

News Release

March 26, 2008

Partial Amendment to and Continuance of the Company's Policy on the Large-Scale Purchase of Company Shares (Anti-Takeover Measures)

The Company adopted at its Board of Directors meeting held on March 26, 2007 (i) the basic policy on the persons to control decision-making over the financial and business policies of the Company, and (ii) measures against purchases of shares or other securities (note 1) of the Company made with the intention of increasing the share of voting rights (note 2) of a specified group of shareholders (note 3) to twenty (20)% or greater, or purchases of shares or other securities of the Company that would result in a specified group of shareholders acquiring voting rights of twenty (20)% or more (except that the Board of Directors of the Company ("Board of Directors") gives its consent in advance; and irrespective of the specific means of purchase, whether market transaction, tender offer, etc.) (such measures hereinafter referred as the "Previous Plan", such a purchase as a "large-scale share purchase," and a person engaging in such a purchase as a "large-scale share purchaser").

Since its introduction under the approval of the 66th Ordinary General Meeting of Shareholders held on June 28, 2007, the Previous Plan has been carefully discussed whether or not any amendment to it should be made in light of the developments of applicable laws and regulations including the Financial Instruments and Exchange Law, the progress of discussions on so-called hostile takeover defensive measures and changes in the social and economic situation. As a result, at the expiry of the effective term given to the Previous Plan, it was determined at the Board of Directors meeting held today that a revised plan as explained in this release (the "Revised Plan") in substitution for the Previous Plan will be proposed to the Ordinary General Meeting of Shareholders to be held on June 27, 2008 (the "Forthcoming Ordinary General Meeting of Shareholders").

As for the Revised Plan, the Board of Auditors of the Company has given its consent subject to its proper implementation. As of today, no approach or proposal for a large-scale share purchase has been made or given to the Company.

In addition to the adoption of the Revised Plan, the Company has also engaged in discussions on the enhancement of corporate governance from the perspective of protecting and enhancing the corporate value of the Company and the common interests of the shareholders. Based on the discussions, the Board of Directors resolved today that a partial amendment to the Articles of Incorporation of the Company which includes a reduction of the term of office for directors to one (1) year from current two (2) years and an increase in the number of highly independent outside directors from current one (1) person to two (2) persons will be proposed to the Forthcoming Ordinary General Meeting of Shareholders. In line with "the Revised Plan", "II Undertakings to contribute to achieving the Company's basic policy" is also changed. As for the corporate governance of the Company, please refer to the "Report on Corporate Governance" (<http://www.tse.or.jp/>).

The main points of difference between the Previous Plan and the Revised Plan are summarized below:

1. (Defensive Countermeasures)

In the Previous Plan, defensive countermeasures were composed of the issuance of Stock Acquisition Rights without charge, a stock split, or such other actions as are permissible under the Company Law, other legislation, and the Company's Articles of Incorporation, whereas in the Revised Plan, they are limited to the issuance of Stock Acquisition Rights without charge.

2. (Effective Term)

The effective term set for the Previous Plan was one (1) year after it was approved at the 66th Ordinary General Meeting of Shareholders, whereas the Revised Plan's effective term will be two (2) years after it is approved at the Forthcoming Ordinary General Meeting of Shareholders (i.e. until the conclusion of the ordinary general meeting of shareholders scheduled to be held in June 2010) and the continuation of the Revised Plan thereafter (including continuation after its partial amendments) shall be subject to the approval of an ordinary general meeting of shareholders.

3. (Independent Panel)

In the Revised Plan, the role of the Independent Panel and time limit of the recommendation given by the Independent Panel to the Board of Directors are articulated.

(Note 1)

Shares or other securities means:

either shares or other securities as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law of Japan, or shares or other securities as defined in Paragraph 1, Article 27-2 of the Law.

(Note 2)

Share of voting rights means:

(i) if the specified group of shareholders is as defined in Paragraph (i) of Note 3, the ratio of shares and other securities (meaning ratio of shares and other securities as defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law of Japan; in this case the number of shares and other securities held by joint shareholders - which number means number of shares and other securities held as defined under the said Paragraph - is included; the same shall apply hereinafter) held by those holders; or (ii) if the specified group of shareholders is as defined in Paragraph (ii) of Note 3, the total of the ratio of shares and other securities held (meaning ratio of shares and other securities held as defined under Paragraph 8, Article 27-2 of the Law) by the purchasers and special stakeholders in question.

(Note 3)

Specified Group of shareholders means:

(i) holders (including persons included in the category of holders under Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law of Japan; the same shall apply hereinafter) and joint holders (meaning joint shareholders as defined in Paragraph 5, Article 27-23 of the Law, including persons deemed joint holders under Paragraph 6 of that Article; the same shall apply hereinafter) of shares or other securities of the Company (meaning shares or other securities as defined in Paragraph 1, Article 27-23 of the Law); or (ii) persons making a purchase (meaning a purchase etc. as defined in Paragraph 1, Article 27-2 of the Law, including purchases made on the stock exchange securities market) of shares or other securities of the Company (meaning shares or other securities as defined in Paragraph 1, Article 27-2 of the Law), and special stakeholders thereof (meaning special stakeholders as defined in Paragraph 7, Article 27-2 of the said Law).

I. Basic policy on the persons to control decision-making over the financial and business policies of the Company

The shares of the Company are in principle freely tradable, and are traded freely and actively on markets by numerous investors. Therefore, the Company believes that the persons to control decision-making over the financial and business policies of the Company should be decided through free trading in the shares of the Company, and that the final decision as to whether to accept a purchase offer for shares in a volume that will enable the purchaser to control decision-making over the financial and business policies of the Company should be made based on the free will of all shareholders.

Meanwhile, the Company believes that persons who control decision-making over the financial and business policies of the Company must be able to maintain trust relationships among the various stakeholders including shareholders, and protect and enhance the corporate value of the Company and the common interests of the shareholders over the mid-to-long term. Therefore, the Company believes that persons who make inappropriate large-scale purchase offers or perform similar actions that may harm the corporate value of the Company and common interests of the shareholders are not suitable for those who are to control decision-making over the financial and business policies of the Company.

II. Undertakings to contribute to achieving the Company's basic policy

The Company is, in order to attract as many investors as possible from the view point of long-term and continued investments, implementing following business strategies which contribute to the enhancement of the Company's corporate value and the common interests of shareholders and achievement of the goal of the Basic Policy explained in I. above.

1. Efforts toward enhancing the Company's corporate value

The Company was established in 1950 as the electronic components manufacturer succeeded in bringing barium titanate ceramic capacitors to market. The Company has management principles, i.e., Employees' well being, Betterment of local communities and Responsibility to provide returns to shareholders, and based upon relationship of trust with various stakeholders including shareholders, the Company has grown as a leading company of products such as capacitors, ferrite and applied products, modules, and optical recording media such as CD-Rs and DVD-Rs in Japan, Asia, the United States and Europe.

In the electronics industry, while new demands for electronic components are being created thanks to digitalization, the Company is required to speed up the development of new products as the lifespan of products which incorporate Company's products is shortened.

In such situation, the Company is striving to increase its corporate value by seeking more profitable structure through improvements in the production process of multilayer products, which are the flagship products of the Company, and heightening of productivity. More specifically, the Company has initiated a three-year mid-term management plan from 2006 with targets of 250 billion yen for net sales and 20 billion yen for operating income. The basic strategies of the plan are to:

- (a) introduce new products corresponding to digitalization of various devices by using Company's fundamental technologies;
- (b) focus on the development of high-functioned and high-value added next-generation products;
- (c) adapt to external and internal changes in business environments, to steadily address to the review of the role of each subsidiary of the Company and to strive to improvement in management efficiency of the Company and its subsidiaries as a whole; and
- (d) promote capital efficiency by placing emphasis on the Company's cash flow.

Under the plan, the Company is promoting corporate culture innovation program "Reform of Corporate Culture" to further expand its corporate scale.

In addition, the Company is currently formulating a new three-year mid-term management plan from 2009 in order to further strengthen its corporate value.

2. Efforts toward enhancing the Company's corporate governance

The Company decided to bring up for approval at the Forthcoming Ordinary General Meeting of Shareholders an amendment to the Articles of Incorporation which includes a reduction of the term of office for directors to one (1) year from current two (2) years and an increase in the number of highly independent outside directors from current one (1) person to two (2) persons. Such amendment will allow the Company not only to upgrade functions of outside directors and outside corporate auditors who supervise and monitor the management of the Company but also to fortify its corporate governance by assuring better management transparency.

In addition, from the view point of reinforcing internal control, the Company has established Corporate Social Responsibility & Internal Control Office, which is responsible to put into place and give necessary recommendations on matters related to internal control. The Office's activities are being regularly reported to and discussed at a committee composed of directors and executive officers. Moreover, as for compliance with laws and regulations applicable to the business the Company is engaging in, the Audit Division, which is separated from business promotion divisions, is reporting directly to the President and Representative Director.

The Company aims to continue to strengthen its corporate governance and reinforce trust relationships with various stakeholders including shareholders in order to secure and enhance the corporate value and shareholders' common interests.

III. Details of the Revised Plan (Effort to prevent the control of the Company by persons deemed inappropriate in light of the basic policy)

1. Purpose of introduction of the Revised Plan

The goal of the management of the Company is to enhance corporate value over the mid to long term, and by extension the common interests of shareholders; essential to this is sufficient understanding of the Company's broad expertise, extensive experience, and the relationship that it has built up with various stakeholders including shareholders. In the absence of such sufficient understanding of these business characteristics of the Company, shareholders cannot properly judge prospective future shareholder value.

In the event of a sudden large-scale share purchase offer, it is indispensable that appropriate and sufficient information be made available by both the large-scale share purchaser in question and the Board of Directors; for only then can shareholders reach a proper decision, within a limited timeframe, on the propriety of the price offered for the Company's shares.

As for shareholders contemplating holding on to their shares in the Company, key considerations in deciding whether to retain ownership of those share are the effects of such a large-scale share purchase on the Company, and the details of the management policies and business plans being considered by the large-scale share purchaser in the event it participates in Company management, including policies on the Company's relationships with various stakeholders including shareholders. Likewise, the opinion of the Board of Directors on the proposed purchase, we believe, also constitutes an important consideration for our shareholders in reaching a decision.

In light of these considerations, the Board of Directors has reached the conclusion that in the event of a proposed large-scale share purchase, sufficient and necessary information on the purchase needs to be provided beforehand by the large-scale share purchaser in order to assist shareholders in making a decision.

Once that information has been provided, the Board of Directors will promptly commence formulating its own opinion on the proposed large-scale share purchase, examining the matter carefully while seeking advices from independent outside experts (financial advisers, chartered accountants, lawyers, consultants, and other such experts). Upon forming its opinion, it will then make it public. If deemed necessary, it will also enter into negotiations with the prospective large-scale share purchaser on improving the terms of the proposal, and offer shareholders its own alternative plan. This process will enable shareholders to examine the large-scale share purchaser's proposal, and the alternative plan offered (if any), with the Board's opinion to refer to, and provide the opportunity to make an appropriate decision on whether ultimately to accept or reject the offer.

The implementation of large-scale share purchases in accordance with a set of rational rules is conducive to corporate value and by extension the common interests of shareholders. In that conviction, the Board of Directors has decided to establish a set of rules, described below, pertaining to provision of information when a large-scale share purchase is impending (hereinafter referred to as the "Large-Scale Share Purchase Rules"), and to adopt a Plan to defend against takeovers, including large-scale share purchases by persons deemed inappropriate in light of basic Company policy. For an overview of the Revised Plan as a whole, please see Appendix 1.

2. Establishment of an Independent Panel

It is the Board of Directors that finally determines whether proper procedures have been followed in accordance with the Large-Scale Share Purchase Rules; and, even if the Large-Scale Share Purchase Rules have been duly observed, whether the Company shall take countermeasures on the grounds that the proposed large-scale share purchase may significantly harm the corporate value of the Company and by extension the common interests of shareholders. Nonetheless, to ensure that the Revised Plan is appropriately administered, to prevent arbitrary decisions by the Board of Directors, and to guarantee the objectivity and reasonableness of its decisions, it has been decided to establish an Independent Panel and prescribe a set of Independent Panel Rules (for a summary of which please see Appendix 2).

The Independent Panel shall be made up of three (3) or more persons; in order to enable fair and impartial judgment, these persons shall be independent of Company management, being appointed from among outside directors, outside corporate auditors, and outside eminent persons (Note 4). The Independent Panel is currently made up of one (1) outside director and two (2) outside corporate auditors. This number will be increased at the Forthcoming Ordinary General Meeting of Shareholders by adding one (1) more outside director, making the number four (4) in total (for name and brief summaries of their careers, please see Appendix 3).

Upon receipt of an inquiry from the Board of Directors concerning whether or not (a) the large-scale share purchaser complies with the Large-Scale Share Purchase Rules, (b) the information submitted by the large-scale share purchaser under the Large-Scale Share Purchase Rules is sufficient, (c) the large-scale share purchase may significantly harm the corporate value of the Company and the common interests of shareholders, and (d) countermeasures should be invoked, the Independent Panel shall recommend to the Board of Directors on the inquired matters at least ten (10) days prior to the period of assessment by the Board of Directors (as defined in III-3. (3) of this Section and such recommendation period by the Independent Panel shall be hereinafter referred to the "Recommendation Period"). The Board of Directors shall pay the utmost respect to the recommendation given by the Independent Panel.

The Independent Panel will disclose from time to time any information regarding the outline of any recommendation given to the Board of Directors.

The Independent Panel may freely seek advices from independent third parties (experts including financial advisers, chartered accountants, lawyers, and consultants), at the Company's expense, in order to ensure that its determination is conducive to the corporate value of the Company and by extension the common interests of shareholders.

(Note 4)

"Outside eminent persons to be appointed" may be corporate executives with a wealth of management experience, individuals with a profound knowledge of investment banking, lawyers, chartered accountants, academics specializing in company law or the like, or persons of equivalent standing.

3. Outline of the Large-Scale Share Purchase Rules

The Large-Scale Share Purchase Rules established by the Board of Directors require that: (a) the large-scale share purchaser provides necessary and sufficient information to the Board of Directors prior to the transaction; and (b) it commences its large-scale share purchase after the period of assessment by the Board of Directors has passed. An outline follows.

(1) Submission to the Company of a Statement of Intent

A large-scale share purchaser intending to implement a large-scale share purchase is first to submit a Statement of Intent, addressed to the Company's Representative Director, containing a pledge to comply with the Large-Scale Share Purchase Rules, along with the following information; the contents of the Statement of Intent submitted will be disclosed promptly:

- (a) the name and address of the large-scale share purchaser
- (b) law under which it was established
- (c) the name of the person who represents it
- (d) its contact information in Japan
- (e) an outline of the proposed large-scale share purchase

(2) Provision of the necessary information by the large-scale share purchaser

Within ten (10) business days of receipt of the Statement of Intent in III-3. (1) above, the Company will deliver to the large-scale share purchaser a list of necessary and sufficient information that the large-scale share purchaser is to provide to the Board of Directors in order to enable the shareholders to assess the proposal and the Board of Directors to form an opinion regarding it (such information hereinafter referred to as the "Necessary Information"). The Necessary Information requested will differ depending on the attributes of the large-scale share purchaser and the nature of the intended large-scale share purchase; typically, however, the following will be included:

- (a) details about the large-scale share purchaser and the purchaser's group (including joint shareholders (Note 5), special stakeholders, and, in the case of a fund, association members, as well as any other constituent members), including name, type of business, background or history, capital structure, and financial structure;
- (b) the purpose, method, and details of the large-scale share purchase, including the purchase price and form of payment, purchase timing, relevant transaction methods, legality of the proposed purchase method, and feasibility of the purchase;
- (c) the basis on which the purchase price is to be calculated, including the facts on which the calculation is based, the method of calculation, the numerical information used to make the calculation, and the details of synergies expected to arise from the series of transactions involved in the purchase;
- (d) evidence of funding to make the large-scale share purchase, including the specific names of the providers (including the real providers) of the funding, how it is to be raised, and details of relevant transactions;
- (e) management policies, business plans, financial plans, capital policies, and dividend policies for the Company and Group to be implemented upon completion of the large-scale share purchase; and
- (f) policies pertaining to the treatment of employees, suppliers, customers, and other stakeholders of the Company to be implemented upon completion of the large-scale share purchase.

(Note 5)

A Joint Shareholder as set forth in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law of Japan, including a person deemed by the Board of Directors to be a Joint Shareholder or the equivalent in accordance with Paragraph 6 of the said Article.

If, upon examination, the information at first provided is deemed inadequate, the Board of Directors will seek recommendation from the Independent Panel, and upon receipt thereof, fix a reasonable period of time for response and request that the large-scale share purchaser submit additional information until all the Necessary Information is in hand.

If the information at first provided is deemed necessary and sufficient, the Board of Directors will seek recommendation from the Independent Panel, and upon receipt thereof, send a notice of completion to provide information to the large-scale share purchaser and make public to the effect that such procedures have been taken.

In addition, the Necessary Information provided to the Board of Directors will be promptly submitted to the Independent Panel, and if it is deemed to be necessary for the judgment of shareholders, the Board of Directors will make public the Necessary Information in all or in part at such time as is deemed appropriate by the Board.

(3) Assessment, examination and disclosure of the Necessary Information by the Board of Directors

As stated above, the Board of Directors will, under the judgment that the large-scale share purchaser has completed provision of the Necessary Information to it, send a notice of completion to provide information to the large-scale share purchaser and made public that such procedures have been taken. The Board will then, as a period for assessment, study, negotiation, formation of its opinion, and compilation of its alternative plan, establish an assessment period (herein referred to as the "period of assessment by the Board of Directors") of no longer than 60 days (if all shares of the Company are to be bought via a cash tender offer in Japanese yen) or no longer than ninety (90) days (in the case of any other type of large-scale share purchase) depending on the difficulty of assessing the proposed large-scale share purchase. The large-scale share purchase should therefore proceed only after the end of the period of assessment by the Board of Directors.

During the period of assessment by the Board of Directors, the Board of Directors will conduct a thorough assessment and examination of the Necessary Information provided while seeking advice from independent outside experts (financial advisers, chartered accountants, lawyers, consultants, and other such experts), carefully form its own opinion on the proposal, and make that opinion public. In addition, the Board of Directors may if necessary negotiate with the large-scale share purchaser with the aim of improving the terms of the large-scale share purchase, and offer shareholders its own alternative plan.

4. Action to be taken in the event of a large-scale share purchase

(1) If the large-scale share purchaser fails to comply with the Large-Scale Share Purchase Rules

If the large-scale share purchaser makes a sudden purchase bid without submitting a Statement of Intent, or does not provide the Necessary Information, or does not allow the period of assessment by the Board of Directors, or otherwise fails to comply with the Large-Scale Share Purchase Rules, the Board of Directors may, regardless of the specific means of purchase, invoke countermeasures by implementing issuance of Stock Acquisition Rights to protect the Company's corporate value and by extension the common interests of the shareholders, paying the utmost respect to the relevant recommendation given by the Independent Panel.

In case the Board of Directors decides that specific action should be taken in the form of issuance of Stock Acquisition Rights without charge, the overview of which is provided in Appendix 4, conditions may be imposed with the effectiveness of the countermeasures in mind: for example, exercise of Stock Acquisition Rights may be conditional upon not belonging to a specified group of shareholders with more than a certain share of voting rights; or an acquisition provision may be imposed upon those holding Stock Acquisition Rights enabling the Company to acquire those options in exchange for Company shares.

(2) If the large-scale share purchaser has complied with the Large-Scale Share Purchase Rules

As long as the large-scale share purchaser has complied with the Large-Scale Share Purchase Rules, the Board of Directors shall, even if it opposes the proposed large-scale purchase, in general take no countermeasures; it shall restrict itself to attempting to persuade shareholders by expressing opposition to the proposed purchase or proposing an alternative plan.

It will be up to the shareholders, upon examination of the proposal made by the large-scale share purchaser and of the opinions and alternative plans offered by the Company, to decide whether or not to accept.

Notwithstanding the large-scale share purchaser's compliance with the Large-Scale Share Purchase Rules, however, should it be judged that the large-scale share purchase will cause irreparable damage to the Company or otherwise significantly harm the corporate value of the Company and by extension the common interests of its shareholders, the Board of Directors may, in accordance with the due diligence obligation of the Directors, take countermeasures set forth in III-4.-(1) above on an exceptional basis.

Specifically, any large-scale share purchase deemed to correspond to any of the following categories:

- (a) if the large-scale share purchaser has no real intention of participating in management of the Company, but is buying up shares for the sole purpose of jacking up their price and forcing Company insiders to take them back at a premium (so-called greenmailing);
- (b) if the large-scale share purchaser is buying up shares with the goal of conducting so-called scorched-earth management: gaining temporary control over the Company's management and having it transfer to the purchaser or one of its group companies the intellectual property rights, know-how, corporate secrets, major business partners, clients, etc. necessary for the running of the Company's business;
- (c) if the large-scale share purchaser is buying up shares with the intention of first gaining control of the Company's management, then using those assets as security for its own debt or that of one of its group companies, or to pay down such debt;
- (d) if the large-scale share purchaser is buying up shares with the goal of gaining temporary control of the Company's management, having the Company sell off or otherwise dispose of valuable assets, such as real estate or securities, that are not immediately related to the Company's business, and causing it to pay temporarily large dividends out of the profits gained from such disposition; or taking advantage of the sudden jump in share price triggered by that temporary surge in dividends to sell off the shares at a premium; or
- (e) if it is concluded that the method by which the large-scale share purchaser proposes to buy up the shares could effectively compel shareholders to sell their Company shares or securities by restricting their opportunity or freedom of judgment: for example, in the case of a so-called coercive two-tier takeover attempt (which refers to a tender offer or other purchase of shares in which the large-scale share purchaser does not offer to buy up all the Company's shares or securities at the time of the initial purchase, and sets unfavorable conditions of purchase for the second stage, or fails to state them clearly).

If the Board of Directors deems it is necessary to take countermeasures on an exceptional basis as set forth above, it will seek recommendation from the Independent Panel by fixing a sufficient period of time for the recommendation Period whether or not countermeasures are invoked. In response, the Independent Panel will give recommendation to the Board of Directors within the recommendation Period whether or not countermeasures are invoked. Upon receipt of the recommendation, the Board of Directors will make the final decision on whether or not countermeasures are invoked paying utmost respect to it.

(3) Termination of countermeasures

If in a situation such as described in III-4.-(1) or III-4.-(2) above, the Board of Directors, after having decided to invoke specific countermeasures, then decides that it would not be appropriate to do so because, for example, the large-scale share purchaser has withdrawn or altered its bid, it may terminate or alter the countermeasures while sufficiently paying utmost respect to the Independent Panel's opinions or recommendations.

If Stock Acquisition Rights are to be issued without charge as a countermeasure, the Board of Directors might then decide, after it has already been settled which shareholders are to be issued the options, that it would not be appropriate to invoke countermeasures because, for example, the large-scale share purchaser has withdrawn or altered its bid. In that case, until the date when the Stock Acquisition Rights become effective, the issuance of the Stock Acquisition Rights without charge could be suspended upon recommendation of the Independent Panel; and if the options have already been issued, the countermeasures could, until the commencement of the exercise period for the Stock Acquisition Rights, be terminated, upon recommendation of the Independent Panel, through the acquisition of those options without charge (the shareholders would lose their Stock Acquisition Rights as a result of the Company's acquisition, without charge, of those options).

When countermeasures are terminated in this fashion, that fact shall be promptly disclosed, along with such other information as is deemed necessary by the Independent Panel.

5. Impact of the Revised Plan on shareholders and investors

(1) Impact of the Large-Scale Share Purchase Rules on shareholders and investors

The Large-Scale Share Purchase Rules contained in the Revised Plan are designed to: (a) provide the Company's shareholders with the information they need to decide whether or not to accept a large-scale share purchase offer; and (b) ensure shareholders the opportunity of being presented with the opinions of the Board of Directors, which is responsible for the actual running of the Company, and its alternative plan.

With adequate information at their disposal, shareholders will thus be able to reach an appropriate decision on whether or not to accept a large-scale share purchase offer; that in turn will help protect the Company's corporate value and by extension the common interests of shareholders. The establishment of the Large-Scale Share Purchase Rules, therefore, is a prerequisite for the making of appropriate investment decisions by shareholders and investors, and contributes to their interests. As noted in III-4.-(1) and III-4.-(2) above, the Company's policy vis-à-vis a large-scale share purchase will differ depending on whether or not the large-scale share purchaser in question complies with the Large-Scale Share Purchase Rules. Shareholders and investors are therefore urged to pay attention to how the large-scale share purchaser proceeds.

(2) Impact on shareholders and investors when countermeasures are invoked

If the Board of Directors decides to take the countermeasures described in III-4.-(1) and III-4.-(2) above in order to protect the Company's corporate value and by extension the common interests of shareholders, it will, in accordance with applicable laws and rules of a stock exchange on which the Company is listed, make appropriate disclosure of that decision at a suitable time.

When countermeasures are invoked, the Company does not foresee specific damages being incurred by shareholders, other than the large-scale share purchaser or similar parties, either in their legal rights or economically.

If Stock Acquisition Rights are issued without charge as a countermeasure, shareholders will be granted those options in proportion to the number of shares they hold without having to pay a consideration. Again, if the Company decides to implement procedures to acquire the Stock Acquisition Rights, the interests of shareholders, other than the large-scale share purchaser or similar parties, will not be adversely affected, since they will receive Company shares in compensation for the Company's acquisition of those options.

However, in the case of shareholders who have not yet completed transfer procedures as of the Allotment Date of issue (except those whose share certificates are deposited with the Japan Securities Depository Center), or shareholders who have, by the date that the Company acquires the Stock Acquisition Rights, not submitted a written pledge, in a format prescribed by the Company, stating, among other matters, that they are not a large-scale share purchaser or similar party (if the Company requests submission of such a pledge), please note: as a result, they may find themselves at a disadvantage in terms of their legal rights or economically compared to other shareholders, who will be issued the Stock Acquisition Rights without charge and receive Company shares in exchange for them.

Furthermore, if, upon the recommendation of the Independent Panel, the Board of Directors suspends issuance of the Stock Acquisition Rights or acquires the issued Stock Acquisition Rights without charge, unforeseen damages may be sustained by shareholders or investors who buy or sell in anticipation of a dilution in the value of the Company's share.

As for large-scale share purchasers, if they fail to comply with the Large-Scale Share Purchase Rules, or if it is concluded that, although they have complied with those Rules, their intended large-scale share purchase would significantly harm the Company's corporate value and the common interests of shareholders, they may, as a result of the countermeasures implemented, be adversely affected in terms of their legal rights or economically. Disclosure of the Revised Plan is designed to forewarn large-scale share purchasers against violating the Large-Scale Share Purchase Rules.

6. Commencement of the application, effective term, continuation and repeal of the Revised Plan

The Revised Plan shall come into effect upon approval of the Forthcoming Ordinary General Meeting of Shareholders.

The effective term of the Revised Plan to be proposed to shareholders at the Forthcoming Ordinary General Meeting of Shareholders shall be two (2) years (until the conclusion of the ordinary general meeting of shareholders scheduled to be held in June 2010). Continuation of the Revised Plan thereafter (including continuation after partial amendment) shall be subjected to the approval of an ordinary general meeting of shareholders.

Even after it is approved at the Forthcoming Ordinary General Meeting of Shareholders, the Revised Plan shall be immediately repealed if (a) a general meeting of shareholders adopts a resolution to repeal the Revised Plan, or (b) a Board of Directors' meeting attended by directors elected at an Ordinary General Meeting of Shareholders adopts a resolution to repeal the Revised Plan.

Further, if any law, regulation or stock exchange rules concerning the Revised Plan is established, amended or abolished and in case that it is appropriate (a) to reflect establishment, amendment or abolition or (b) to revise the wording for reasons such as typographical errors and omissions, the Board of Directors may, subject to the approval of the Independent Panel, revise or amend the Revised Plan even during the effective term of the Revised Plan to the extent that such revision or amendment would not be detrimental to the Company's shareholders.

If the Board of Directors has determined to continue, amend or abolish the Revised Plan, it will promptly disclose the details of such determination.

IV. The facts that the Revised Plan is based on basic policy with regard to the control of the Company, that the Revised Plan conforms to the corporate value and common interests of the shareholders of the Company, and that the Revised Plan is not effected for the purpose of maintaining the status of the directors of the Company

In designing the Revised Plan, the Company believes that it will be based on the basic policy described in Section I above, conform to the corporate value and the common interests of the shareholders of the Company and not be effected for the purpose of maintaining the status of the directors of the Company, by taking into account the following matters.

(1) The requirements of the guidelines with regard to the Anti-Takeover Measures are satisfied.

The Revised Plan satisfies the three principles stipulated in "Guidelines Concerning Anti-Takeover Measures for Securing and Enhancing Corporate Value and the Common Interests of Shareholders" announced by the Ministry of Economy, Trade and Industry and Ministry of Justice on May 27, 2005 (i.e., the principle of securing and enhancing the corporate value and common interests of the shareholders, the principle of prior disclosure and reflection of the will of shareholders, and the principle of necessity and proportionality).

(2) The Revised Plan has been introduced in order to secure and enhance the common interests of shareholders.

The Revised Plan has been introduced in order to secure and enhance the corporate value of the Company and common interests of the shareholders by securing sufficient information and time to enable the shareholders to judge whether to accept the offer for the relevant purchase and to allow the Board of Directors to negotiate with the purchaser on behalf of the shareholders, etc. when a purchaser makes an offer to purchase the Company shares etc.

(3) Reasonable objective requirements for implementation of the Revised Plan are established.

The Revised Plan is established in a manner that ensures it will not be implemented unless reasonable and detailed objective requirements determined in advance are satisfied, or more specifically it may be implemented if: (a) large-scale share purchase does not comply with the Large-Scale Share Purchase Rules; (b) it is concluded that, although purchasers have complied with those Rules, their intended large-scale share purchase would significantly harm the common interests of shareholders; or (c) the Purchaser poses a risk of forcing shareholders to engage in a de facto sale of the shares. Thus, a scheme for preventing the arbitrary implementation of the Revised Plan by the Board of Directors is secured.

(4) The judgment of Independent Panel will be emphasized and information will be disclosed.

An Independent Panel made up of highly independent outside directors, outside corporate auditors and outside eminent persons, will perform substantial judgment on the implementation of the countermeasures stipulated in the Revised Plan, whereupon an overview of the judgment by the Independent Panel will be disclosed to shareholders.

Thus, a scheme for the transparent operation of the Revised Plan as appropriate to the corporate value of the Company and common interests of shareholders is secured.

(5) The Revised Plan is to reflect the will of the shareholders.

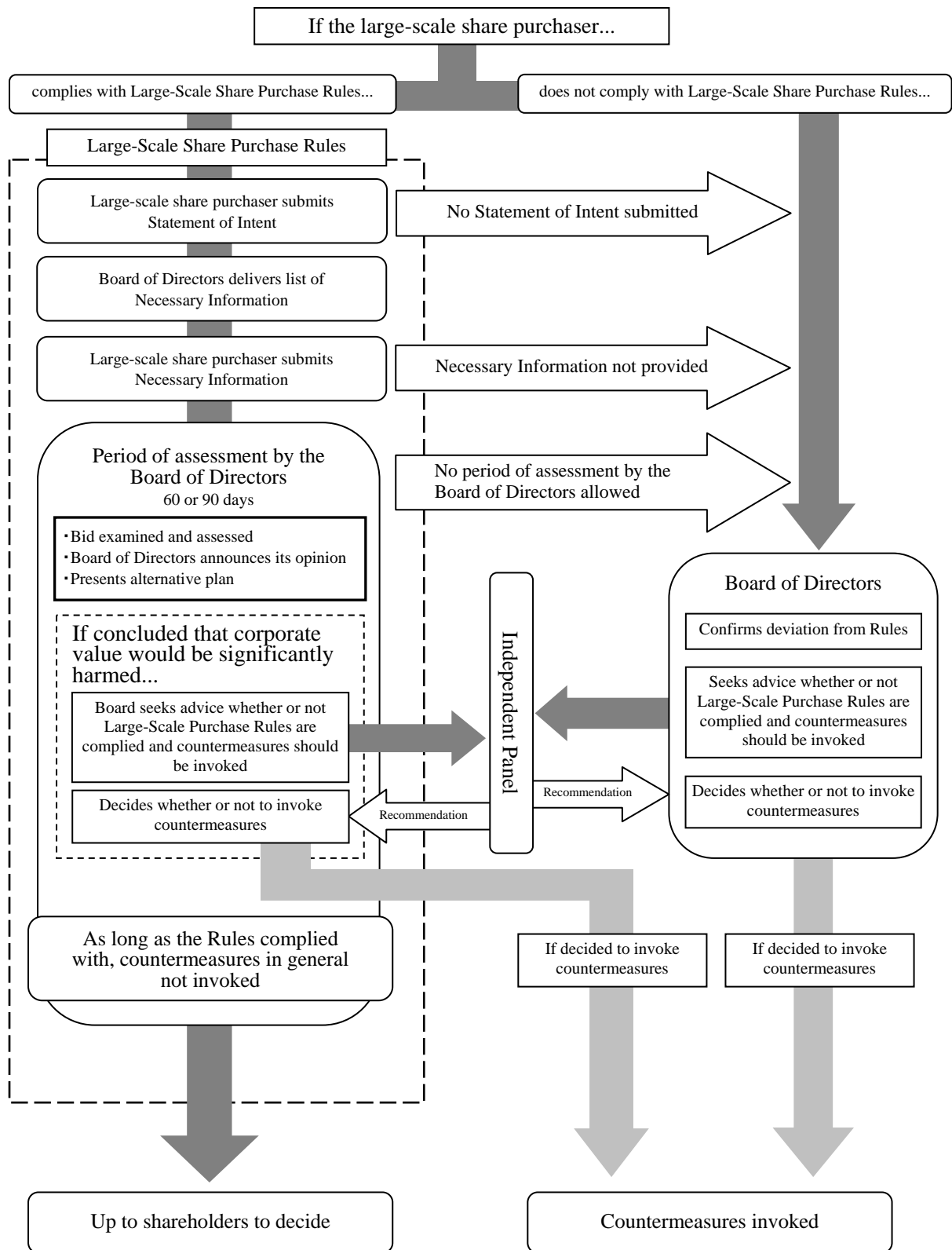
The Company, at the meeting of its Board of Directors, determined to propose the Revised Plan to the Forthcoming Ordinary General Meeting of Shareholders. As the Revised Plan will become effective upon the approval of the Forthcoming Ordinary General Meeting of Shareholders to be held in June 2008, and in that sense, the will of the shareholders will be reflected in the repeal or existence of the Revised Plan.

(6) The Revised Plan is not a dead-hand type defensive measure.

The Revised Plan can be repealed by the Board of Directors made up of directors elected at the ordinary general meeting of shareholders of the Company. Therefore, the Revised Plan is not a dead-hand type defensive measure (a defensive measure whose implementation cannot be prevented even by replacing the majority of the members of the Board of Directors).

In addition, if an agenda to change the term of office of directors is approved at the Forthcoming Ordinary General Meeting of Shareholders, the Revised Plan will not be considered to be a slow-hand takeover defense measure (it takes a long time to stop the implementation of a defense measure due to the fact that the directors cannot be replaced all at once).

Overview of the Plan: Procedures followed when a large-scale share purchase is initiated



Note: The Chart given above is just an example to contribute to your understanding of the overview of the Revised Plan and does not include all the procedures. Please refer to the main text for the more details.

Summary of the Independent Panel Rules

- The Independent Panel is established by resolution of the Board of Directors.
- The Independent Panel shall be made up of three or more persons; in order to enable fair and impartial judgment, these persons shall be independent of Company management, being appointed by the Board of Directors from among outside directors, outside corporate auditors, and outside eminent persons.
- When a matter is referred to it by the Board of Directors, the Independent Panel shall, as a rule, recommend what it decides to the Board stating also the reasons and grounds for its decision. When reaching that decision, the members of the Independent Panel shall consider how the corporate value of the Company and by extension the common interests of shareholders are best served.
- The Independent Panel may, at the Company's expense, seek advice from investment banks, securities companies, lawyers, and other outside experts.
- Resolutions of the Independent Panel shall, with all the members in attendance, be adopted by a majority of the members.

Summary of Careers of Independent Panel Members

Name (Date of birth)	Career summary, representation of other companies, and position and responsibility at the Company	Number of Company shares held	
Yuji Iwanaga (April 3, 1941)	April, 1964	Joined Tohato Inc. General Manager of Planning Division and Development Division	0 shares
	September, 1970	Joined General Aircon Co., Ltd. General Manager of Room Aircon Sales Division, Sales Headquarters, and Marketing Headquarters	
	April, 1981	Admitted to Japan Federation of Bar Association (to the present)	
	September, 1984	Joined Lillick, McHose & Charles (Currently Pillsbury Winthrop Shaw Pittman LLP) (to the present)	
	December, 1984	Admitted to State Bar of California (to the present)	
	April, 2003	Outside Director of Manufacturers Bank (to the present)	
	July, 2005	Outside Director of JMS North America Corporation (to the present)	
	June, 2006	Outside Director of the Company (to the present)	
June, 2007	Outside Director of SEGA SAMMY HOLDINGS Inc. (to the present)		

(Note)

No conflicts of interest exist between Mr. Yuji Iwanaga and the Company.
Mr. Yuji Iwanaga is an Outside Director of the Company.

Name (Date of birth)	Career summary, representation of other companies, and position and responsibility at the Company	Number of Company shares held	
Hisaji Agata (September 16, 1950)	April, 1974	Joined Nomura Securities Co., Ltd.	0 shares
	March, 1981	Joined Japan Associated Finance Co., Ltd. (Currently JAFCO)	
	December, 1987	Japan ASEAN Investment Co., Ltd. (Currently JAIC) as General Manager of Investment Division.	
	September, 1988	General Manager of Management Information, JAFCO	
	June, 1996	Branch Manager of Fukuoka Branch, JAFCO	
	June, 1997	Director in charge of Investment Division I, JAFCO	
	April, 2000	Director in charge of Investment Planning and Examination, JAFCO	
	April, 2001	Director in charge of Investment Division III, JAFCO	
	May, 2002	Managing Director in charge of Investment Division III, JAFCO	
	March, 2007	Executive Operating Officer in charge of Settlement	
	October, 2007	Management and Administration Officer, JAFCO	
	December, 2007	Retirement from JAFCO	
January, 2008	Representative Director, President of Hibiki Partners Co., Ltd. (to the present)		

(Note)

No conflicts of interest exist between Mr. Hisaji Agata and the Company.
Mr. Hisaji Agata is scheduled to assume office as an Outside Corporate Auditor of the Company at the election of the General Meeting of Shareholders.

Name (Date of birth)	Career summary, representation of other companies, and position and responsibility at the Company	Number of Company shares held
Tomonori Akisaka (April 14, 1961)	August, 1987	Admitted to the Japanese Institute of Certified Public Accountant (to the present)
	April, 1990	Full-time Lecturer of Sano Women's College (Currently Sano College)
	April, 1997	Assistant Professor of Sano Kokusaijoho College (Currently Sano College)
	April, 2000	Assistant Professor, College of Commerce of Nihon University
	June, 2004	Outside Corporate Auditor of the Company (to the present)
	April, 2005	Professor of Graduate Schools of Hosei University (to the present)
		1,000 shares

(Note)

No conflicts of interest exist between Mr. Tomonori Akisaka and the Company.
Mr. Tomonori Akisaka is an Outside Corporate Auditor of the Company.

Name (Date of birth)	Career summary, representation of other companies, and position and responsibility at the Company	Number of Company shares held
Toshinobu Inada (September 25, 1936)	August, 1965	Registered as a practicing lawyer (to the present)
	December, 1974	Professor, College of Law of Nihon University
	October, 1997	Doctor of Juridical Science (to the present)
	June, 1998	Outside Corporate Auditor of the Company (to the present)
	April, 2001	President of Akita Keizaihoka University
		5,000 shares

(Note)

No conflicts of interest exist between Mr. Toshinobu Inada and the Company.
Mr. Toshinobu Inada is an Outside Corporate Auditor of the Company.

Outline of Issuance of Stock Acquisition Rights without charge

Outline of issuance of stock acquisition rights without charge is as follows:

1. Number of Stock Acquisition Rights to be issued

The number of the Stock Acquisition Rights will be the same number as the final and total number of issued and outstanding shares of the Company (excluding the number of shares of the Company held by the Company as of Allotment Date, defined later) on a certain date to be separately determined by the Board of Directors in a resolution relating to the issuance of Stock Acquisition Rights without charge (the “Allotment Date”) (hereinafter such resolution is called the “Resolution on the Issuance of Stock Acquisition Rights without charge”).

2. Shareholders entitled to receive Stock Acquisition Rights

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company itself, who are entered or recorded in the Company’s final register of shareholders or register of beneficial shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share of the Company.

3. Effective date of the issuance of Stock Acquisition Rights takes effect

The Board of Directors will separately determine the effective date of issuance of Stock Acquisition Rights without charge in the Resolution on the Issuance of Stock Acquisition Rights without charge.

4. Number of shares to be issued or transferred upon exercise of Stock Acquisition Rights

One share shall be granted for each Stock Acquisition Right exercised (the “Number of Shares Covered by Stock Acquisition Rights”). In the event of a share split or a share consolidation of the Company’s common stock, however, the necessary adjustments will be made.

5. Amount to be paid upon the exercise of Stock Acquisition Rights (Amount required to be paid upon exercise of issued rights)

The amount required to be paid upon exercise of a stock acquisition right shall be one Japanese yen or more to be determined by the Board of Directors.

6. Exercise period for the Stock Acquisition Rights

The commencement date will be a date separately determined by the Board of Directors in the Resolution on the Issuance of Stock Acquisition Rights without charge (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 three months long as separately determined by the Board of Directors in the Resolution on the Issuance of Stock Acquisition Rights without charge; provided, however, that if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

7. Conditions for exercising Stock Acquisition Rights

The condition will be imposed, among others, that those exercising Stock Acquisition Rights cannot belong to a specified group of shareholders holding a 20% or greater share of voting rights (except with the previous consent of the Board of Directors). Exact details will be separately determined by the Board of Directors.

8. Restriction on transfer of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by transfer requires approval of the Board of Directors.

9. Acquisition of Stock Acquisition Rights by the Company

At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors considers 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 Board of Directors, acquire all of Stock Acquisition Rights without consideration.

On a day that falls on a date separately determined by the 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 Board of Directors, that are held by persons other than those who are not granted to exercise the Stock Acquisition Rights as set forth in Article 7. hereof and, in exchange, deliver shares of the Company in the number equivalent to the Number of Shares Covered by Stock Acquisition Rights for every one Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Board of Directors considers that there exists any person holding the Stock Acquisition Rights other than those who are not granted to exercise the Stock Acquisition Rights as set forth in Article 7. hereof, the Company may, on a day falling on a date determined by the Board of Directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that person that have not been exercised by or on the day immediately prior to a date separately determined by the Board of Directors and, in exchange, deliver shares of the Company in the number equivalent to the Number of Shares Covered by Stock Acquisition Rights for every one Stock Acquisition Right. The same will apply thereafter.

10. Delivery of the Stock Acquisition Rights in the case of merger, absorption-type demerger, incorporation-type demerger, share exchange, and share transfer

The Board of Directors will separately determine the captioned matter in the Resolution on the Issuance of Stock Acquisition Rights without charge.

11. Issuance of certificates representing the Stock Acquisition Rights

No certificate representing the Stock Acquisition Rights will be issued.

12. Others

In addition to provisions set forth above, terms and conditions of the Stock Acquisition Rights will be separately determined in the Resolution on the Issuance of Stock Acquisition Rights without charge.

Shares of the Company (as of September 30, 2007)

- (1) Total number of shares authorized to be issued: 300,000,000 shares
 (2) Total number of shares issued: 120,446,997 shares
 (3) Number of shareholders 8,378
 (4) Major shareholders (Top 10)

Name	Shareholders' investment in the Company		The Company's investment in the shareholders
	Number of shares (thousands of shares)	Percentage of equity participation of the Company (%)	Number of shares (thousands of shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,213	10.9	0
Japan Trustee Service Bank, Ltd. (Trust Account)	10,535	8.7	0
Sumitomo Mitsui Banking Corporation	4,000	3.3	0
The Iyo Bank, Ltd.	3,000	2.4	142
The Chase Manhattan Bank N.A. London SL Omnibus Account	2,505	2.0	0
Nippon Life Insurance Company	2,380	1.9	0
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,321	1.9	0
Deutsche Securities Inc.	2,316	1.9	0
Calyon DMA OTC	2,176	1.8	0
Mitsui Asset Trust and Banking Co., Ltd. (Trust Account)	2,074	1.7	0