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May 10, 2007

To whom it may concern:

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**Introduction of Countermeasures to Large-Scale Acquisitions of
Mitsubishi Estate Shares (Takeover Defense Measures)**

Mitsubishi Estate Co., Ltd. (the “Company”), hereby announces that at a meeting of the Company’s Board of Directors held on May 10, 2007, the Company’s directors, including the outside directors, unanimously resolved to introduce a basic policy regarding those who control the Company’s financial matters and management policy (hereinafter the “Basic Policy”) and a plan for countermeasures to large-scale acquisitions of the Company’s shares (hereinafter the “Plan”) as specific efforts, along with the Basic Policy, for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders. All the statutory auditors, including the three (3) outside statutory auditors, of the Company attended the aforementioned Board of Directors meeting and no particular comment was made concerning the Plan.

I. Details of the Basic Policy

The Company considers that those who control the Company’s financial matters and management policy must understand the sources of the Mitsubishi Estate Group’s corporate value and be able to continuously ensure and enhance the corporate value of the Company and the common interests of its shareholders.

The Company believes a decision regarding any proposed acquisition that would involve a transfer of corporate control of a public company must ultimately be based on the intent of all the shareholders. The Company does not generally oppose the acquisition of a large amount of company stock if it contributes to the corporate value and the common interests of the shareholders.

Nonetheless, there are some large-scale share acquisitions that do not enhance the Company’s

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value or serve the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's shareholders and board of directors to consider the terms and conditions and the like of the acquisition or allow for the target company's board of directors to make an alternative proposal; and those that require the target company to discuss and negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer, or similar reasons.

The Mitsubishi Estate Group (the "Group") strives to secure and enhance its corporate value and the common interests of its shareholders, especially with the recognition that the sources of the Group's corporate value lie in its comprehensive capabilities of creating higher added value by combining various real estate-related businesses and functions, good and long-term relationships with various stakeholders, the Group's brand value and the brand value of our products and services. Unless the Group's corporate value is understood, secured and improved over the medium- and long-term by the party offering to acquire a large amount of company stock, the corporate value and the common interests of the shareholders will be impaired.

The Company regards such a party offering to acquire a large amount of company stock in a way that does not contribute to the corporate value and the common interests of the shareholders as inappropriate to be responsible for the Company's financial matters and business policies. We must secure the corporate value and the common interests of the shareholders by taking necessary and significant countermeasures against such large-scale purchasing.

II. Special Efforts to Contribute to Realizing the Basic Policy

1. Sources of the Group's corporate value

(1) Outline of the Group's fundamental mission and businesses

The Company has developed various real estate businesses such as development, operations and management since Mitsubishi Company purchased the Marunouchi site from the government. Based on our urban development performance and expertise accumulated for more than 100 years and upholding the Group's basic mission—"Contributing to Society through Urban Development"—we aim to contribute to the realization of a society with true values through the development of environment-friendly and attractive municipalities that satisfy residents, workers and visitors.

The redevelopment of the Marunouchi district is one of the Company's core development businesses and supports its management foundation. The first stage of the Marunouchi Redevelopment, which we conducted in Japan's Meiji era, and the second stage, which was implemented during the high-growth postwar period of the Japanese economy, established the

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Marunouchi district as a world-renowned international business center. Currently, we are engaged in the third stage of redevelopment combining non-business factors to create “the most vigorously-interactive town in the world.” Through such redevelopment, the Group’s business realm has outgrown the functionality of the Marunouchi district’s office buildings and expanded into such spaces as residential areas, commercial facilities and hotels. Our business area has grown to other domestic metropolises and overseas, and our business content has widened to include real estate intermediary services and asset management, which has made the Company one of the world’s biggest comprehensive real estate companies.

(2) Sources of the Group’s corporate value

(a) The Group’s comprehensive capabilities based on its core development projects

The Group’s corporate value is based on its portfolio of various real estate-related businesses and assets, enhanced by synergies from their combination and supported by accumulated specialized knowledge, considerable experience and expertise in the real estate business.

Specifically, through the Group’s core real estate development business, we conduct various projects encompassing office buildings, residential and commercial facilities, hotels, and combinations of those, and a wider range development. For business development, we emphasize the importance of a value chain that creates added value through the mutual interaction of and combining the core “development” function, the “Architectural Design & Engineering” functions and the “real estate services” functions including real estate intermediary services, advisory, leasing and property management.

To generate the capabilities to create added value through such comprehensive business development, employees with the aforementioned specialized knowledge, considerable experience and the know-how to actually promote business and operations are crucial. Therefore, the Group believes it is important to secure and educate highly capable human resources and establish a close cooperative relationship with employees.

(b) Comprehensive urban development from a long-term perspective

Our Marunouchi Redevelopment Project, which is part of the Group’s management foundation, represent the fruits of our comprehensive capabilities related to area development. Since the Mitsubishi Group purchased the Marunouchi district as a whole from the government, the Company has for many years managed the Marunouchi district as a package of sites for redevelopment. While nurturing good relationships with corporate tenants, commuters, visitors, administrative agencies and landowners/leaseholders in the vicinity, we have maintained and enhanced the value of the whole Marunouchi district by

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focusing development from an area management viewpoint to address the need for safety and security. During the third stage of the Marunouchi Redevelopment, we are adding commercial and cultural facilities and functions to an area that conventionally emphasized only office functions, and the area is evolving into a lively urban center with new attractions.

Not only in the Marunouchi area but also in various areas nationwide, the Group engages in urban development projects that contribute to local development and promotes projects related to the government's urban revitalization efforts at the private level.

We believe such development projects are based on a trust relationship with each stakeholder and that comprehensive urban development from a long-term perspective is an important element in maximizing the Company's business value.

(c) Good and long-term relationships with corporate tenants

In the leasing business, one of the Company's core businesses, our focus is not limited to the Marunouchi Redevelopment. We prioritize adding value to buildings by renewing existing buildings and enhancing the value of municipalities as a whole to better satisfy tenants.

The Marunouchi area, full of buildings which the Company manages, is home to many blue-chip firms of various industries that support the Japanese economy. From this perspective, the Group strove to establish and maintain good relationships with each tenant based on our understanding of the importance of a high-quality tenant portfolio that will enhance the value and attractions of the district in the long run, while maintaining a rent level that leads the office leasing market as a Japanese representative business center. Our nurturing of good and long-term relationships with high-quality tenants is an important factor supporting the Company's corporate value.

(d) Brand value of the Company and its products

The Company is a member of the Mitsubishi Group, a Japanese representative corporate group. The "Mitsubishi" brand that the Company's shares has been nurtured for many years and its trust and name value are outstanding. The high brand value of our products and services offered by the Group has already been established. Enhancing the brand value of the Company will be important to raise the Company's corporate value.

(3) Medium-Term Management Plan and future business development

Looking at our recent plans and their actual results, the previous Medium-Term Management Plan, which was formulated in March 2002, covered the period from fiscal 2002 through

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fiscal 2004. The plan emphasized promoting the Marunouchi Redevelopment, expanding Urban Development & Investment Management and improving the profitability of Residential Business operations, which resulted in an increase of ¥30 billion in earnings before interest, taxes, depreciation and amortization (EBITDA) during the three years. In fiscal 2004, EBITDA totaled ¥178.3 billion, exceeding the initial target of ¥170 billion.

Based on such good results, in July 2005 the Company formulated a new Medium-Term Management Plan, “Foundation for the Future 2007,” which covers fiscal 2005 through fiscal 2007. Based on this plan, we are promoting a Core Growth Strategy encompassing development, real estate services and Group-wide proposal-oriented operations; an Infrastructure Strategy to reinforce corporate governance, nurture human resources and complete compliance structure; and a Management Strategy to optimize the business portfolio and improve the asset portfolio.

By promoting these strategies, EBITDA totaled ¥200.9 billion in fiscal 2005 and ¥233.4 billion in fiscal 2006—already significantly exceeding the ¥200.0 billion target for fiscal 2007, which is the last year of the plan. We will continue to enhance profitability by improving our core development and real estate services and expanding real estate development and real estate investment and advisory business overseas strategically.

2. Underlying structure to ensure and enhance the corporate value of the Company and the common interests of its shareholders—Reinforcing corporate governance

The Group strives to build a dynamic and flexible management system with the aim of displaying increasingly efficient and sound management throughout the Group. We have positioned corporate governance as a top priority and are working tirelessly to establish an optimal Group governance structure.

Specifically, in April 2003, the Company introduced an executive officer system and reduced the number of directors to revitalize the Board of Directors as an important strategic decision-making organ and reinforce its function. Moreover, we elected three (3) new outside directors to further enhance the transparency of management and bolster the management oversight function of the Board of Directors. At the 108th Ordinary General Meeting of Shareholders to be held June 28, 2007 (hereinafter “this Ordinary General Meeting of Shareholders”), we will propose adding one more outside director, thereby making the number of outside directors four (4), and shortening the term of directors from two years to one year.

3. Our concept on the return of profits to shareholders (stable return of profits balanced with financial requirements)

The Company’s basic stance regarding profit distribution is to endeavor to continue the stable

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return of profits to shareholders, and it therefore intends to determine actual dividends based on operating performance with due consideration to future financial requirements, including those for the Marunouchi Redevelopment Project.

For the year ended March 31, 2007, we intend to increase the interim dividend per share to ¥6, ¥1 higher than the corresponding interim term a year earlier, and the year-end dividend per share to ¥8, up ¥3 year over year, thereby resulting in an annual dividend per share of ¥14.

For the year ending March 31, 2008, we plan to distribute an interim dividend per share of ¥8 and a year-end dividend per share of ¥8, thereby resulting in an annual dividend per share of ¥16.

III. Measure to Prevent Decisions on the Company's Financial Matters and Business Policy From Being Controlled by a Party Judged to be Inappropriate Based on the Basic Policy (hereinafter "this Measure")

1. Purpose of introducing the Plan

The Plan will be introduced for the purpose of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, along with the Basic Policy described in 1. above.

The Company's Board of Directors has judged that a framework would be necessary to deter an offer to make a large-scale purchase of the Company shares that might harm the corporate value or the common interests of the shareholders, in order to ensure that enough time and the necessary information are provided to allow the shareholders to decide whether to accept such an offer or to allow the Board of Directors to propose a counteroffer for the shareholders and discuss and negotiate with the large-scale purchaser on behalf of the shareholders. For these reasons, the Company's Board of Directors has decided to introduce the Plan.

Please note that at the time of the introduction of the Plan, the Company had received no concrete proposals for acquisitions of the Company's share certificates, etc.

2. Plan details

(1) Plan outline

(a) Establishment of procedures for triggering the Plan

In the event of any proposal that involves the acquisition of the Company's share certificates, etc., or a similar action or proposals excluding those deemed friendly by a meeting of the Company's Board of Directors (hereinafter the "Acquisition") being made, the Plan sets out procedures for presenting information such as alternative schemes and counterproposals of the management of the Company to the shareholders, and for conducting discussions and negotiations with the party effecting the Acquisition (hereinafter the "Acquirer"). Furthermore, the Plan allows for requests to the Acquirer to

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provide information relating to the Acquisition in advance, and for securing sufficient time to collect information with respect to the Acquisition in order to give it full consideration (for details, see (2) “Procedures for triggering the Plan” below).

(b) Use of a gratis allotment of Stock Acquisition Rights

If an Acquirer effects an Acquisition without following the procedures set out in the Plan or otherwise acts in a way that is deemed to threaten to harm the Company’s corporate value or the common interests of its shareholders (for details of these requirements, see (3) “Requirements for the gratis allotment of Stock Acquisition Rights” below), the Company will allot stock acquisition rights having an exercise condition that prevents exercise by the Acquirer and an acquisition provision to the effect that the Company may acquire the stock acquisition rights from parties other than the Acquirer in exchange for shares in the Company (the main details of such stock acquisition rights are set out at (4) “Outline of the gratis allotment of Stock Acquisition Rights” below) by means of a gratis allotment of stock acquisition rights (prescribed by Article 277 onward of the Corporation Law of Japan) to all shareholders at that time.

(c) Use of the Independent Committee to eliminate arbitrary decisions by directors

To eliminate directors’ arbitrary decisions relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or the acquisition of the Stock Acquisition Rights, the Plan is designed to require judgments of an independent committee, which comprises outside directors and other members who are highly independent of the Company’s management in accordance with the Rules of the Independent Committee (see Attachment 1 for a summary), and ensure transparency by timely disclosures to the shareholders.

The initial Independent Committee at the time of introduction of the Plan will consist of two (2) outside directors of the Company and one (1) candidate for outside director, all of whom are highly independent of the management of the Company. (The proposal for the election of the candidate for outside director will be presented at this Ordinary General Meeting of Shareholders.) (See Attachment 1 for the standards for appointing members, the requirements for resolutions and resolution-related matters and other matters of the Independent Committee after the introduction of the Plan. See Attachment 2 for the names and career summaries of the members of the initial Independent Committee at the time of the introduction of the Plan).

(d) Exercise of the Stock Acquisition Rights and the Company’s acquisition of Stock

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Acquisition Rights

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and either the shareholders other than the Acquirer exercise the Stock Acquisition Rights or the shareholders other than the Acquirer receive shares of the Company in exchange for the Company acquiring the Stock Acquisition Rights, then it would be possible for the ratio of Company shareholder voting rights held by the Acquirer to be diluted up to a maximum of approximately 50%¹.

(2) Procedures for triggering the Plan

(a) Targeted acquisitions

The Plan will apply to cases where there is an Acquisition that falls under (i) or (ii) below:

- (i) An Acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)², of a holder (*hoyuusha*)³ amounting to 20% or more of the share certificates, etc. (*kabuken tou*)⁴, issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*)⁵ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)⁶, of share certificates, etc. (*kabuken tou*)⁷, relating to the tender offer and the owning ratio of share certificates, etc., of a person having a special relationship (*tokubetsu kankei-sha*)⁸ totaling at least 20% with respect to the share certificates, etc., issued by the Company.

(b) Request to the Acquirer for the provision of information

Excluding Acquisitions determined by the Company's Board of Directors to be friendly Acquisitions, the Company will require any Acquirer conducting an Acquisition described above at (a) to submit to the Company in a form prescribed by the Company, before

¹ This dilution rate assumes that the number of shares to be acquired upon the exercise of each Stock Acquisition Right is one (1) share, which is the maximum. In case the number of shares to be acquired upon the exercise of each Stock Acquisition Right is less than one (1) share, the dilution rate may be less accordingly.

² Defined in Article 27-23 (1) of the Securities and Exchange Law of Japan. This definition is applied throughout this document.

³ Including persons described as a holder under Article 27-23 (3) of the Securities and Exchange Law of Japan (including persons considered to fall under this provision by the Company's Board of Directors). The same is applied throughout this document.

⁴ Defined in Article 27-23 (4) of the Securities and Exchange Law of Japan. Unless otherwise provided for in this document, this definition is applied throughout this document.

⁵ Defined in Article 27-2 (1) of the Securities and Exchange Law of Japan. This definition is applied to (2) (a) (ii).

⁶ Defined in Article 27-2 (6) of the Securities and Exchange Law of Japan. This definition is applied throughout this document.

⁷ Defined in Article 27-2 (8) of the Securities and Exchange Law of Japan. This definition is applied throughout this document.

⁸ Defined in Article 27-2 (7) of the Securities and Exchange Law of Japan (including persons considered to fall under this provision 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 Securities and Exchange Law of Japan. The same is applied throughout this document.

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effecting the Acquisition, information as described in Japanese in each of the lists below (hereinafter the “Essential Information”) and an agreement written in Japanese that the Acquirer will upon the Acquisition comply with the procedures established by the Plan (hereinafter the “Acquisition Statement”).

If we receive an Acquisition Statement, the Company’s Board of Directors will promptly provide it to the Independent Committee. In case the Independent Committee determines that the content of the Acquisition Statement is inadequate for the Essential Information, it may fix a deadline for responses and requests, either directly or indirectly, for the Acquirer to additionally provide the Essential Information. In such case, the Acquirer should additionally provide the Essential Information within the relevant time limit.

- (i) Details (including the specific name, capital composition, financial condition, details of similar types of transactions to the relevant Acquisition and the results thereof and experience of the same kind of businesses as ours) of the Acquirer and its group (including joint holders⁹, persons having a special relationship and, in the case of funds, each partner and other constituent members and actual indirect funds providers).
- (ii) The purpose, method and terms of the Acquisition (including the amount and type of consideration for the Acquisition, the time frame of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method and the probability that the Acquisition will be effected).
- (iii) The basis for the calculation of the price of the Acquisition (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition and the details of such synergies to be shared with other shareholders).
- (iv) Financial support for the Acquisition (including the name, financing methods, status or plan of the attachment for the Company’s share certificates and assets, etc., and the terms of any related transactions of the funds providers (including all indirect funds providers)).
- (v) Existence of communication with third parties with regard to the Acquisition and the content thereof if any.
- (vi) Post-Acquisition management policy, management system, business plan, capital policy, dividend policy and assets management plans, etc., for the Company and the

⁹ “Joint holders” are as defined in Article 27-23 (5) of the Securities and Exchange Law of Japan, including persons regarded as a joint holder under Article 27-23 (6) of the Securities and Exchange Law of Japan (including persons that the Company’s Board of Directors recognizes as falling under the above). The same is applied throughout this document.

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- (vii) Post-Acquisition policies dealing with stakeholders in the Company such as the employees, customers and business partners.
- (viii) Post-Acquisition measures for sustainable and continuous improvement of the Company's corporate value and the grounds that prove such measures are effective for that purpose.
- (ix) Specific measures to avoid conflict of interests with other shareholders of the Company.
- (x) Any other information that the Independent Committee or other bodies reasonably considers necessary.

If the Independent Committee recognizes that an Acquirer has initiated an Acquisition without complying with the procedures set by the Plan, as a general rule, it will recommend that the Company's Board of Directors implement a gratis allotment of Stock Acquisition Rights in accordance with (d) (i) below, except in particular circumstances where it should continue with its requests for the submission of an Acquisition Statement and the Essential Information, and its discussion and negotiation with the Acquirer.

- (c) Consideration of Acquisition terms, negotiation with the Acquirer, and consideration of an alternative proposal
 - (i) Request to the Company's Board of Directors for the provision of information
If the Acquirer submits an Acquisition Statement and the Essential Information, the Independent Committee may set a reply period (up to sixty (60) days as a general rule) and request that the Company's Board of Directors present an opinion (including reservations; hereinafter the same) on the Acquirer's terms and supporting materials, an alternative proposal (if any), and any other information that the Independent Committee considers suitably necessary, in order to compare the details of the Acquisition Statement and the Essential Information to the business plan of the Company's Board of Directors and the company valuation conducted by the Company's Board of Directors for the purpose of ensuring and enhancing the Company's corporate value and the common interests of its shareholders.
 - (ii) Independent Committee consideration
Upon taking receipt of the information from the Acquirer and the Company's Board of Directors (if the Independent Committee requested the Company's Board of Directors to provide information as set out above), the Independent Committee should consider the Acquirer's Acquisition terms, information collection on the

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business plans and other information of the Acquirer and the Company's Board of Directors and comparison thereof, and consideration of any alternative proposal presented by the Company's Board of Directors, and the like until the expiration of a period of (i) sixty (60) days, as a general rule (provided, however, that in the case described below at (d) (iii) or the like, the Independent Committee may extend this period (hereinafter the "Independent Committee Consideration Period")). In addition, if the Acquisition needs to be revised from the viewpoint of assurance and enhancement of the Company's corporate value and common interests of shareholders, the Independent Committee shall, directly or indirectly, discuss the Acquire or make alternative proposals, presented by the Board of Directors, to shareholders.

In order to ensure that the Independent Committee's decision ensures and enhances the Company's corporate value and the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts).

When the Independent Committee makes a demand, directly or indirectly (for example to provide materials or information, or for talks or negotiations to ensue), the Acquirer must comply with the request promptly.

(iii) Disclosure of information

Respecting the rule of timely disclosure regulation, at a time the Independent Committee considers appropriate, the Company will disclose the fact that an Acquirer has emerged, the fact that it has received an Acquisition Statement from the Acquirer, that the Company's Board of Directors has offered alternative proposals to the Independent Committee and any matters considered appropriate by the Independent Committee out of the Essential Information or other information.

(d) Independent Committee procedures for recommendation, etc.

If an Acquirer emerges, the Independent Committee will make recommendation to the Company's Board of Directors or take other actions in accordance with the following procedures. If the Independent Committee makes any of the resolutions for recommendation to the Company's Board of Directors or otherwise as listed in (i) through (iii) below, or otherwise believes it to be appropriate, the Independent Committee shall disclose an outline of the recommendation or the like and any other matters that the Independent Committee considers appropriate (in the case of extending the Independent Committee Consideration Period, including the period of and reason for such extension),

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promptly after the resolution.

- (i) The Independent Committee recommends the triggering of the Plan
- If the Acquirer fails to comply with the procedures set forth in the Plan, or if otherwise as a result of the consideration of the terms of the Acquirer's Acquisition, the Independent Committee determines that the Acquisition by the Acquirer meets any of the requirements set out below at (3), 'Requirements for the gratis allotment of Stock Acquisition Rights' and that the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Independent Committee will recommend the 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 commenced or ended. However, even after the Independent Committee has already made one recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events below apply, it may make a new recommendation by the day prior to the Exercise Period Commencement Date (defined below at (f) of (4), 'Outline of the gratis allotment of Stock Acquisition Rights') that (until the gratis allotment has taken effect) the Company should suspend the gratis allotment of Stock Acquisition Rights or that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights without consideration.
- The Acquirer withdraws the Acquisition or otherwise ceases to exist after the recommendation.
 - There is a change in the facts or circumstances upon which the recommendation decision was made, and the Acquisition by the Acquirer does not meet any of the requirements set out below in (3), 'Requirements for the gratis allotment of Stock Acquisition Rights,' or it is not reasonable to implement the gratis allotment or allow for shareholders to exercise the Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the requirements under (3) below.
- (ii) The Independent Committee recommends the non-triggering of the Plan
- If as a result of its consideration of the terms of the Acquirer's Acquisition and discussion, negotiation or the like with the Acquirer, the Independent Committee determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at (3), 'Requirements for the gratis allotment of Stock Acquisition Rights,' or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Acquisition by the Acquirer does meet one of the requirements set out in (3) below, the Independent Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition

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Rights to the Company's Board of Directors, regardless of whether the Independent Committee Consideration Period has ended.

However, even after the Independent Committee has already made one (1) recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if there is a change in the facts, circumstances or otherwise upon which a recommendation decision was made and the Acquirer's Acquisition has come to satisfy the requirements set out in the first paragraph of (i) above, the Independent Committee may make a new decision including a recommendation on the implementation of the gratis allotment of Stock Acquisition Rights, and recommend its decision to the Company's Board of Directors.

(iii) The Independent Committee defers triggering the Plan

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiry of the initial Independent Committee Consideration Period, the Independent Committee will, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, negotiation with the Acquirer and the consideration of an alternative proposal, pass a resolution to extend the Independent Committee Consideration Period (and any extension of the new period after a period has been extended will follow the same procedure).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will continue with its information collection, consideration process and like activities, and use best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(e) Resolutions of the Board of Directors

The Company's Board of Directors, in exercising their role under the Corporation Law, will promptly pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights taking into consideration any recommendation of the Independent Committee described above to the maximum extent. The Acquirer must not effect an Acquisition until the Company's Board of Directors passes a resolution for the non-triggering of the Plan (including Independent Committee Consideration Period). Promptly after passing such a resolution, the Company's Board of Directors will disclose an outline of its resolution, and any other matters that the board of directors considers appropriate.

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(3) Requirements for the gratis allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's Board of Directors as described above at (e) of (2), 'Procedures for triggering the Plan,' if it is considered that an acquisition of an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, if an Acquirer falls under any of the requirements below and the gratis allotment of Stock Acquisition Rights is implemented, the recommendation of the Independent Committee in accordance with (d) of section (2) above, 'Procedures for triggering the Plan' must be obtained.

- (a) The Acquirer does not comply with procedures described in the Plan.
- (b) 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 actions including any of the actions below:
 - (i) A buyup of shares, etc., to require such share certificates, etc., to be compulsorily acquired by the Company at an inflated price.
 - (ii) 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 Group's material assets.
 - (iii) Diversion of the Group's assets to secure or repay debts of the Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Group's business 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.
- (c) 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 that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable or do not set clear terms).
- (d) Acquisitions that do not provide the Company's Board of Directors with a period of time reasonably necessary to submit an alternative proposal to the Acquisition.

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- (e) Acquisitions in which the Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is not provided to Company's shareholders, or the provision of such information (if any) is inadequate.
- (f) Acquisitions whose terms (including the amount and type of consideration for the Acquisition, the Acquisition timing, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's stakeholder such as shareholders, employees, customers, business partners and local communities) are inadequate or inappropriate in light of the Company's intrinsic value.
- (g) Acquisitions that materially threaten the corporate value of the Company and, in turn, the common interests of shareholders by destroying the Company's relationship with shareholders, employees, customers, business partners, and local communities, or the Company's brand value/corporate culture.

(4) Outline of the gratis allotment of Stock Acquisition Rights

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

(a) Number of Stock Acquisition Rights

The number of the Stock Acquisition Rights granted will be up to the final and total number of issued and outstanding 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 by the Company's Board of Directors in a resolution 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 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 held as a general rule.

(c) Effective date of gratis allotment of Stock Acquisition Rights

The Company's Board of Directors will separately determine the effective date of the gratis

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allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.

(d) Number of shares to be acquired upon exercise of the Stock Acquisition Rights

The total number of shares to be acquired upon exercise of the Stock Acquisition Rights shall be the product of the number separately determined by the Company's Board of Directors in the Gratis Allotment Resolution within the range of up to one (1) share and the number of the Stock Acquisition Rights. The number of shares¹⁰ to be acquired upon exercise of each Stock Acquisition Right (the "Applicable Number of Shares") shall be, as a general rule, the number separately determined by the Company's board of directors in the Gratis Allotment Resolution within the range of up to one (1) share¹¹. If there are fractions in the shares to be delivered to a holder of the Stock Acquisition Rights upon exercise of the Stock Acquisition Rights, the Company shall handle the fractions in accordance with applicable laws and ordinances.

(e) The amount of properties to be contributed upon exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share of properties to be contributed upon exercise of the Stock Acquisition Rights will be one yen.

(f) Exercise period of the Stock Acquisition Rights

The commencement date will be a date determined by the Company's Board of Directors in the Gratis Allotment Resolution (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 determined by the Company's Board of Directors in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph (i) (ii) below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the business day immediately prior to the relevant acquisition date. Further, 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.

¹⁰ Even if the Company becomes an issuer of multiple classes of shares (Article 2(13) of the Corporation Law) in the future, the class of (i) the shares of the Company to be delivered upon the exercise of Stock Acquisition Rights, and (ii) the shares to be delivered in exchange for the acquisition of Stock Acquisition Rights shall be the same as the shares being issued by the Company at the time of the Ordinary General Meeting of Shareholders (i.e., common shares).

¹¹ Taking into account that the total number of shares authorized to be issued is 1,980,000,000 shares at the time of introduction of the Plan and the number of issued shares is 1,382,518,351 shares, the number of shares per Stock Acquisition Right is up to 0.4 share.

[Translation]

(g) Conditions for the exercise of the Stock Acquisition Rights

As a general rule, 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”):

- (I) Specified Large Holders¹²;
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Acquirers¹³;
- (IV) Persons having a Special Relationship with Specified Large Acquirers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any person falling under (I) through (IV) without the approval of the Company’s board of directors; or
- (VI) Any Affiliated Party¹⁴ of any person falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that certain nonresidents such as those who may use any exemption provision under applicable laws and ordinances in such foreign country will be able to exercise the Stock Acquisition Rights and the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares of the Company as set out in (i) below.). Furthermore, those who have not submitted a written oath in the format specified by the Company, which includes a representation and warranty clause on satisfaction of the exercise conditions of the Stock

¹² “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 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 Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this document.

¹³ “Specified Large Acquirers” means, in principle, a person who makes a public announcement of purchase, etc. (as defined in Article 27-2(1) of the Securities and Exchange Act; the same is applied throughout this Note), of share certificates, etc. (as defined in Article 27-2(1) of the Securities and Exchange Act; the same is applied throughout this Note), 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 of the Enforcement of the Securities 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 in the Gratis Allotment Resolution is not a Specified Large Purchaser. This is applied throughout this document.

¹⁴ 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

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Acquisition Rights, etc., an indemnity clause and other oath expressions, may not exercise the Stock Acquisition Rights.

(h) Restriction on assignment of the 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 the Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's Board of Directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day separately determined by the Company's Board of Directors, acquire all of the Stock Acquisition Rights without consideration.
- (ii) On a day 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 business day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares, etc., of the Company¹⁵ in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right as a general rule.

Further, if, on or after the date upon which the acquisition takes place, the Company's Board of Directors recognizes the existence of any person holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day separately determined by the Company's 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 business day immediately prior to such date determined by the Company's Board of Directors (if any) and, in exchange, deliver shares, etc., of the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

(5) Effective period, abolition and amendment of the Plan

The effective period of the Plan at present is until the close of this Ordinary General Meeting

Enforcement Regulations of the Corporation Act) of other corporations or entities.

¹⁵ If the Applicable Number of Shares is less than one share, the Company plans to properly handle such fractions in accordance with applicable laws and ordinances. In this case, the number of the shares, etc., of the Company to be delivered for each Stock Acquisition Right may be different from the Applicable Number of Shares.

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of Shareholders. The Company will seek shareholders' approval for the Plan at the Ordinary General Meeting of Shareholders, and if the shareholders approve the Plan, the effective period of the Plan shall be extended until the close of this Ordinary General Meeting of Shareholders concerning the last business year that ends within three years after the close of this Ordinary General Meeting of Shareholders.

However, if, even before the expiration of the Effective Period, the Company's Board of Directors passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

Further, in cases where any laws, regulations, stock exchange rules 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, and cases where such revision or amendment does not detriment the Company's shareholders, the Company's Board of Directors may revise or amend the Plan even during the Effective Period of the Plan subject to approval by the Independent Committee.

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

3. Impact on shareholders and other stakeholders

(1) Impact on shareholders and investors at the time of introduction

At the time of its introduction, the Plan will have no direct or material impact on the rights and interests of 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

When the Company's Board of Directors resolves to grant the gratis allotment of Stock Acquisition Rights, shareholders, of the record on the date specified by a resolution of that meeting, shall be given one Stock Acquisition Right for one share at free of cost as a general rule. In case a shareholder does not take procedures on execution of the Stock Acquisition Rights including payment in full, as described minutely in the following (b) of (3), 'Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights' during the exercise period, its own share shall be diluted by execution of Stock Acquisition Rights held by other shareholders. However, the possibility exists that the Company will 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) of (3),

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‘Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights.’ If the Company carries out such acquisition procedures, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price. Accordingly, there will be no dilution of the value of the overall Company shares they hold, as a general rule, although dilution of the value per share for shares they hold will occur.

If there are any fractional shares in the number of the shares to be delivered upon exercise of or acquisition by the Company of the Stock Acquisition Rights, the Company may take cash-out measures for such fractional portions in accordance with applicable laws and ordinances. Dilution of shares of the Company held by shareholders may result, but no economic loss will result as a general rule.

Furthermore, the Company, even if after the Allotment Date has come or the gratis allotment of Stock Acquisition Rights has taken effect, may cancel the gratis allotment or acquire those Stock Acquisition Rights without consideration or delivery of the shares in the Company to the entitled shareholders up until the day immediately prior to the date of commencement of the exercise period due to circumstances such as, for example, if the Acquirer withdraws its Acquisition of the shares in the Company. In these cases any dilution of stock value is not incurred, investors who made selling transactions on the assumption of dilution may suffer corresponding losses on stock price fluctuation.

(3) Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights

(a) Procedures for entry of name transfer

If the Company’s Board of Directors resolves to implement a gratis allotment of Stock Acquisition Rights, the Company will first make public notice of the Allotment Date for the gratis allotment of Stock Acquisition Rights. In this case, as the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are entered or recorded in the Company’s last register of shareholders and register of beneficial shareholders as of the Allotment Date, it will be necessary for shareholders to arrange for the procedures for entry of name transfer as soon as possible (Please note that no procedures for entry of name transfer are required for those share certificates deposited with the Japan Securities Depository Center, Inc.).

In this connection, all of the shareholders who are entered or recorded in the Company’s last register of shareholders or register of beneficial shareholders as of the Allotment Date will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights.

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(b) Procedures for exercising Stock Acquisition Rights

The Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights (in a 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 whether the shareholders themselves are not Non-Qualified Parties, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock Acquisition Rights to all shareholders being entered or recorded on the Company's last register of shareholders or register of beneficial shareholders as of the Allotment Date. After the gratis allotment of Stock Acquisition Rights, the shareholders will be delivered the number of shares which will be the product of the number separately determined by the Company's Board of Directors in the Gratis Allotment Resolution within the range of up to one (1) share per Stock Acquisition Right¹⁶ and the number of Stock Acquisition Rights held by such party. Delivery of the shares will occur upon submission of the necessary documents and payment to the place handling such payments the amount of the properties to be contributed upon exercise of Stock Acquisition Rights, both during the exercise period of the Rights and before the acquisition of the Stock Acquisition Rights by the Company takes effect. If there are any fractional shares in the number of shares of the Company to be delivered to a party exercising the Stock Acquisition Rights, the Company may take cash-out measures in accordance with applicable laws and ordinances.

(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. When the Company is to deliver shares in the Company to shareholders in exchange for the acquisition of Stock Acquisition Rights, it shall do so promptly. If there are fractional shares to be delivered, the Company may take financial measures in accordance with applicable laws and ordinances. Further, with respect to these procedures, the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

In addition to the above, the Company will disclose information or notify all of its

¹⁶ See Note 11.

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shareholders with respect to the particulars of the allotment method of Stock Acquisition Rights, method of procedures for entry of name change, exercise method and method for acquisition by the Company after any resolution of the Company's Board of Directors in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

IV. Judgment by the Company's Board of Directors concerning this Measure and Reasons for Such Judgment

1. This Measure satisfies the requirements of the Basic Policy

This Measure is a framework that is needed when an offer is made to acquire a large amount of company stock. Its purpose is to secure the Company's corporate value and the shareholders' common interests by deterring such offers when they could harm the corporate value and the common interests of the shareholders by making it possible for the shareholders to decide whether to accept this offer, to secure the information and time needed so that the Board of Directors can propose a counteroffer to the shareholders and to negotiate in the interest of the shareholders. This Measure satisfies the requirements of the Basic Policy.

2. This Measure does not damage shareholders' common interests and does not serve merely to keep management entrenched.

Due to the following reasons, the Company does not think that this Measure will damage shareholders' common interests or is aimed merely to keep management entrenched.

(1) Fully 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 Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(2) To respect shareholders' intent (Resolution of General Meeting of Shareholders and Sunset Clause)

To reflect shareholders' intent regarding the Plan, the Company will seek the shareholders approval for this Plan at the Ordinary General Meeting of Shareholders.

In addition, as mentioned in 2. (5), "Effective period, abolition and amendment of the Plan," above, if the abolition of the Plan is resolved at the meeting of the Company's Board of Directors, which comprises the directors elected at each Ordinary General Meeting of Shareholders Meeting (a proposal for an amendment to the Articles of Incorporation that makes the term of office of directors one year is scheduled to be submitted to the Ordinary

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General Meeting of Shareholders), the Plan shall be abolished even before the expiration of the term of the Plan. In this way, the introduction and abolition of the Plan are based on the intent of the shareholders of the Company.

(3) Disclosure of information and emphasis on the decisions of independent parties

In introducing the Plan, the Company will establish the Independent Committee as an organization that will eliminate arbitrary decisions by the directors, and objectively carry out substantive decisions in the interests of the shareholders in the event of triggering, abolition or other operation of the Plan.

If an Acquisition of shares in the Company were to actually occur, this Independent Committee would, as set out above in 2. (2), “Procedures for triggering the Plan,” and in accordance with the Rules of the Independent Committee, make substantive determinations, as to whether the Acquisition would have a detrimental effect on the corporate value of the Company and the common interests of the shareholders. Then, the Company’s Board of Directors would, by taking into consideration those determinations to the maximum extent, pass a resolution pursuant to the Corporation Law of Japan.

In this way, the Independent Committee will strictly monitor any arbitrary actions by non-outside directors and disclose outlines of its decisions to the shareholders, and will ensure a structure under which the Plan is only operated in a transparent way to the extent contributing to the corporate value of the Company and the common interests of the shareholders.

In addition, the initial Independent Committee at the time of the introduction of the Plan will consist of two (2) outside directors of the Company and one (1) candidate for outside director who are highly independent of the management of the Company. (The proposal for the election of the candidate for outside director will be presented at this Ordinary General Meeting of Shareholders.) (See Attachment 1 for the standards for appointing members, the requirements for resolution and resolution-related matters and other matters of the Independent Committee after the introduction of the Plan. See Attachment 2 for the names and career summaries of the members of the initial Independent Committee at the time of the introduction of the Plan).

(4) Establishment of reasonably objective requirements

As set out above in 2. (2) (d), “Independent Committee procedures for recommendation, etc.,” and 2. (3), “Requirements for the gratis allotment of Stock Acquisition Rights,” it can be said that the Plan is established so that it will not be triggered unless reasonable and detailed objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company’s Board of Directors.

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(5) Obtaining the advice of third-party experts

If an Acquirer emerges, the Independent Committee may seek to obtain the advice of independent third parties (financial advisors, certified public accountants, attorneys, consultants and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Independent Committee.

(6) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated in 2. (5), “Effective period, abolition and amendment of the Plan,” the Plan is designed in a way so that it may be abolished by a person who has acquired a large number of share certificates of the shares in the Company through nomination and election, at a general meeting of shareholders of the Company, of directors so nominated by that person. 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 this Measure cannot be stopped). Also, as the Company has not adopted a staggered Board, 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 the directors cannot be replaced all at once).

Outline of the Rules of the Independent Committee

- * The Independent Committee shall be established by resolution of the Company's Board of Directors.
- * There shall be no less than three (3) 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, or
 - (iii) outside expertswho are independent from the management that conducts the execution of the business of the Company. Such outside experts must be experienced corporate managers, parties with knowledge of the investment banking industry, parties with knowledge of the Company's business field, attorneys, certified public accountants, researchers whose research focuses on Corporation Law of Japan 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 such experts to the Company to exercise the duty of care of a good manager or a similar provision.
- * Unless otherwise determined by a resolution of the Company's Board of Directors, if the introduction of the Plan is approved at this Ordinary General Meeting of Shareholders, the initial term of office of members of the Independent Committee after the Plan is introduced shall be until the conclusion of this Ordinary General Meeting of Shareholders and then the term of office shall be extended until the conclusion of the Ordinary General Meeting of Shareholders concerning the last business year that ends within one (1) year from the conclusion of this Ordinary General Meeting of Shareholders. Moreover, the term of office of any member of the Independent Committee who is an outside director or outside corporate auditor shall end simultaneously in the event that they cease to be a director or corporate auditor (except in the case of their re-appointment).
- * The Independent Committee shall make decisions on the matters listed below and submit recommendations to the Company's Board of Directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Independent Committee to the maximum extent, the Company's Board of Directors shall pass resolutions concerning the implementation, non-implementation or other action pertaining to a gratis allotment of Stock Acquisition Rights as a function under the Corporation Law of Japan. Each member of the Independent Committee and each director of the Company must make such decisions

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with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve solely for the purpose of their own interests or those of the management of the Company.

- (i) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (ii) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
 - (iii) 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.
- (i) Determining 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.
 - (ii) Examination and consideration of the terms of the Acquirer's Acquisition.
 - (iii) Negotiation and discussion with the Acquirer.
 - (iv) Request for an alternative proposal and consideration of the alternative proposal to the Company's Board of Directors.
 - (v) Determining the extension of the Independent Committee Consideration Period.
 - (vi) Approval of modification or amendment of the Plan.
 - (vii) Determining the introduction of Takeover Defense Measures other than the Plan.
 - (viii) Any other matters that the Plan prescribes that the Independent Committee may conduct.
 - (ix) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
- * If the Independent Committee decides that the Acquisition Statement and the information provided are inadequate as Essential Information, it may request that the Acquirer submit Essential Information, additionally. Further, if the Independent Committee receives from the Acquirer the Acquisition Statement and the Essential Information, it may request that the Company's Board of Directors provide 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 and the like 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 revised from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee shall either directly or indirectly

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discuss and negotiate with the Acquirer, or present to shareholders or others the alternative plan presented by the Company's Board of Directors, or conduct any similar action.

- * 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 person 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 advisors, certified public accountants, attorneys, consultants and other experts) and 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.
- * Resolutions of a meeting of the Independent Committee shall, as a general rule, pass with at least two-thirds of the votes cast when two-thirds of the members of the Independent Committee are in attendance.

Career Summary of Members of the Independent Committee

Initial members of the Independent Committee at the time of the introduction of the Plan will be the following three candidates:

Fumikatsu Tokiwa	
November 13, 1933	Born
April 1957	Entered Kao Sekken Kaisha (currently Kao Corporation)
June 1990	President and CEO, Kao Corporation
June 1997	Chairman of the Board, Kao Corporation
June 2000	Retired from the position above
June 2006	Director, Mitsubishi Estate Co., Ltd. (to present)

Fumikatsu Tokiwa is an outside director as stipulated in Article 2, Item 15, of the Corporation Law. Mr. Tokiwa and the Company have no special interest and no transactions with each other.

Shu Tomioka	
April 15, 1948	Born
November 1975	Entered Morgan Guaranty Trust Company of New York, Tokyo Branch
February 1991	Branch Manager and Representative in Japan, J.P.Morgan Securities Asia Pte. Limited
July 1998	Director and Vice President, J.P.Morgan Securities Asia Pte. Limited
April 1999	Representative in Japan, J.P.Morgan Securities Asia Pte. Limited
March 2001	Vice Chairman, J.P.Morgan Securities Asia Pte. Limited
October 2002	Retired from J.P.Morgan Securities Asia Pte. Limited
June 2006	Director, Mitsubishi Estate Co., Ltd. (to present)

Shu Tomioka is an outside director as stipulated in Article 2, Item 15, of the Corporation Law. Mr. Tomioka and the Company have no special interest and no transactions with each other.

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Isao Matsuhashi	
April 16, 1933	Born
April 1956	Entered Japan Travel Bureau Foundation
June 1990	President, Japan Travel Bureau
June 1996	Chairman of the Board, Japan Travel Bureau
June 2002	Director and Advisor, JTB Corporation
April 2004	Chairman of the Board, NARITA INTERNATIONAL AIRPORT CORPORATION (to present)
June 2004	Advisor, JTB Corporation (to present)

Isao Matsuhashi is a candidate who satisfies the requirements of outside director as stipulated in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Corporation Law, and will assume the post of outside director if elected by this Ordinary General Meeting of Shareholders. Mr. Matsuhashi and the Company have no special interest and no transaction with each other. JTB Corporation, for which Mr. Matsuhashi serves as Advisor, is one of tenants of a Company-owned building, making transactions with the Company in only conventional ways. JTB Corporation's annual payment to the Company on the said transaction accounted for less than 0.03%, in fiscal 2006, of the Company's sales revenue, thus the impact of the said transaction is insignificant.

Major shareholders of the Company

Major shareholders of the Company as of March 31, 2007, were as follows:

Shareholder Name	Investment in the Company	
	Number of shares held (Thousands)	Equity position (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	75,433	5.46
Meiji Yasuda Life Insurance Company	52,421	3.79
State Street Bank and Trust Company	50,718	3.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	43,270	3.13
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,597	2.94
Japan Trustee Services Bank, Ltd. (Trust account)	37,918	2.74
State Street Bank and Trust Company 505103	33,344	2.41
Taisei Corporation	29,168	2.11
Takenaka Corporation	28,150	2.03
Morgan Stanley & Co. International Limited	27,651	2.00

(Note) The Company has 1,938 thousand of shares of treasury stock other than the shares above.