share Certificates etc. holding rate (Note 5) when combined with the Share Certificates etc. holding rate of persons in a special relationship (Note 6) with such purchaser to be 20% or greater.
- (iii) Irrespective of whether there is actual conduct of the type specified in either of (i) or (ii) above, 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 clause (iii), the term "other shareholder" includes multiple other shareholders) that will render such other shareholder(s) joint holders (Note 8) with such particular shareholder, or any other transaction between such particular shareholder and such other shareholder(s) that would establish a relationship (Note 9) whereby 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 that of such other shareholder(s) combined amounts to 20% or greater) (Notes 10 and 11).

(Note 1) Except as otherwise specified below, the term "Share Certificates, etc." used here and elsewhere 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").

(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/or 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 published by the Company.

- (Note 3) The term “other acquisition” as used in the cases in (i) includes the holding of the right to request delivery of share certificates, etc. under a sale and purchase or other agreement, and transactions referred to 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 “Share Certificates etc. holding rate” as used for the cases in (ii) refers to “Share Certificates etc. holding rate” as defined in Article 27-2, Paragraph (8) of the FIEA. In the calculation of this rate the total voting rights with respect to the Company can be determined by referring to the most recent information published 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 FIEA. However, with respect to the categories listed in clause (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*) are excluded. In addition, (1) joint holders and (2) Contracted Financial Institution, etc. shall be deemed to be persons in a special relationship with respect to such particular shareholder (the same applies hereafter unless otherwise specified).
- (Note 7) The term “purchase or other acquisition” in the cases in (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 (3) 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 and includes persons deemed to be joint holders in accordance with paragraph (6) of the same Article.
- (Note 9) The determination of whether a “relationship under which one of them substantially controls the other or they act jointly or cooperatively” exists shall be made based upon, among other things: (1) whether a substantive interest in the Company’s Share Certificates etc. exists due to the formulation of a new capital contribution relationship, business tie-up, trading or contractual relationship, overlapping board membership, funding relationship, credit facility, holding of substantial interest in Company Shares through a derivatives or share lending arrangement; and (2) the direct or indirect influence that such particular shareholder and such other shareholder(s) may have on the Company.
- (Note 10) The determination of whether conduct falling under (iii) has taken place shall be made by the Board of Directors in accordance with the recommendations of the Independent Committee. In this regard the Company may request its shareholders to provide such information as the Company deems necessary in making a determination as to whether (iii) is applicable.
- (Note 11) In the event of revisions (including the repeal of any provision and the enactment of a new provision substantially succeeding such repealed

provision) are made to 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, “Laws and Regulations”) and come into effect, each affected provision of the Laws and Regulations that is referred to in the New Plan shall be deemed to refer to such provision as amended or replaced unless otherwise determined by the Board of Directors.

2.2 Submission of Share Purchase Statement

Before initiating or attempting a Large-scale Share Purchase, a Large-scale Share Purchaser must submit to the Representative Director and President of the Company documentation (the “Share Purchase Statement”) consisting of: (i) a document in a form separately specified by the Company in which the Large-scale Share Purchaser must affirm to the Company its intent to comply with Laws and Regulations and the procedures set forth in the New Plan, such document to be executed by and set forth the name of the representative of the Large-scale Share Purchaser; and (ii) a certificate confirming the authority of the executing representative. Upon receipt of the Share Purchase Statement, the Board of Directors will promptly submit it to the Independent Committee.

In addition to the affirmation of intent to comply with Laws and Regulations and the procedures set forth in the New Plan, in the Share Purchase Statement the Large-scale Share Purchaser must also set forth information including: (1) the name and address of the Large-scale Share Purchaser and/or the corporate name and the location of the head office or other business office of the Large-scale Share Purchaser, (2) the jurisdiction in which it is incorporated, (3) the name of its representative officer and contact person(s) in Japan, (4) the number of shares of the Company then held by the Large-scale Share Purchaser, (5) 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 (6) an outline of the proposed Large-scale Share Purchase. The Share Purchase Statement must be in the Japanese language.

Upon the submission by a Large-scale Share Purchaser of a Share Purchase Statement, the Company will promptly disclose to the shareholders of the Company such matters as have been deemed by the Board of Directors and/or the Independent Committee to be appropriate, in accordance with the applicable Laws and Regulations and the rules of the relevant stock exchanges.

2.3. Additional information required from Large-scale Share Purchasers

Within ten business days of the date of receipt (but not including 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 (i) to (viii) below (collectively, the “Large-scale Share Purchase Information”) to the Board of Directors (however, the information mentioned in (viii) 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 based only on the information provided by the Large-scale Share Purchaser it would be difficult for the shareholders of the Company to appropriately determine how to respond to the proposed Large-scale Share Purchase or for the Board of Directors and the Independent Committee to reach an opinion against or in favor of the Large-scale Share Purchase (“Opinion-making”) or to formulate an alternative plan (“Alternative-formulating”), then the Board of Directors or the Independent Committee may demand that the Large-scale Share Purchaser provide such additional information as is necessary for Opinion-making and Alternative-formulating by the Board of Directors and the Independent Committee, setting a reasonable submission period (of not more than sixty (60) days from (but excluding) the date of receipt by the Board of Directors of the Share Purchase Statement), and disclosing to shareholders the specific period so decided and the reasons for such reasonable period being deemed necessary. In such cases, however, as a general rule the Board of Directors will accept and follow the opinion of the Independent

Committee unless there are exceptional circumstances, such as when it is reasonably likely that acting in accordance with the opinion of the Independent Committee could constitute a breach of a director's duty of care.

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 notify shareholders to such effect in a timely and appropriately manner and in accordance with the applicable Laws and Regulations as well as relevant stock exchange rules. In addition, subject to the decision of the Board of Directors, in accordance with applicable Laws and Regulations and relevant stock exchange rules the Company will disclose to its shareholders those parts of the Large-scale Share Purchase Information that are considered necessary for them to appropriately determine how to respond to the proposed Large-scale Share Purchase, as a general rule such disclosure to be in a timely and appropriate manner. In this case, however, as a general rule the Board of Directors shall accept and follow the opinion of the Independent Committee unless there are exceptional circumstances, such as when it is reasonably likely that acting in accordance with the opinion of the Independent Committee could constitute a breach of a director's duty of care.

Large-scale Share Purchase Information under the New Plan and any other notices to and communications with the Company must be in the Japanese language.

- (i) A summary description (including the name, capital composition, capital contribution ratio, financial condition, whether they have committed any violations of any law or regulation in the past ten (10) years (including a brief description of such violations, if any), the names of and career summaries for board members and officers, and whether any of them have violated any laws or regulation (including 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 material subsidiaries and affiliates; and if the Large-scale Share Purchaser is a fund or a business related to fund investments including its major members, capital investors (whether direct or indirect), other constituent elements, managing partners, and advisors who regularly give advice on investments).
- (ii) The purpose, method and substance of the Large-scale Share Purchase (including the type and number of Share Certificates, etc., of the Company subject to the Large-scale Share Purchase, the type and amount of the consideration to be paid for the Large-scale Share Purchase, the timing of the Large-scale Share Purchase, the details of any related transaction(s), the legality of the manner of the Large-scale Share Purchase, whether there are any conditions to the execution of the Large-scale Share Purchase and if so the details thereof, the feasibility of the Large-scale Share Purchase and related transactions, and whether the Company's Shares are expected to be delisted upon completion of the Large-scale Share Purchase and if so the reason. In connection with the legality of the manner of the Large-scale Share Purchase, a written opinion prepared by a qualified attorney must also be submitted).
- (iii) Whether there have been any communications of intent (including, without limitation, communications 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 such communication of intent, if any.
- (iv) The basis of and background to the calculation (including the facts and assumptions underlying the calculation, the manner of calculation, information regarding the entity performing the calculation, the information about the numbers used in the calculation together with the amount of any synergy or dyssynergy effect anticipated to result from the series of transactions relating to the Large-scale Share Purchase included in the calculation and the basis thereof) of the purchase price and the transactions relating to the Large-scale Share Purchase.

- (v) Specific names, method of procuring funding, conditions for funding and proof of the financial resources for the purchases (etc.) involved in the Large-scale Share Purchase (including the specific names of funding providers (including substantial providers, whether direct or indirect), the manner of fund procurement, any conditions attached to the provision of funding, whether there are any collateral and/or covenant requirements that apply after funding and if so, the details thereof, and the details of any related transactions).
- (vi) The management policies, business, financial, funding and investment plans, capital and dividend policies, and other relevant policies and plans that would be implemented for the USS Group after the completion of the Large-scale Share Purchase (including, without limitation, plans for the sale, collateralization or other disposition of any business or asset of the Company after the completion of the Large-scale Share Purchase), and the post- Large-scale Share Purchase completion policies for dealing with the USS Group’s customers, business partners, officers, employees, local authorities where the Company’s business offices or other establishments are located, and other parties having an interest in the Company.
- (vii) The prospects for maintaining in force domestic or foreign permissions, licenses and authorizations that are necessary in connection with the management of the USS Group and for compliance with relevant domestic or foreign Laws and Regulations after the completion of the Large-scale Share Purchase.
- (viii) Other information that the Board of Directors or the Independent Committee reasonably determines to be necessary and requests the Large-scale Share Purchaser to submit, generally within ten business days from (but not including) the date of receipt by the Board of Directors of a complete and complying Share Purchase Statement.

2.4. Procedure when a Large-scale Share Purchase is commenced or executed without the submission of a Share Purchase Statement or the provision of Large-scale Share Purchase Information

If a Large-scale Share Purchase is commenced or executed without the Large-scale Share Purchaser submitting a Share Purchase Statement to the Representative Director and President of the Company or completing the provision of Large-scale Share Purchase Information to the Board of Directors, as a general rule the Independent Committee will recommend to the Board of Directors that countermeasures (as described in 2.12 below) against the Large-scale Share Purchase be triggered, unless it is clear that not triggering such countermeasures is necessary in order to protect and enhance the Company’s corporate value and the collective interests of its shareholders, or other exceptional circumstances exist.

2.5. Independent Committee’s evaluation of Abusive Acquisitors

If the Large-scale Share Purchaser complies with the procedures set forth in the New Plan, as a general rule the Independent Committee will recommend to the Board of Directors that countermeasures against the Large-scale Share Purchase not be triggered.

That said, however, even if the procedures set forth in the New Plan have been complied with, the Independent Committee will still evaluate whether the Large-scale Share Purchaser is an Abusive Acquirer. “Abusive Acquirer” refers to a person with respect to whom there are reasonable grounds for believing any of the following apply:

- (i) They are purchasing or seeking to purchase the Company’s Shares without intending to participate in the management of the Company, but instead for the purpose of boosting the share price and thereafter having their shares purchased back by parties related to the Company (*i.e.*, a they are a so-called “green-mailer”), or otherwise acquiring the Company’s Shares mainly for the purpose of realizing short-term profits.
- (ii) Their principle motivation for participating in the Company’s management is to obtain temporary control of such management in order to transfer to themselves or their group

companies intellectual property rights, know-how, confidential corporate information, key business relationships or customers (etc.) that are important to the Company's business operations.

- (iii) They are acquiring or seeking to acquire shares with the intent of, after taking control of the Company, improperly diverting its assets for use as collateral or a source of repayment of obligations incurred by them or their corporate group.
- (iv) Their reason for seeking to participate in the management of the Company is mainly in order to temporarily control the management so as to cause the Company to sell or otherwise dispose of high value assets, such as real estate or securities, that are not currently relevant to the Company business and to use the proceeds of such dispositions to temporarily pay increased dividends and/or sell their shares at an inflated price resulting from such temporarily increased dividends (Note 12).
- (v) There are objective and reasonable grounds for determining that the conditions proposed for the acquisition of the Company's Shares (the type, amount, and basis for calculating the consideration for such acquisition, other details, the timing, method, legality, feasibility, etc.) proposed by the Large-scale Share Purchaser are inadequate or inappropriate in light of the Company's corporate value or the collective interests of its shareholders.
- (vi) The manner of acquisition proposed by the Large-scale Share Purchaser is so structurally oppressive that it would limit the shareholders' opportunities or freedom to make a decision, such as being a two-stage purchase (a scheme in which if the first stage purchase fails to result in the acquisition of all shares, the terms of the second stage purchase are less favorable or unclear, or the purchase is conducted in a way that would give rise to uncertainties about the future liquidity of the Company's shares due to possible delisting (etc.), so that the Company's shareholders would essentially be being compelled into accepting the purchase).
- (vii) The Large-scale Share Purchaser's acquisition of control is expected to result in significant damage to or impairment of corporate value, or there are reasonable grounds for believing that it could impair the Company's ability to maintain and increase its corporate value; or it is determined that the acquisition of control by the Large-scale Share Purchaser would result in a lower medium- to long-term corporate value than when compared to if such acquisition of control by the Large-scale Share Purchaser did not occur.
- (viii) Any situation analogous to any of those in (i) through (vii) when it is determined that the Company's corporate value and/or the collective interests of shareholders would be significantly impaired.

(Note 12) For example, even if a Large-scale Share Purchaser intends to collateralize the assets of the target company to secure their obligations or to dispose of idle assets of the target company and use the proceeds of such disposal to pay increased dividends, such Large-scale Share Purchaser would not be deemed an Abusive Acquirer solely on the grounds that such Large-scale Share Purchaser's intention technically fits the definition of an Abusive Acquirer, or would adversely affect the interests of stakeholders other than the shareholders.

2.6. Procedure when it is determined that a Large-scale Share Purchaser is an Abusive Acquirer

If the Independent Committee deems a Large-scale Share Purchaser to be an Abusive Acquirer, and judges that triggering of countermeasures against the applicable Large-scale Share Purchase is appropriate, the Independent Committee will recommend to the Board of Directors that countermeasures be triggered against such 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 procedure for disclosing such recommendation and the procedure for the subsequent repeat of such recommendations, 2.9. A. (i) below will apply analogously.

2.7. Fixing of Board Evaluation Period

The Board of Directors will designate a period as per (i) or (ii) below (such period to run from (but not include) the day on which the Company discloses the determination by the Board of Directors or the Independent Committee that the provision of the Large-scale Share Purchase Information has been completed) based on the substance of the Large-scale Share Purchase as disclosed by the Large-scale Share Purchaser, such period to be used for for evaluating, discussing, Opinion-making, Alternative-formulating and negotiations (etc.) with the Large-scale Share Purchaser (the “Board Evaluation Period”). Unless otherwise specified in the New Plan, a Large-scale Share Purchase may not be commenced or executed until the Board Evaluation Period has expired.

The Board Evaluation Periods have been set to reflect the the difficulty of the evaluation and consideration of the business performance of the Company, as well as the level of difficulty of Opinion-making and Alternative-formulating.

- (i) In the case of a cash(yen)-only purchase of all of the Share Certificates, etc. of the Company : up to sixty (60) days.
- (ii) In the case of Large-scale Share Purchases other those covered by (i): up to ninety (90) days.

During the Board Evaluation Period, based on the Large-scale Share Purchase Information received from the Large-scale Share Purchaser the Board of Directors will conduct an evaluation, discussions, Opinion-making, Alternative-formulating, negotiations with the Large-scale Share Purchaser and other related activities with a view to protecting and enhancing the Company’s corporate value and the collective interests of its shareholders. In conducting such activities, as a general rule the Board of Directors shall seek the advice of third-party professionals (*e.g.*, financial advisors, attorneys and certified public accountants) who are independent from the Board of Directors.

If, due to reasons such as the Independent Committee being unable to issue a recommendation within the Board Evaluation Period as set forth in 2.9 below, the Board of Directors is during the Board Evaluation Period unavoidably unable to pass a resolution on whether to trigger countermeasures, 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 to its shareholders the specific period so decided and the reason(s) for the necessity of such additional period in a timely and appropriate manner in accordance with the applicable Laws and Regulations and relevant stock exchange rules.

2.8. Procedure when a Large-scale Share Purchase is commenced during the Board Evaluation Period

If the Independent Committee determines that a Large-scale Share Purchaser has commenced a Large-scale Share Purchase during the Board Evaluation Period, as a general rule the Independent Committee shall recommend to the Board of Directors that it trigger countermeasures unless it is clear that not triggering such countermeasures is necessary in order to protect and enhance the Company’s corporate value and the collective interests of its shareholders, or 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 (i) through (iii) below:

(i) Independent Committee recommendation to trigger countermeasures

Except as otherwise set forth in the New Plan, if the Large-scale Share Purchaser violates the procedure prescribed in the New Plan in any material respect and such violation is not remedied within ten business days after (but not including) the date written notice demanding remediation of such violation is given to the Large-scale Share Purchaser by the Board of Directors, and if the triggering of countermeasure against the Large-scale Share Purchase is determined to be appropriate, then the Independent Committee shall as a general rule recommend to the Board of Directors that countermeasures be triggered against the Large-scale Share Purchase unless it is clear that not triggering such countermeasures is necessary in order to protect and enhance the Company's corporate value and the collective interests of its shareholders, or other exceptional circumstances exist. (Note that the Independent Committee may specify the nature of countermeasures and impose such conditions upon their triggering as it deems necessary.)

When such a recommendation has been made, the Company will disclose to its shareholders the Independent Committee's opinion and the reason(s) behind it as well as such other matters as the Board of Directors deems appropriate, in a timely and appropriate manner in accordance with applicable Laws and Regulations and relevant stock exchange rules. In addition, if necessary a summary of the deliberations of the Independent Committee resulting in the recommendation will also be disclosed to the Company's shareholders in a timely and appropriate manner.

Even after the Independent Committee has given to the Board of Directors a recommendation that countermeasures be triggered, if the applicable Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in making such recommendation the Independent Committee may make to the Board of Directors a subsequent recommendation that the countermeasures be terminated or any other recommendation that it deems appropriate. In the case of such further recommendations of the Independent Committee, the Company will also disclose them to its shareholders in a timely and appropriate manner together with the reason(s) therefor as well as such other matters that the Board of Directors deems appropriate in accordance with applicable Laws and Regulations and relevant stock exchange rules. In addition, if necessary a summary of the proceedings of the Independent Committee resulting in such additional recommendation will also be disclosed to the Company's shareholders in a timely and appropriate manner .

(ii) Independent Committee Recommendation to confirm view of shareholders

If, as a result of the evaluation and consideration conducted by the Independent Committee, no obvious differences can be identified between the takeover proposals (including the proposed 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 to trigger countermeasures for the purpose of protecting and enhancing the Company's corporate value and the collective interests of its shareholders. Accordingly in such situations as a general rule the Independent Committee will recommend to the Board of Directors that it seek to confirm the view of the Company's shareholders regarding the need to trigger countermeasures, the substance of such a countermeasures and other relevant matters be sought at a shareholders meeting. Upon such recommendation, the Company will disclose to its shareholders such matters that the Board of Directors deems appropriate, in a timely and appropriate manner and in accordance with the applicable Laws and Regulations and relevant stock exchange rules. In addition, if necessary a summary of the proceedings of the

Independent Committee resulting in such recommendation will also be disclosed to the Company's shareholders in a timely and appropriate manner.

Even after the Independent Committee gives its recommendation to the Board of Directors to seek the view of the shareholders of the Company at a shareholders meeting, if the applicable Large-scale Share Purchase is withdrawn or any other change occurs in the facts assumed in making such recommendation the Independent Committee may make additional different recommendation to the Board of Directors as needed.

In the case of such further recommendations, the Company will also disclose to its shareholders in a timely and appropriate manner such further recommendations of the Independent Committee and the reason(s) thereof as well as such other matters that the Board of Directors deems appropriate in accordance with the applicable Laws and Regulations and relevant stock exchange rules. In addition, if necessary a summary of the proceedings of the Independent Committee resulting in such further recommendations will also be disclosed to the Company's shareholders in a timely and appropriate manner.

(iii) Independent Committee recommendation for other action

In addition to those mentioned above, the Independent Committee may at any time make recommendations to the Board of Directors of a nature the Independent Committee considers appropriate from the standpoint of maximizing the Company's corporate value and the collective interests of its shareholders, or a recommendation for the discontinuation or the suspension of the triggering of countermeasures in cases where doing so is permissible under relevant Laws and Regulations.

The procedures relating to the disclosure of such recommendations and subsequent recommendations shall be in accordance with 2.9A(i) above, applied analogously.

B. Independent Committee recommendations to be respected by the Board of Directors

With respect to a planned Large-scale Share Purchase, on the basis of the Large-scale Share Purchase Information provided by the Large-scale Share Purchaser and other reliable objective data and information, the Board of Directors will conduct an evaluation, consideration, Opinion-making, Alternative-formulating and negotiations with the Large-scale Share Purchaser from the standpoint of protecting and enhancing the Company's corporate value and the collective interests of its shareholders. Unless there are exceptional circumstances, such as when it is reasonably likely that acting in accordance with the opinion of the Independent Committee could constitute a breach of a director's duty of care (for example when in the course of its evaluation and deliberations the Board of Directors determines that the recommendation (which for purposes of this section B includes further recommendations) of the Independent Committee is based on material and careless mistakes regarding the underlying facts or was made based on an unreasonable process), as a general rule the Board of Directors will follow the recommendation of the Independent Committee and will adopt such board resolutions as are necessary to, among other things to trigger or not trigger countermeasures, suspend the triggering of countermeasures, discontinue countermeasures that have been triggered, and/or convene a shareholders meeting.

If such resolutions are adopted, the Company will disclose to its shareholders such matters as are considered by the Board of Directors to be appropriate in a timely and appropriate manner, in accordance with applicable Laws and Regulations and relevant stock exchange rules.

Note that price volatility risk associated with the Company's share price may result when the Board of Directors triggers countermeasures in accordance with an Independent

Committee recommendation, or when the allotment of Share Options(as defined in 2.12 below) is suspended or share options are acquired.

2.10. Procedure for seeking the view of ShareholderSHAREHOLDERS MEETING

Upon a recommendation made by the Independent Committee to confirm the view of the shareholders of the Company at a shareholders meeting as discussed in 2.9.A. (ii) above, the Board of Directors shall without delay follow the procedures for convening a shareholders' meeting in accordance with the provisions of relevant Laws and Regulations as well as the Company's articles of incorporation.

A resolution expressing the view of the Company's shareholders in favor of or against the triggering countermeasures against a Large-scale Share Purchase and the details of such countermeasures may be passed at a shareholders meeting attended by shareholders accounting for a majority of the total voting rights held by voting shareholders, if approved by a majority of the voting rights represented by shareholders in attendance.

When a resolution in favor of triggering countermeasures against a Large-scale Share Purchase and the details of such countermeasures are approved at such a shareholders' meeting, the Board of Directors shall trigger such countermeasures in accordance with the resolution of such shareholders meeting. When the Board of Directors passes a resolution with respect to triggering countermeasures, the Company will disclose to the shareholders of the Company such matters as the Board of Directors deems appropriate in a timely and appropriately manner, in accordance with the applicable Laws and Regulations and relevant stock exchange rules.

In the case of a recommendation made by the Independent Committee to seek the view of the Company's shareholders at a shareholders meeting as per 2.9.A. (ii) above, the Large-scale Share Purchase may not be executed until such confirmation process has been completed.

2.11. Modification of Large-scale Share Purchase Information

If, after the disclosure of its determination that the provision of the Large-scale Share Purchase Information has been completed, the Board of Directors determines that there has been a material change in respect of the Large-scale Share Purchase Information, 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 applicable Laws and Regulations and relevant stock exchange rules. Upon such disclosure the procedures carried out under the New Plan with respect to the Large-scale Share Purchase up to such point (the "Pre-change Large-scale Share Purchase") which are being conducted premised upon the pre-change Large-scale Share Purchase Information shall be discontinued, and the Large-scale Share Purchase to be conducted on the basis of the post-change Large-scale Share Purchase Information shall be deemed as a Large-scale Share Purchase that is different from the Pre-change Large-scale Share Purchase, and the procedures under the New Plan will be applied anew. As a general rule, however, in making such a determination the Board of Directors will follow the opinion of the Independent Committee unless there are exceptional circumstances, such as when it is reasonably likely that acting in accordance with the opinion of the Independent Committee could constitute a breach of al director's duty of care.

2.12. Substance ofDetails of countermeasures

As a general rule, the Company anticipates using, the allotment of share options (*shinkabu yoyakuken*) without contribution as set forth in Articles 277 *et seq.* of the Companies Act (share options so allotted being referred to herein as "Share Options") as a countermeasure against a Large-scale Share Purchase under the New Plan by the Company.

A summary of the terms of the allotment of Share Options to be made by the Board of Directors to shareholders as a specific countermeasure against a Large-scale Share Purchase is set forth in Exhibit 1 attached hereto. However, such Share Options may also be subject to exercise periods and conditions of exercise (e.g., a condition that a specified shareholders' group (Note 13) that includes the Large-scale Share Purchaser cannot exercise the Share Options unless

specific exceptions apply) and/or an acquisition provision (specifying that a shareholder may be treated differently in terms of whether they will acquire Share Options (etc.), depending upon whether they are members of a specific shareholders' group that includes the Large-scale Share Purchaser) which reflect their expected effect (etc.) as a countermeasure.

(Note 13) The term "specified shareholders' group" collectively refers to (a) the Large-scale Share Purchaser, (b) persons in a special relationship set forth in (Note 6) or (Note 8) with the Large-scale Share Purchaser, (c) persons who have a relationship with a Contracted Financial Institution, etc., as set forth in (Note 2) and the Large-scale Share Purchaser, and (d) those designated by the Board of Directors of the Company as substantially controlling or being controlled by or acting jointly or cooperatively with any of the persons mentioned in (a) or (c) above.

3. Term, continuation, revocation and modification of the New Plan

The New Plan will expire on June 30, 2015. If, however, on June 30, 2015, a Large-scale Share Purchase has been executed or is going to be executed, then the term of the New Plan will be automatically extended to the extent necessary to address such Large-scale Share Purchase. The New Plan may also be revoked before June 30, 2015 if: (i) the Company's general meeting of shareholders approves a proposal to revoke it; or (ii) the Board of Directors adopts a resolution to revoke it. It is thus possible to revoke the New Plan at any time in accordance with the views of the shareholders of the Company.

Note also that in Article 20, Paragraph 1 of its articles of incorporation, the Company provides that the term of office of each of its directors shall expire at the conclusion of the annual general meeting of shareholders in respect of the fiscal year ending within one year after such director's appointment. It is planned that the agenda item for the appointment of directors for each annual general meeting of shareholders will include disclosure regarding whether each director candidate is for or against the New Plan. Accordingly, the shareholders will be able to express their view regarding the continuation, revocation or modification of the New Plan through the appointment of the proposed slate of directors at each annual general meeting of shareholders.

Starting from this year, each year at its first meeting after the conclusion of the Company's annual general meeting of shareholders the Board of Directors will deliberate and pass a resolution regarding the continuation, revocation or modification of the New Plan.

With the approval of the Independent Committee the Board of Directors of the Company may also revise or modify the New Plan if necessary to the extent considered reasonably necessary to reflect new, amended or repealed applicable Laws or Regulations or relevant stock exchange rules or as is appropriate for the purpose of modifying words or phrases to fix typographical errors (etc.).

Upon a resolution being adopted for the revocation or modification (etc.) of the New Plan, the Company will disclose to its shareholders such matters as the Board of Directors deems appropriate in a timely and appropriate manner and in accordance with the applicable Laws and Regulations and relevant stock exchange rules.

4. Independent Committee

In conjunction with the continuation of takeover countermeasures under the New Plan, in order to preclude arbitrary decision-making by the Board of Directors regarding whether they should be triggered, the Company has established an independent committee (the "Independent Committee") [of the Board of Directors] comprised of three or more members appointed from among the Company's outside directors.

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

As a general rule, resolutions of the Independent Committee will be adopted by a majority vote at a committee meeting at which all members are in attendance. However, if a member is unavoidably unable to attend, committee resolutions may be passed by the majority vote of a meeting at which a majority of the members are in attendance. A summary of the deliberations resulting in a recommendation or any other action will be disclosed to the shareholders of the Company as necessary in a timely and appropriate manner.

5. Effect upon shareholders and investors

5.1. Effect upon shareholders and investors when the New Plan becomes effective

No Share Options will be issued at the time the New Plan comes into effect. Accordingly, the rights and economic interests of the Company's shareholders and investors will not be directly or concretely impacted.

5.2. Effect upon shareholders and investors when Share Options are allotted

Pursuant to the New Plan the Board of Directors may take measures against a Large-scale Share Purchase for the purpose of protecting and enhancing the Company's corporate value and the collective interests of its shareholders. However, under the measures currently anticipated there is not expected to be any direct or concrete impact on the rights and economic interests of the Company's shareholders and investors (other than Large-scale Share Purchasers who violate the New Plan and persons in certain relationships with such purchaser). If the Company decides to use any of the other types of countermeasures available under the Companies Act, other Laws and Regulations or the articles of incorporation of the Company as described in 2.12 above, depending on the nature of such countermeasure it is possible that the rights or economic interests of the Company's shareholders and investors may be affected by the triggering of such countermeasures. Furthermore, even when the Board of Directors has resolved to make an allotment of Share Options, if the Board of Directors subsequently decides to discontinue the triggered countermeasure or suspend the triggering of them in accordance with the procedures (etc.) described forth in Section 2.9, it is possible that the price of the Company's Shares will be affected accordingly. For example, if after the scope of shareholders entitled to receive Share Options has been confirmed the Company then suspends the triggering of such countermeasure and re-acquires all of the Share Options for no consideration and issues no new shares as a result, there will be no dilution of the per share economic value of the Company's shares held by our shareholders and investors. As a result, shareholders and investors are asked to be aware that investors who have bought or sold Company Shares on the assumption that dilution will occur may suffer losses due to price fluctuations.

The procedure involving the Company's shareholders by which allotted Share Options can be exercised or reacquired by the Company are as follows:

(i) Exercise of Share Options

In a situation in which the Company's shareholders exercise their Share Options, they will be required to pay a specified amount to acquire shares within a specified period. The details of these procedures will be notified separately in accordance with applicable Laws and Regulations when the Share Options are actually allotted.

(ii) Reacquisition of Share Options by the Company

When the Company re-acquires Share Options the shareholders holding such Share Options to be re-acquired will receive shares of the Company in exchange for the reacquisition of the Share Options by the Company without needing to follow any of the procedures regarding the exercise of Share Options described in item (i) above. Note, however, that treatment may vary for members of specific shareholders' group which include a Large-scale Share Purchaser.

IV. Reasonableness of the New Plan

As explained in more detail below, the New Plan complies with the three 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 kakuhō mataha kōjo no tame no baishu-boei-saku ni kansuru shishin*) jointly released by the Ministry of Economy, Trade and Industry (“METI”) and the Ministry of Justice on May 27, 2005: ((i) the principle of the protecting and enhancing corporate value and the collective interests of shareholders; (ii) the principle of prior disclosure and respecting shareholders’ views; and (iii) the principle of ensuring necessity and proportionality). The contents of the New Plan also reflect recent theoretical debate and practical developments such as are reflected in “Takeover Defense Measures in Light of Recent Changes in Conditions” (*Kinji no shokankyō no henka wo fumaeta baishu-boei-saku no arikata*) released on June 30, 2008, by METI’s Corporate Value Study Group. Furthermore, the New Plan is consistent with the spirit of regulations (etc.) established by the Tokyo Stock Exchange relating to the adoption of takeover defense measures.

1. Protection and enhancement of corporate value and the collective interests of shareholders

As described in Section III.1. above, by requiring a Large-scale Share Purchaser to provide in advance necessary information and ensure an opportunity for consideration and negotiations in connection with a proposed Large-scale Share Purchase, the takeover defenses under the New Plan will enable: (i) our shareholders to appropriately consider how to respond to the proposed Large-scale Share Purchase; (ii) the Board of Directors to present to the shareholders its opinion in favor or against the proposed Large-scale Share Purchase and/or an Alternative Proposal in accordance with the recommendation of the Independent Committee; and (iii) the Board of Directors 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 the collective interests of its shareholders.

2. Prior Disclosure

The Company is making advance disclosure of the New Plan in order to enhance predictability for the Company’s shareholders, investors and prospective Large-scale Share Purchasers and ensure they have an opportunity to make appropriate choices.

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

3. Respecting the view of shareholders

The Company expects to confirm the view of its shareholders regarding the New Plan through the inclusion of continuation of the takeover defense under the New Plan on the agenda for approval at the General Meeting.

4. Creation of the Independent Committee

As discussed in III.4 above, the Independent Committee has been established in order to ensure the transparency and fairness of decisions against or in favor of a Large-scale Share Purchase, and to prevent arbitrary decisions by the Board of Directors with respect to the triggering of countermeasures (etc.) under the New Plan. As a general rule, when passing a resolution relating to the triggering of countermeasures the Board of Directors will accept and follow the recommendation of the

Independent Committee except in exceptional circumstances, such as when it is reasonably likely that acting in accordance with the opinion of the Independent Committee could constitute a breach of an individual director's duty of care .

5. Retaining outside experts

As set forth in Section III.2.7 above, in connection with triggering countermeasures as a general rule the Board of Directors will seek the advice of third-party professionals (*e.g.*, financial advisors, attorneys and certified public accountants) who are independent from the Board of Directors. This will help ensure the objectivity and reasonableness of the decisions of the Board of Directors.

6. Confirmation of shareholders' views through the election of directors

As discussed in Section III.3 above, Article 20, Paragraph 1 of the Company's articles of incorporation provides for the term of office of each of its directors to expire at the the conclusion of the annual general meeting of shareholders in respect of the fiscal year ending within one year of such director's appointment. Therefore the view of the Company's shareholders regarding whether to revoke the New Plan will be confirmed through the election of the slate of directors at each annual general meeting of shareholders.

7. The New Plan is not a "dead-hand" or "slow hand" takeover defense

As discussed in Section III.3 above, the New Plan can be revoked at any time by a general meeting of the Company's shareholders or by the Board of Directors comprised of directors all of whom are appointed at the same general meeting of shareholders. Therefore, the New Plan is not a so-called "dead hand" defense (a takeover defense measure that cannot be prevented even after a majority of the members of the board of directors have been replaced) or "slow-hand" defense (a takeover defense measure that takes substantial time to prevent the triggering of due to the inability to replace all of the directors at one time) takeover defense.

(Exhibit 1)

Summary of Share Option Plan (if allotted)

1. Shareholders eligible for allotment

Share Options will be allotted without contribution to shareholders listed in the Company's shareholder register as of the record date fixed by the Board of Directors in proportion to the number of shares held by each of such shareholders (but not in respect of treasury shares held by the Company) at the ratio of one Share Option per share.

2. Type and number of shares subject to a Share Option

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

3. Effective date of allotment of Share Options

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 in the amount of at least one yen per common share.

5. Restrictions on the transfer of Share Options

The approval of the Board of Directors is required to acquire Share Options by transfer.

6. Conditions for the exercise of Share Options

The conditions for exercising Share Options will be separately established by the Board of Directors (for example, there may be conditions which do not permit the exercise of Share Options by persons belonging to specific shareholders' groups that include a Large-scale Share Purchaser unless specific exceptions apply).

7. Re-acquisition of Share Options by the Company

Subject to the occurrence of the date on which a Large-scale Share Purchaser violates the procedures set forth in the New Plan or certain other events occur or a date otherwise set by the Board of Directors, in accordance with a resolution of the Board of Directors, the Board of Directors may attach conditions to re-acquisition of a nature which result in differing treatment depending upon affiliation with a specific shareholders' group that includes a Large-scale Share purchaser.

8. Re-acquisition of Share Options without compensation (reasons for revoking countermeasures)

The Company has the right to re-acquire all of the Share Options without compensation, if:

- (a) the proposed purchase by 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 to such effect by the Independent Committee of the Company; or

(c) such re-acquisition is otherwise separately authorized by the Board of Directors.

9. Exercise period for Share Options

The exercise period and other details of the Share Options shall be as separately determined by the Board of Directors.

[remainder of page deliberately left blank]

(Exhibit 2)

Independent Committee: Names and Career Summaries of Members

Outside Director: Mr. Hideo Okada

Mr. Okada joined Nihon Kogyo Shimbus Co., Ltd. in 1965, served as Division Manager (*jigyo bucho*) and Department Manager (*jigyo kyokucho*), was appointed as Director in 1997, Executive Director (*jomu torishimariyaku*) in 2002, Adviser (*komon*) in 2005 and Event Adviser (incumbent) in 2009. He was also appointed as an adviser to the Executive Committee of the Japan Council for Renewable Energy in June 2011. He has been an outside director of the Company since June 2006.

Mr. Okada, was asked to become an outside director so that the Company's management could benefit from his considerable experience as a former executive officer and his in-depth insights based on his experience in the publication of newspapers focused on the economy and industry.

Outside Director: Mr. Isamu Hayashi

Mr. Hayashi joined Chuo Shintaku Ginko Kabushiki Kaisha (presently, the Sumitomo Mitsui Trust Bank, Limited) in 1968, served as Chief Examiner of the Legal Section of Transfer Agent Department (*shoken daikobu homuka shunin chosayaku*) in 1985, Chief of the Legal Section of Transfer Agent Department in 1995, Deputy General Manager of the Transfer Agent Department (in charge of legal matters) in October 1996 and retired in 2000. He then assumed a position as Associate Professor in the Faculty of Business Management at Osaka Sangyo University in 2000 and was promoted to Professor in 2004. At Osaka Sangyo University he specializes in the Commercial Code and the Companies Act. He has been an outside director of the Company since June 2006.

Mr. Hayashi was asked to become an outside director so that the Company's management could benefit from his considerable experience and in-depth insight as a legal scholar.

Outside Director: Mr. Satoru Madono

Mr. Madono joined the Export-Import Bank of Japan (presently the Japan Bank for International Cooperation) in 1971, served as Manager of the Project Finance Division, Manager of the International Examination Division (*kokusai shinsa bucho*), Counsel (*shingiyaku*) and retired in 2002. In the same year he assumed a position as a professor at the Faculty of International Economics (presently the Faculty of Economics and Business Administration) of Reitaku University. He also incorporated Kabushiki Kaisha Isic, Inc. and does corporate consulting. He has been an outside director of the Company since June 2006.

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

In addition, in 1999 he became the first Japanese to be awarded a medal by the Ukrainian government for his accomplishments in technical assistance for the economic reconstruction of Ukraine (assistance in reform of Export-Import Bank of Ukraine). In 2001, upon the 10th anniversary of the establishment of diplomatic relations between Japan and Ukraine, he received another award from the Ukrainian government for being the Japanese person who has contributed most in building a relationship between the two countries.

Mr. Madono was asked to serve as an outside director so that the Company's management could benefit from his in-depth insights as an economist and his considerable experience as a former counsellor (*shingiyaku*) of the Japan Bank for International Cooperation.

Outside Director: Mr. Koji Sato

Mr. Sato passed the National Bar Examination in 1988 and registered as a member of the Nagoya Bar Association (now the Aichi Bar Association) in 1991. He established his own law firm in 1995 and was the vice-chairman of the Aichi Bar Association from April 2009 to March 2010. He has been an outside statutory auditor for Shokubun Co. Ltd. from June 2011. He has been an outside director of the Company since June 2006.

The Company has asked Mr. Sato to be an outside director so that the Company's management may benefit from his in-depth insight with regard to management in addition to his technical perspective as a lawyer.

- (Notes)
1. The Company has designated the above four persons as independent directors in accordance with the respective regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified their respective details to such stock exchanges.
 2. The above four persons will be proposed as candidates for re-appointment as outside directors at the Company's 32th annual general meeting of shareholders scheduled for June 26, 2012.
 3. The Company currently receives services from Sumitomo Mitsui Trust Bank, Limited, the corporation where Mr. Isamu Hayashi was once employed, such services being in the form of administration of the Company's shareholder register and securities transfer agent services for special accounts. However, the amounts involved in such transactions accounts for less than one percent of the selling, general and administrative expenses of the Company. Furthermore transactions with the Company accounts for less than one percent of the sales from the custodial service business of Sumitomo Mitsui Trust Bank, Limited. As the Company's transaction volume with Sumitomo Mitsui Trust Bank, Limited is insignificant and Mr. Hayashi was not involved in any transaction with the Company when he served as an employee of Chuo Mitsui Trust and Banking, Limited (one of Sumitomo Mitsui Trust Bank Limited's predecessor companies), the Company does not consider the circumstances of these transactions to be in any way problematic in connection with his appointment as an outside director of the Company.
 4. The above four persons receive no funds from the Company other than their remuneration as outside directors.

[remainder of page deliberately left blank]

(Exhibit 3)

Major Shareholders of the Company

Major Shareholders of the Company as of March 31, 2012

Shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
Futoshi Hattori	2,631	9.63
BBH FOR FIDELITY LOW-PRICED STOCK FUND (Principal All Sector Sub-Portfolio)	2,000	7.32
State Street Bank and Trust Company Japan	1,903	6.96
Japan Trustee Services Bank, Ltd. (Trust Account)	1,167	4.27
Yukihiro Ando	909	3.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	907	3.32
Nomura Trust and Banking Co., Ltd. (Trust Account for Retirement Benefit Trust of The Bank of Tokyo-Mitsubishi UFJ, Ltd. account)	840	3.07
Hattori Motors Co., Ltd.	720	2.63
Incorporation Foundation Hattori International Scholarship Foundation	700	2.56
Dai Seta	690	2.52
Total	12,468	45.64

Other than the above, the following shareholdings have also been reported pursuant to Large Volume Shareholding Reports.

1. In a Large Volume Shareholding Report filed as of February 1, 2012 jointly in the names of Fidelity Investments Japan Limited and one other company, the following shareholdings as of January 26, 2012 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2012, and accordingly, the respective numbers of shares substantially held have not been verified. For this reason 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	0	0.00
FMR LLC	82 Devonshire St., Boston, Commonwealth of Massachusetts 02109, U.S.A.	3,798	13.90
Total		3,798	13.90

2. In a Large Volume Shareholding Report filed as of August 29, 2011 jointly in the names of The Bank of Tokyo-Mitsubishi UFJ, Ltd. and three (3) other companies, the following shareholdings as of August 22, 2011 have been reported. However, the Company cannot verify the number of shares substantially held as of March 31, 2012, and accordingly, the respective numbers of shares substantially held have not been verified. For this reason 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 (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	840	3.07
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	587	2.15
Mitsubishi UFJ Asset Management Co., Ltd.	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	70	0.25
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	110	0.40
Total		1,608	5.88

(Note)

1. In the calculation of shareholding ratios the number of treasury shares held by the Company (4,008,041 shares) has been excluded from the total number of issued shares as of March 31, 2012 (31,325,000 shares).
2. Although Futoshi Hattori, one of the major shareholders of the Company passed away on December 18, 2011, his name is still recorded on the Company's shareholder register as the inheritance procedure is currently under way.
3. Each fractional figure of less than one unit shown has been cut off. Each fractional percentage figure has been truncated at the third digit after the decimal point.

[remainder of page deliberately left blank]