

For reference (Translation in English)

Wacom Co., Ltd.  
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**Re: Update of Measures to Prevent Large-scale Purchases of Wacom's Shares**

**May 10, 2013, Tokyo**—At Wacom Co. Ltd.'s 24th ordinary general meeting of shareholders held on June 21, 2007, the Company's shareholders approved measures passed at the Company's 27th ordinary general meeting of shareholders held on June 24, 2010, the term of the Former Plan was set to expire at the conclusion of the Company's 30th ordinary general meeting of shareholders scheduled to be held on June 27, 2015 (hereafter "The Ordinary General Meeting of Shareholders").

In advance of the date of expiration of the Former Plan, a meeting of the Board of Directors was held on May 10, 2103, at which the Board decided to renew the Former Plan by updating it (hereinafter, the introduction of the renewed plan is to be referred to as the "Renewal," and the renewed plan is to be referred to as the "Plan") on the condition of receiving the approval of shareholders at The Ordinary General Meeting of Shareholders. The Board of Directors took this action (Ordinance for Enforcement of the Companies Act, Article 118, Paragraph 3 (2)) to prevent decisions concerning the Company's financial and business policies from becoming controlled by persons deemed unsuitable to the Company's basic policy (referring to that defined in Ordinance for Enforcement of the Companies Act, Article 118, Paragraph 3, hereafter, the "Basic Policy"). All directors present at the meeting of the Board of Directors unanimously supported the updating of the Plan, and all corporate auditors present at the meeting had no objection to the update. In addition, a meeting of the Company's Independent Committee unanimously approved the update of the Plan.

The main changes to the Former Plan made in the update are:

- ① upper limits are clarified for (a) the period of time for replies when the Independent Committee requests information from the Company's Board of Directors and for (b) the period of deliberation by the Independent Committee (defined in Part 3. 3. "Plan Details" (1) (d) ②); and
- ② the information that the Company may request purchasers, etc., to provide the Company.

**Part 1. Basic Policy concerning the kind of persons deemed appropriate to control the Company's financial and business policies**

Since its founding in 1983, the Wacom Group has developed and supplied technology and products so that customers all over the world can use computers more naturally, intuitively and creatively. The Company is guided by its corporate philosophy of “seeking development in which people and technology are in harmony, and achieving more affluent and creative lifestyles.”

In order for the Wacom Group to achieve profit to return to its shareholders and to achieve sustainable and medium-to-long-term growth in both corporate value and the common interests of its shareholders, it is necessary that appropriate relationships be maintained and developed between the Group and its shareholders, customers, business partners, employees and other stakeholders. The management of the Group must give ample consideration to these stakeholders. In addition, we believe that long-term business growth and a sustainable improvement in corporate value only be achieved by the enhancement of Wacom’s ability to develop its own technology, Wacom’s intellectual property such as patents and know-how, Wacom’s planning and development of products that have high added value, as well as through the further strengthening of Wacom’s global business culture that has been built up over a long period and Wacom’s highly competitive business model. For this reason, when a request to purchase Wacom shares, etc., is received, in order to properly determine the influence of the purchase on the Company’s corporate value and the common interests of its shareholders, we believe that it is necessary to fully understand the following: the feasibility and legality of the purchaser’s proposed business plan; the effect that the purchase will have on our Company’s tangible and intangible management resources and on our stakeholders, and how this will influence on our corporate value; the potential impact of forward-looking measures; and, the synergistic effects that may be achieved through the organic linkages between regions around the world.

In view of these factors, our Board of Directors determined that persons who engage in large-scale purchases of Wacom shares, etc. that will not contribute to ensuring or improving corporate value and the common interests of the Company’s shareholders, or persons who propose such a purchase are not suitable people to control the Company’s financial and business policies.

## **Part 2. Sources of corporate value for the Company and special efforts to contribute to the achievement of the Basic Policy**

### **1. Sources of corporate value for Wacom**

Based on the notion that technology should be natural, intuitive, easy to understand, and should enhance people’s creativity, Wacom has developed its own technology and has elevated the Wacom brand. Wacom believes that the sources of its corporate value are: the high level of technical capabilities that the Company has developed; its intellectual

property that includes patents and know-how; its ability to plan and develop advanced products; its global business culture that it has built up over a long period of time; its highly competitive business model; and furthermore, the building, maintaining and expanding of appropriate relationships between itself and its shareholders, customers, business partners, employees and other stakeholders. Wacom believes that these have also become the main sources of common interests of its shareholders.

Since its development of the world's first cordless pen in 1984, Wacom has been the technology leader of the pen tablet industry. It has led progress in various product areas, and has become a global leader in this sector. In addition, Wacom's pen sensor technology is supplied to a wide range of mobile data devices, including smartphones and tablet terminals.

Looking ahead to future global changes and the expansion of the device interface field, Wacom believes that the further strengthening of its technical and developmental abilities, the retention of excellent human resources, the further strengthening of the global business culture that it built up, and its highly competitive business model will aid a long-term and steady business expansion and will make positive contributions to society.

## **2. Special efforts to enhance corporate value**

Wacom has set forth its current basic strategy which is to "Expand the business platform from PC to mobile and cloud, create new business and grow existing business." The Company has formulated the Wacom Action Plan for Changing Platform: WAP1215, and all members of the Wacom Group are working to achieve its realization. WAP1215 aims to expand Wacom's areas of business from the desktop PC market to the mobile data device market and cloud solutions; achieve a synergy between Wacom's brand products business and its component business; and enhance both global business growth and corporate value. Wacom has set its "target management indicators" for the fiscal year to the end of March 2015 to be consolidated sales of at least 120 billion yen, a consolidated operating profit margin of at least 15%, and a consolidated ROE of at least 30%. As it works towards the achievement of these targets, Wacom is further strengthening its global competitiveness and is putting all of its energy into improving its business performance. The Company is working on the following specific measures in this medium-term plan.

### **(1) Expanding the business platform to mobile and cloud-based devices**

To respond to new IT platforms that have come about through smartphones, tablets and other mobile data devices, as well as through cloud computing, Wacom is expanding its product lines from ones oriented towards use with PCs to applications and services that are based on the mobile data device field and cloud computing.

### **(2) Acceleration of growth in brand products business**

In the brand products business, through its global marketing and Web communication activities, Wacom is promoting its products to consumers and mobile users, and raising its brand awareness among them, strengthening its leadership, and forming a user community.

In the field of creative business, Wacom is striving for further penetration into the graphic fields that include Web design, still-image and video editing, and animation. Wacom is also expanding into the 3D modelling and engineering design fields, and is aiming to strengthen its brand and grow its business in these areas. As a result of Wacom's expansion of its display product line and market entry and expansion of its new mobile product lines, growth in the creative business field is expected to accelerate.

In the consumer field, Wacom is developing digital stationery products and applications that can be intuitively used with mobile data devices. Wacom's dedicated global team in the consumer field is accelerating the pace of business development.

Wacom is offering commercial professional solutions (using electronic documents and electronic pens) that are faster, more efficient and safer. Wacom is also aiming to penetrate financial and logistics fields by utilizing its security technology that includes signature verification.

### **(3) Acceleration of component business growth**

Wacom is strengthening its leadership in pen sensor technology in the electronic pen field. It is strengthening its partnerships with its customers, and is maximising growth in the smartphone field. By strengthening cooperation with OS (operating system) developers and application developers, promoting the use of electronic pens in the tablet and e-book field, and expanding into the education market for electronic notebooks and other products, Wacom will secure its position as a leader in these fields.

In the touch field, Wacom is aiming to increase sales of its multi-touch controller ICs to mobile device manufacturers, and is offering multi-touch modules for desktop PCs and other products to promote sales of its multi-touch products.

In addition, Wacom is strengthening its development, SCM (supply chain management) and QA (quality assurance) systems to support its rapidly growing businesses.

### **(4) Strengthening global production logistics management**

In preparation for the rapid expansion of product lines in the future, Wacom is working to expand its range of sub-contractors and strengthen its local production management system. The Company is also optimizing its logistics to respond to global online business and promoting the establishment of business continuity planning (BCP) systems as it prepares for possible business risks.

### **(5) Promoting global organization**

To ensure strategic qualities and flexibility in its global business development, Wacom is promoting the organization of a global matrix centered on its Business Unit and regional

operations. Wacom is promoting the globalization of its head office functions to support cooperation among companies in the Wacom Group. Wacom will achieve an organizational structure and a personnel system that will function as a single business overall.

#### **(6) Putting global IT infrastructure in place**

Wacom is collaborating between global business activities and local regions, and is working to strengthen global IT infrastructure that will support the global organization of the companies in the Wacom Group.

#### **(7) Acceleration of innovative UI technology development**

To further strengthen its leadership in the user interface (UI) field, Wacom is expanding its systems for development of fundamental technologies and is strengthening its software development systems. The Company is accelerating UI technology development following on from pens and touch technologies.

#### **(8) Investment in developing regions**

Wacom is aiming to develop product lines for, and to increase its brand awareness in, new developing markets where growth is expected. The Company is investing heavily in China, India and South America to improve its business base in those regions. It is setting up a dedicated team for emerging regions, and is accelerating product development and business expansion.

### **3. Strengthening corporate governance**

As a global company that is listed on the Tokyo Stock Exchange, Wacom believes that strictly following laws and regulations, faithfully carrying out its social responsibilities, raising the level of management transparency and the reliability of disclosure all bring benefits to shareholders, customers and other stakeholders and are the foundation for long-term and sustainable improvement in corporate value. In accordance with this belief, the Company has set out its “Vision, Mission and Values to Uphold” as a basic policy in which contributions to society and compliance with laws and regulations and social ethics are assumed to be part of corporate activities. To achieve a highly transparent and fair management system, the Company has set the term of each of its directors to be one year, has clarified management’s business responsibilities towards shareholders, and has a highly independent outside director as one of the five directors to strengthen its monitoring of its management. To speed up the decision-making process and to enable the Company to flexibly respond to changes in the business environment, Wacom has introduced the executive officer system. All three corporate auditors are independent, external corporate auditors. They attend meetings of the Board of Directors and other important meetings, and audit the performance of the directors.

### **Part 3. Purpose and Details of the Plan**

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

The Plan is prepared for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, and the Plan is in accordance with the Basic Policy set out in Section I above.

The Company's board of directors believes that, as provided for in the Basic Policy, persons who would propose a large-scale acquisition of shares in the Company in a manner that does not contribute to the corporate value of the Company or, in turn, the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate and to deter large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, as well as, in the event that the Company receives a large-scale acquisition proposal, to enable the Company's board of directors to present an alternative proposal or to ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Company to negotiate for the benefit of the shareholders.

Please note that the Company has not received any proposal of a large-scale acquisition of shares in the Company from a specific third party at present. Please refer to Attachment 1 for the status of major shareholders of the Company as of March 31, 2013.

#### **2. Plan Outline**

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

The acquirer must not effect a large-scale acquisition of the shares in the Company until and unless the Company's board of directors or the Company's general meeting of shareholders determines not to trigger the Plan in accordance with the procedures for the Plan.

In cases such as where an acquirer does not follow the procedures set out in the Plan or a large-scale acquisition of shares in the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will

allot stock acquisition rights to all shareholders of record as of that time other than the Company, by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) that will have (a) an exercise condition that does not allow the acquirer to exercise the rights as a general rule and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from holders of the stock acquisition rights other than the acquirer.

In order to eliminate arbitrary decisions by directors, the Company will establish the Independent Committee (standards for appointing members, requirements for resolutions, resolution matters and other matters concerning the Independent Committee are as described in Attachment 2 'Outline of the Rules of the Independent Committee' and the members of the Independent Committee upon the Renewal are as described in Attachment 3 'Brief Biographical Outline of the Members of the Independent Committee') solely composed of outside directors of the Company, etc who are independent from the management of the Company to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, the Company's board of directors may, if prescribed in the Plan, convene a Confirmation Meeting (as defined in (g) of 3(1) 'Procedures for Triggering the Plan' below; the same shall apply hereinafter) and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights.

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

### **3. Plan Details (The measure for preventing the determination of the Company's policies on finance and business from being governed by the unsuitable persons in the light of the basic policy)**

#### **(1) Procedures for Triggering the Plan**

##### **(a) Targeted Acquisitions**

A renewed plan for countermeasures to large-scale acquisitions of the shares in Wacom Co., Ltd. (the "Company") (takeover defense measures) (hereinafter, the introduction of the renewed plan is to be referred to as the "Renewal," and the renewed plan is to be referred to as the "Plan") will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under ① or ② below or any similar action, or a proposal<sup>1</sup> for such action (except for such action as the Company's board of directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

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

- ① A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)<sup>2</sup> of a holder (*hoyuusha*)<sup>3</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>4</sup> issued by the Company; or
- ② A tender offer (*koukai kaitsume*)<sup>5</sup> that would result in the ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>6</sup> of the party conducting the tender offer's and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)<sup>7</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>8</sup> issued by the Company.

The party intending to effect the Acquisition (the "Acquirer") shall follow the procedures set out in the Plan, and the Acquirer must not effect the Acquisition until and unless the Company's board of directors passes a resolution not to implement the gratis allotment of the Stock Acquisition Rights (defined in (i) of (e) below) in accordance with the Plan.

(b) Submission of Acquirer's Statement

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

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

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

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

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

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

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

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

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

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

If the Company's board of directors receives the Acquisition Document, it will promptly send it to the Independent Committee. If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and directly or indirectly request that the Acquirer submit additional information. In such case, the Acquirer should submit the additional information within the set time limit.

- ① Details (including name, capital relationship, financial position, operation results, details of violation of laws and ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders,<sup>9</sup> persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation<sup>10</sup>).<sup>11</sup>
- ② The purpose, method and terms of the Acquisition (including the amount and type of consideration, the timeframe, the structure of any related transactions, the legality of the method, and the feasibility).
- ③ The purchase price of the Acquisition and the basis for the calculation of the purchase price (including matters such as the preconditions for the calculation, the calculation method, numerical information used for the calculation, details concerning the synergies that are expected to be realized by the series of transactions related to the Acquisition, and details of synergies to be distributed to other shareholders).
- ④ Information relating to any agreement between the Acquirer and a third party regarding the share certificates, etc. of the Company and any previous acquisition of share certificates, etc. of the Company by the Acquirer.
- ⑤ Financial support for the Acquisition (specifically including information such as the names of providers of funds for the Acquisition (including all indirect

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

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

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

providers of funds), financing methods and the terms of any related transactions).

- ⑥ Post-Acquisition management policy, business plan, capital and dividend policies for the Company's group (the "Company Group").
- ⑦ Policies for dealing with the Company Group's shareholders (other than the Acquirer), employees, business partners, customers, and any other stakeholders in the Company Group after the Acquisition.
- ⑧ Specific measures to avoid any conflict of interest between the Acquirer and other shareholders of the Company if there is a possibility of such conflict of interest.
- ⑨ Any relationship with an anti-social force
- ⑩ Any other information that the Independent Committee, etc. reasonably considers necessary.

If the Independent Committee determines that the Acquirer has started the process of an Acquisition without following the procedures set out in the Plan, the Independent Committee will, as a general rule, recommend that the Company's board of directors should implement the gratis allotment of Stock Acquisition Rights as set out in (e)① below, except where there are particular circumstances in which it would be appropriate to continue to conduct discussion or negotiation with the Acquirer upon requesting the submission of the Acquisition Document and the Essential Information.

(d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

① Request to the Company's board of directors for the Provision of Information

If the Acquirer submits the Acquisition Document and any other information additionally requested by the Independent Committee (if any), the Independent Committee may set a reply period (up to 60 days), considering the time required for the Company's board of directors to collect information, consider company value, or take any other actions, and request that the Company's board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, the materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

② Independent Committee Consideration

If the Independent Committee receives the information from the Acquirer and (in case the Independent Committee requested the Company's board of directors to submit information as detailed above) the Company's board of directors, the

Independent Committee will consider the Acquisition terms, collect information on materials such as the management plans and business plans of the Acquirer and the Company's board of directors and make a comparison thereof, and consider any alternative plan presented by the Company's board of directors for a period of 60 days after the date upon which the Independent Committee receives the information. (The period for information collection and consideration by the Independent Committee is hereinafter referred to as the "Independent Committee Consideration Period.") Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer or present alternative proposals presented by the Company's board of directors to shareholders, etc.

In order to ensure that the Independent Committee's decision contributes to the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Procedures such as Recommendation by the Independent Committee

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

① Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under any of the trigger events set out below at (2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights' (collectively "Trigger Event"), the Independent Committee will recommend the implementation of the gratis allotment of stock acquisition rights (as detailed in (3) 'Outline of the Gratis Allotment of Stock Acquisition Rights;' such stock acquisition rights hereinafter referred to as "Stock Acquisition Rights") to the Company's board of directors except in any specific case where further information Disclosure by the Acquirer or negotiation or discussion with the Acquirer is necessary. If it is concerned that an Acquisition may fall under the second Trigger Event ("Trigger Event (2)") set out in (2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the Company's shareholders in advance.

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

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

② Recommendations for the Non-Triggering of the Plan

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

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

③ Extension of the Independent Committee Consideration Period

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

implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(f) Resolutions of the Board of Directors

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

The Acquirer must not effect the Acquisition until the Company's board of directors resolves not to trigger the Plan.

(g) Convocation of the Confirmation Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the Company's board of directors may convene a general meeting of shareholders (the "Confirmation Meeting") to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if (A) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights subject to confirmation of the intent of the shareholders in advance in accordance with (i)(e) ① above, or (B) the applicability of Trigger Event (2) becomes an issue and the Company's board of directors determines it appropriate to confirm the shareholders' intent for the Acquisition taking into consideration the time required to convene a general meeting of shareholders or other matters pursuant to the duty of care of a good manager.

(h) Information Disclosure

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

**(2) Requirements for the Gratis Allotment of Stock Acquisition Rights**

The requirements to trigger the Plan to implement gratis allotment of Stock Acquisition Rights are as follows. As described above at (e) of (1), 'Procedures for Triggering the Plan,' the Company's board of directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

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

Trigger Event (2)

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

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
  - ① A buyout of share certificates to require such share certificates to be purchased by parties related to the Company at a high price.
  - ② Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company Group's material assets.
  - ③ Diversion of the Company Group's assets to secure or repay debts of the Acquirer or its group company.
  - ④ Temporary control of the Company's management to bring about a disposal of high-value assets that do not relate to the business of the Company Group for the time being and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions of which terms (including the amount and type of consideration,

timing, legality of the method, feasibility, management policies or business plans after the Acquisitions, and policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company after the Acquisitions) are inadequate or inappropriate in light of the Company's primary corporate value.

- (d) Acquisitions that bring about material threats that are contrary to the corporate value of the Company and, in turn, the common interests of its shareholders, such as an Acquisition that harms the Company Group's relationships with its employees, customers, business partners and the like or the brand value and the corporate culture of the Company Group.

### **(3) Outline of the Gratis Allotment of Stock Acquisition Rights**

An outline of the gratis allotment of Stock Acquisition Rights to be implemented under the Plan is described below.

#### **(a) Number of Stock Acquisition Rights**

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined in a resolution by the Company's board of directors or by the general meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights ("Gratis Allotment Resolution").

#### **(b) Shareholders Eligible for Allotment**

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

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

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

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

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the "Applicable Number of Shares") shall be one share, unless adjusted otherwise.

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

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 30 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the resolution for the gratis allotment of stock acquisition rights (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to six months long as separately determined in the resolution for the gratis allotment of stock acquisition rights. However, if the Company acquires the Stock Acquisition Rights in accordance with (i)② below, the exercise period of the Stock Acquisition Rights acquired will be until the business day immediately before the date of the acquisition. In addition, if the last day of the exercise period falls on any date on which the place where the payment of the amount to be paid upon the exercise is not open for business, the business day immediately before the date in question will be the last day of the exercise period.

(g) Conditions for Exercise of Stock Acquisition Rights

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

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

- (I) Specified Large Holders;<sup>13</sup>
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;<sup>14</sup>
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company's board of directors; or
- (VI) Any Affiliated Party<sup>15</sup> of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company,' subject to confirmation of compliance with applicable laws and ordinances). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise

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<sup>13</sup> "Specified Large Holder" means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed to fall under the above by the Company's board of directors); provided, however, that a party that the Company's board of directors recognizes as a party that unintentionally falls under the foregoing definition such as in case of the acquisition of own shares by the Company (this does not apply if the party subsequently intentionally acquires shares in the Company), a party that the Company's board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or, in turn, the common interests of shareholders or any specific other party that the Company's board of directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies throughout this document.

<sup>14</sup> "Specified Large Purchaser" means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 14) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same applies throughout this Note 14) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company's board of directors); provided, however, that a party that the Company's board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company's corporate value or the common interests of shareholders or certain other party that the Company's board of directors determines is not a Specified Large Purchaser. The same applies throughout this document.

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

conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(h) Restriction on Assignment of Stock Acquisition Rights

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

(i) Acquisition of Stock Acquisition Rights by the Company

① At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights for no consideration.

② On a date separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right.

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

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

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

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

(l) Other

In addition, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

**(4) Procedures for the Renewal**

The Renewal is subject to the shareholder approval at the ordinary general meeting of shareholders for the 30th fiscal year to be held on June 27, 2013 (the “Ordinary General Meeting of Shareholders”) of the agenda item proposed by the Company that the authority to determine matters relating to the gratis allotment of Stock Acquisition Rights subject to the terms set out in the Plan will be delegated to the Company’s board of directors, in accordance with the provisions of Article 7 of the Company’s Articles of Incorporation.

**(5) Effective Period, Abolition and Amendment of the Plan**

The effective period of the Plan will be until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years of the conclusion of the Ordinary General Meeting of Shareholders.

However, if, before the expiration of the effective period of the Plan (the “Effective Period”), (A) the Company’s general meeting of shareholders resolves to revoke the delegation of authority to determine matters relating to the gratis allotment of Stock Acquisition Rights to the Company’s board of directors as set out above or (B) the Company’s board of directors resolves to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Company’s board of directors may revise or amend the Plan even during the Effective Period, if such revision or amendment is not against the purpose of a resolution at the Ordinary General Meeting of Shareholders such as cases where any law, ordinance, or rules of the financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company’s shareholders, and subject to the approval of the Independent Committee.

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

**(6) Revision Due to Amendment to Laws and Ordinances**

The provisions of laws and ordinances referred to under the Plan are subject to the

prevailing provisions as of April 30, 2013. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

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

##### **(1) Impact on Shareholders and Investors Upon the Renewal**

The Renewal merely has the effect of delegating the authority to determine matters relating to the gratis allotment of Stock Acquisition Rights to the Company's board of directors in accordance with the resolution at a general meeting of shareholders, and the Plan will have no direct or material impact on shareholders and investors. This is because, at that time, no actual gratis allotment of Stock Acquisition Rights will be implemented.

##### **(2) Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights**

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

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

In addition, even after the Company passes a Gratis Allotment Resolution, the Company may, by respecting any recommendation of the Independent Committee described above at (e) of 3(1), 'Procedures for Triggering the Plan,' to the maximum extent, (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period) acquire the Stock Acquisition Rights for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely

that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be affected correspondingly, including losses, as a result of a fluctuation in the share price.

(b) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to deliver the shares in the Company to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company for each Stock Acquisition Right, as a general rule, upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and by paying in the prescribed manner an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right, as a general rule. The Non-Qualified Parties intending to exercise Stock Acquisition Rights must follow the Company's separate determination in accordance with (g) of 3(3), 'Outline of the Gratis Allotment of Stock Acquisition Rights.'

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

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) below. If the Company carries out such a procedure, all shareholders other than Non-Qualified Parties will, as a general rule, come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares they hold in the Company.

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

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures on the date separately determined by the Company's board of directors. If the Company delivers shares in the Company to the shareholders in exchange for the acquisition of the Stock Acquisition Rights, the Company will deliver such shares promptly. In this case, the shareholders concerned will as a general rule come to receive one share

in the Company for each Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to submit, in the form prescribed by the Company, a written document including representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants, and information necessary to deliver the shares in the Company to the account of the Entitled Shareholders.

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

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

#### **Part 4. Rationale of the Plan**

##### **1. Ensure the Corporate Value of the Company and, in turn, the Common Interests of Shareholders**

The Plan is in line with the basic policy regarding the persons who control decisions on the Company's financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act) and will be introduced for the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates of the Company and for the Company's board of directors to present an alternative proposal to the shareholders, and by enabling the Company to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

##### **2. Satisfying the Requirements of the Guidelines for Takeover Defense Measures**

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. These principles are namely: ① ensuring and enhancing the corporate value and shareholders' common interests; ② prior disclosure and shareholder intent; and ③ ensuring necessity and appropriateness.

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

As described above in 3(4), 'Procedures for the Renewal,' the Renewal will be subject to the shareholders' approving the agenda item regarding the delegation of authority to the Company's board of directors at the Ordinary General Meeting of Shareholders of the Company in accordance with the provisions of Article 7 of the Company's Articles of Incorporation.

Further, as described above in (g) of 3(1), 'Procedures for Triggering the Plan,' the Company's board of directors shall, in certain cases, confirm the intent of the Company's shareholders as to whether the triggering of the Plan is appropriate or not at the Confirmation Meeting.

In addition, as described above in 3(5), 'Effective Period, Abolition and Amendment of the Plan,' the Plan is subject to a so-called sunset clause setting the Effective Period of approximately three years, and if, even before the expiration of the Effective Period, the Company's general meeting of shareholders resolves to abolish the resolution for the abovementioned delegation of authority, the Plan will be abolished at the time of the resolution. In this regard, the life of the Plan depends on the intent of the Company's shareholders.

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

The Company must obtain a recommendation from the Independent Committee, solely composed of outside directors and other highly independent persons, when making decisions for triggering the Plan.

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

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

As set out above at 3(1), 'Procedures for Triggering the Plan,' and 3(2), 'Requirements for the Gratis Allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's board of directors.

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

The Plan may be abolished by a meeting of the board of directors composed of directors who are nominated by a person who acquires a large number of share certificates of the

Company and appointed at the Company's general shareholders' meeting. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped).

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

Concluded

**Status of Major Shareholders**

Major shareholders of the Company as of March 31, 2013 are as follows.

Name of Shareholder	Investment in the Company	
	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Limited (Trust Account)	27,607	6.56
Japan Trustee Services Bank, Limited (Trust Account)	21,963	5.22
Samsung Asia Pte. Ltd.	20,996	4.99
JP Morgan Chase Bank 385174	20,310	4.83
State Street Bank and Trust Company	14,581	3.46
Yoji Eto	12,320	2.93
Wilnou Co.	12,100	2.87
Eto Yoji Office	12,000	2.85
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	9,699	2.30
Masahiko Yamada	9,420	2.24

(Note) The shareholding ratio is calculated after deducting the 2,232 shares of treasury stock.

**Outline of the Rules of the Independent Committee**

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

the gratis acquisition of Stock Acquisition Rights.

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

with the Acquirer, and present an alternative proposal by the Company's board of directors, etc. (if any) to shareholders.

- In order to collect the necessary information, the Independent Committee may request the attendance of a director, corporate auditor, or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
- The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, tax accountants, consultants and other experts) or conduct similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
- Each member of the Independent Committee has one voting right, and resolutions by the Independent Committee will pass with at least two-thirds of the voting rights cast by the members present at the meeting when at least two-thirds of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, if a member of the Independent Committee is not able to attend the meeting for an unavoidable reason, that member will be excluded when calculating the quorum of the meeting.

Concluded

**Brief Biographical Outline of the Members of the Independent Committee**

The following four persons are scheduled to be the members of the Independent Committee upon the Renewal

**Yasuyuki Fujishima**      Outside Director of the Company  
President and CEO of Mutual Service Aid Guarantee Corporation

Brief Biographical Outline:

Born in 1947

July 1969	Entered the Ministry of International Trade and Industry
July 1997	Joined the Policy Board of the Bank of Japan Served as delegate of the Economic Planning Agency
July 1998	Entered the Ministry of Foreign Affairs as Ambassador of the Republic of Panama
August 2001	Joined Nissho Iwai Corporation as Advisor
June 2002	Appointed Managing Executive Officer of Nissho Iwai Corporation
November 2002	Appointed Outside Director of the Company (current position)
April 2003	Appointed Senior Managing Executive Officer of Nissho Iwai Corporation
August 2003	Joined Riskmonster. com as Director
April 2004	Appointed Senior Managing Executive Officer of Sojitz Corporation
July 2005	Appointed Director of Nissho Electronics Corporation
October 2005	Appointed Representative Director and Senior Managing Executive Officer of Sojitz Corporation
April 2008	Appointed Executive Vice President of Sojitz Corporation
April 2010	Appointed Advisor of Sojitz Corporation
August 2010	Joined Mutual Service Aid Guarantee Corporation as President and CEO (current position)

Mr. Yasuyuki Fujishima is an outside director as provided for in Article 2, Item 15 of the Companies Act.

He does not have any special interests in the Company.

The Company has designated him as an independent director as required by the Tokyo Stock Exchange and submitted notification of such designation to the Tokyo Stock Exchange.

**Haruo Mizuno**

Outside Statutory Auditor of the Company (Full-time)

## Brief Biographical Outline:

Born in 1943

- |            |                                                                                                                         |
|------------|-------------------------------------------------------------------------------------------------------------------------|
| April 1967 | Joined Nippon Remington Univac Kaisha, Ltd. (currently Nihon Unisys, Ltd.)                                              |
| April 1989 | Appointed General Manager of Documentation Division (currently General Manager of Legal Division) of Nihon Unisys, Ltd. |
| July 1999  | Appointed Director of Nihon Unisys, Ltd.                                                                                |
| July 2002  | Appointed Counselor of Nihon Unisys, Ltd.                                                                               |
| April 2004 | Became Company Friend of Nihon Unisys, Ltd.                                                                             |
| June 2004  | Appointed Statutory Auditor of the Company (full-time) (current position)                                               |

Mr. Haruo Mizuno is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.

**Takeshi Ebitani**

Outside Auditor of the Company

Director of Ebitani Certified Public Accountants

## Brief Biographical Outline:

Born in 1943

- |                |                                                                                       |
|----------------|---------------------------------------------------------------------------------------|
| April 1968     | Joined Takakura Certified Public Accountants (currently Ernst & Young Shin Nihon LLC) |
| September 1972 | Registered as certified public accountant                                             |
| June 1985      | Established Ebitani Certified Public Accountants                                      |
| June 1999      | Appointed Outside Auditor of the Company (current position)                           |

Mr. Takeshi Ebitani is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.

**Takashi Kamura**

Outside Auditor of the Company

Director of Urbantry Law Office

## Brief Biographical Outline:

Born in 1950

- |            |                               |
|------------|-------------------------------|
| April 1975 | Became legal apprentice       |
| April 1977 | Appointed judge               |
| May 1983   | Registered as attorney-at-law |

April 1985	Established Takashi Kamura Law Office (currently Urbantry Law Office)
April 2000	Appointed lecturer at the Graduate School at Meiji University (current position)
June 2002	Appointed Outside Auditor of the Company (current position)

Mr. Takashi Kamura is an outside corporate auditor as provided for in Article 2, Item 16 of the Companies Act.

He does not have any special interests in the Company.

Concluded