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Introduction of Countermeasures to Large-Scale Acquisitions of COCA-COLA WEST Shares (Takeover Defense Measures)

Coca-Cola West Co., Ltd. (the “Company”) has continued to review the takeover defense measures introduced in advance of actual takeovers, taking into account various trends in takeover defense measures, since the Company resolved to introduce the countermeasures to large-scale acquisitions of shares in the Company (the “Former Plan”) at its 50th annual general shareholders’ meeting held on March 25, 2008.

Prior to the expiration of the effective period of the Former Plan, which remains effective until the conclusion of the 52nd annual general shareholders’ meeting of the Company scheduled for March 25, 2010 (the “Annual General Shareholders’ Meeting”), the Company announces that the Company resolved at a meeting of the board of directors held on February 3, 2010 to establish a basic policy regarding the persons who control decisions on the Company’s financial and business policies (defined in Article 118, Item 3 of the Ordinance for Enforcement of the Corporation Law of Japan, the “Basic Policy”), and to introduce a new plan for countermeasures to large-scale acquisitions of the shares of the Company (takeover defense measures) (the “Plan”) in order to ensure and enhance the corporate value of the Company and the common interests of its shareholders as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate under the Basic Policy (Article 118, Item 3 (b) of the Ordinance for Enforcement of the Corporation Law of Japan), subject to shareholders’ approval at the Annual General Shareholders’ Meeting. All directors present at the meeting of the board of directors unanimously approved the introduction of the Plan, and the

Company's five statutory auditors including the three outside statutory auditors present at the meeting unanimously supported the introduction of the Plan. All members of the Committee for the Assessment of Corporate Value established for the Former Plan unanimously approved the introduction of the Plan.

The Company has not received any notice or proposal of a large-scale acquisition of the shares in the Company from a specific third party to date. Major shareholders of the Company as of December 31, 2009 are shown in the Exhibit titled "Major Shareholders of the Company."

I. Details of Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to understand the source of the Company's corporate value and will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders. The Company believes that a decision on any proposed acquisition that would involve a change of corporate control of the Company should ultimately be made based on the intent of its shareholders as a whole. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

However, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and, in turn, 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 board of directors and shareholders to consider the terms of the large-scale acquisition of shares, or for the target company's board of directors to present a business plan or an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who (A) fully understand (i) providing freshness and refreshment to people around the world and enrooting the

“Coca-Cola” brand, which is now a part of our life style, in local communities; (ii) passionately making efforts to ensure quality and safety in order to provide “quality and safe products for anyone, anytime and anywhere”; (iii) appreciating employees who have a strong sense of responsibility to thoroughly pursue customer satisfaction, and treasuring each employee’s challenges and lifestyle; and (iv) contributing to local communities and proactively dealing with environmental issues with a strong sense of responsibility as a corporate citizen that continues to strive to assist in the realization of an affluent society, (B) preserve relationships of mutual trust with customers, business partners, shareholders and employees and perform to their expectations, and (C) make it possible to continually and persistently ensure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders from a mid- to long-term perspective.

Therefore, the Company believes that a person who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate to become a person who would control decisions on the Company’s financial and business policies. The Company believes that it is necessary to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition of the shares in the Company by such a person.

II. Special measures to realize the Basic Policy

1. Approach to ensure and enhance the Company’s corporate value and, in turn, the common interests of shareholders

1.1 Corporate mission and business of the Company group

The Company group develops various approaches, such as product development and test marketing, in cooperation with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd. (100% owned by the Coca-Cola Company) as their strategic partners, in accordance with the corporate mission to “Create future of beverage business,” and takes a leading role in Japan’s Coca-Cola business revolution. The Company group also endeavors to become a company trusted by its stakeholders such as customers, business partners, shareholders and employees.

The Company is the largest bottler in Japan, with a business region encompassing the vast markets in 14 prefectures in Western Japan (accounting for approximately 30% of the Japanese market), as well as one of the largest bottlers in the world. Through the comprehensive community-based system of manufacturing, sales and services, the Company deals with the various needs of its customers, working together with its subsidiaries with specific business roles such as manufacturing and vending machine operations.

The Company group is supported by the unique “Coca-Cola system” in Japan. The “Coca-Cola system” in Japan consists of Coca-Cola (Japan) Co., Ltd., twelve bottling companies (bottlers) that manufacture and sell Coca-Cola Products in different regions within Japan, and other affiliates. The Coca-Cola business is growing through measures such as efficient productivity, complete consumer-orientation, prompt action in the market, improved customer services and strict quality control.

1.2 Source of corporate value of the Company

The source of corporate value of the Company lies in (i) product brands such as “Coca-Cola”, (ii) a quality- and safety-conscious system, (iii) employees with a consumer focus and a strong sense of responsibility to contribute to local communities, and (iv) a corporate culture embedded in local communities.

(a) Product brands such as “Coca-Cola”

The “Coca-Cola” brand that is recognized for providing freshness and refreshment to people around the world has been developed, and become a part of our life style, as a global brand embedded in each local community. The Company has executed with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd. a bottler agreement on manufacturing and sales of Coca-Cola, etc. and use of trademark within the North Kyushu, Chugoku and Kansai areas as its sales regions, which enables the Company to continually and exclusively produce and sell Coca-Cola branded products in these regions.

The Company engages in the production and sale of beverages such as soda, coffee, blended tea, fruit juice drinks, mineral water, sports drinks and energy drinks. Among those, the Company considers “Coca-Cola,” “Coca-Cola Zero,” “Fanta,” “Georgia,” “Sokenbicha” and “Aquarius” as its core brands, and seeks to increase its

sales volume and market share by conducting promotional activities and efficient sales of new lines in these brands.

(b) Quality- and safety-conscious system

Beverages are the product that the Company deals with. If the Company is not an organization that is conscious of the quality and safety of beverages, the brand image of the Company would be materially harmed in contingent events, regardless of whether or not the Company is responsible.

The Company group obtained ISO9001 certification (the international quality guarantee) in its early stages as a business and has engaged in production under strict quality management. In addition, at each stage in the manufacturing and distribution process of factories, warehouses, branch offices, retail premises or vending machines, each employee of the Company acts responsibly not only to comply as a matter of course with applicable laws but also to set out a strict quality standard and deliver only high quality products to customers. Moreover, the Company group has a management system that incorporates customer feedback and strives for improvements in quality.

In this way, the Company group has a system to deliver “quality and safe products for anyone, anytime and anywhere.”

(c) Employees with a consumer focus and strong sense of responsibility to contribute to local communities

The Company group has a sales system that is responsive to the purchasing behavior of customers and the sales methods of business partners, consisting of three channels, namely (i) vending (providing products to consumers through vending machines); (ii) chain stores (direct sales through supermarkets, discount stores or home centers); (iii) retail food services (direct sales through liquor stores, food retailers and the commuter market, and sales of syrup through fast food chains, cinemas, sports facilities, and casual dining restaurants). The Company group believes that its human resources, that is, employees with a strong sense of responsibility to continually provide “fine flavor,” “convenience,” “enjoyment” and “safety” while thoroughly pursuing customer satisfaction, are vital to continually provide products and services that satisfy its customers, and to provide local communities with refreshing relaxation. The Company group also set out in the base of its mission to respect the job satisfaction and

lifestyle that its employees deserve.

(d) Corporate culture embedded in local communities

In its commitment to being a good corporate citizen, the Company always acts with a social standpoint, and is involved in a range of activities that contribute to local communities and the environment. In order to strengthen its commitment to the society and environment and to grow with local people, the Company has supported the sound upbringing of youth and promoted closer communication with local communities, focusing on “social welfare services,” “sports activities,” “cultural and educational activities” and “regional events.” As a company dedicated to creating the future of the beverage business, the Company recognizes the preservation of the Earth’s environment as an issue of the greatest importance and endeavors to contribute to the realization of a sustainable society.

1.3 Measures to ensure and enhance the corporate value and the common interests of shareholders

The maturing soft drink market is not expected to experience significant growth. Thus, the Company expects its business environment to become increasingly tough as soft drink producers increase the pace of the restructuring to survive through business alliances among such producers.

Under these circumstances, the Company aims to secure a solid revenue base on which the Company can steadily earn profits even under such severe circumstances and to establish a solid corporate group with its affiliates through its three innovations: “marketing innovation,” “SCM innovation” and “consumer focus innovation.”

Specifically, the Company is taking the following measures:

(a) Marketing innovation

The Company will develop its scientific marketing method based on consumer purchasing behavior introduced in 2009 to a global standard and expand the volume share in a manner that will generate profits. The Company will also strive to establish an effective and efficient organization and to reorganize business and logistics bases in order to strengthen business and sales functions and reduce costs.

(b) SCM innovation

The Company will develop a self-contained supply and demand system within the Western Japan area to make the process efficient and synchronized from procurement to sales and logistics for the purpose of further reduction of costs for manufacturing and logistics. The Company will also speed up and improve its response to the market and customers through comprehensive administration by cooperating with the sales division and establish a greater advantage over competitors.

(c) Consumer focus innovation

The Company will improve its sales style not only to simply sell products but to provide added value to the customers through its brands. In order to achieve this goal, the Company will establish a system to learn more about its customers and make decisions regarding its corporate management based on the value focused on the customers.

2. Basic plan to ensure and enhance the corporate value and common interests of the shareholders: maintenance of corporate governance

The Company works to strengthen corporate governance through a significant plan essential to enhance the corporate value of the Company and, in turn, the common interests of the shareholders. The basic principle of the Company regarding corporate governance is to strive to enhance the effectiveness and transparency of management to increase the corporate value and, in turn, the common interests of its shareholders.

Specifically, the Company restructured the board of directors and introduced the executive system in March 1999 to promote the separation of the decision-making and business-management process from the execution process, and also introduced a measure limiting the directors' term of office to one year to establish a flexible management system that can swiftly respond to changes in the business environment and to clarify directors' management responsibilities.

A characteristic of the Company is the management advisory committee established in July 2006 to obtain suitable advice from knowledgeable and experienced people for the purpose of enhancing the efficiency and transparency of management and

to increase the corporate value and, in turn, the common interests of its shareholders. The committee advises on matters related to director and statutory auditor candidates, remuneration for directors and statutory auditors and key strategic matters for group management as a whole. Further, the Company currently has ten directors, two of whom are outside directors, and five statutory auditors, three of whom are outside statutory auditors. Through this arrangement, the board of directors of the Company establishes a system to sufficiently supervise the execution of duties by the directors while, from time to time, obtaining suitable advice from outside directors with external knowledge and experience from a third-party perspective. In addition, the Company establishes a system where the directors and statutory auditors can attend material meetings such as the management meeting comprised of executive officers and can sufficiently supervise the execution of duties by executive officers, and also establishes a system where the Company can seek suitable advice from legal counsel and accounting auditors if any doubt arises in the execution of business.

The Company will continue to promote and execute the above policies to strengthen corporate governance and will further ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders.

III. Measures to prevent decisions on the Company's financial and business policies from being controlled by persons viewed as inappropriate under the Basic Policy

1. Purpose of introducing the Plan

The Plan is introduced for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, in compliance with the Basic Policy described in "I. Details of Basic Policy" above.

The Company's board of directors has decided that, when a large-scale acquisition of the shares is launched against the shares of the Company, it is necessary to introduce a framework that ensures the necessary time and information for the shareholders to decide whether or not to accept such proposal or for the Company's board of directors to present a business plan or alternative proposals to the shareholders, and that enables the board of directors to discuss or negotiate with the acquirer for the benefit of the shareholders, and thus deters acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders.

Therefore, the Company's board of directors resolved to introduce the Plan, subject to the approval of the shareholders at the Annual General Shareholders' Meeting, as part of the measures to prevent decisions on the Company's financial and business policies from being controlled by persons viewed as inappropriate under the Basic Policy.

2. Plan Details

2.1 Outline of the Plan

(a) Procedures for the Plan

The Plan sets out procedures that enable the Company, in the case there is an Acquisition (defined in (a) of III.2.2, 'Procedures for the Plan' below, hereinafter the same), to request in advance that the party effecting the Acquisition (the "Acquirer") provides information relating to the Acquisition, and to secure time to collect information and consider the Acquisition, and then present information such as management plans and any alternative proposals of the Company's board of directors to the shareholders and conduct discussions or negotiations with the Acquirer (for details see below at III.2.2, 'Procedures for the Plan'). The Acquirer must comply with the procedures for the Plan, and may not conduct the Acquisition after the procedures for the Plan have commenced until (i) the Company's board of directors resolves implementation or non-implementation of the gratis allotment of its stock acquisition rights, or (ii) the general shareholders' meeting of the Company resolves implementation or non-implementation of a gratis allotment of its stock acquisition rights.

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

If the Acquirer effects the Acquisition without following the procedures set out in the Plan or the Company's corporate value or the common interests of its shareholders are otherwise deemed to be likely to be harmed (for details of these requirements, see below at III.2.3, 'Requirements for the gratis allotment of Stock Acquisition Rights'), the Company will allot its stock acquisition rights with (i) an exercise condition that does not, in principle, allow the Acquirer to exercise them, and (ii) an acquisition

provision to the effect that the Company may acquire the stock acquisition rights from persons other than the Acquirer in exchange for shares in the Company (the details of such stock acquisition rights are set out below at III.2.4, ‘Outline of the gratis allotment of Stock Acquisition Rights’; and such stock acquisition rights will be referred to as the “Stock Acquisition Rights”) by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) (prescribed by Article 277 onwards of the Corporation Law of Japan) to all shareholders at the time.

- (c) Use of the Committee for the Assessment of Corporate Value in order to eliminate arbitrary decisions of the directors

In order to prevent arbitrary decisions by the directors, decisions relating to matters such as implementation or non-implementation of the gratis allotment of Stock Acquisition Rights will be made through the judgment of a committee for the assessment of corporate value (the “Committee for the Assessment of Corporate Value”), to be composed only of members who are highly independent from the management of the Company and have expertise on matters such as corporate management, in accordance with the Rules of the Committee for the Assessment of Corporate Value (see Attachment 1 for an outline). In addition, transparency will be ensured by timely disclosure to the Company’s shareholders and investors.

The Committee for the Assessment of Corporate Value is intended to initially be composed of four highly independent outside experts. The names and career summary of the intended initial members are described in Attachment 2. (Please see Attachment 1 for the standards for appointing members, requirements for resolution, and resolution matters.)

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

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

2.2 Procedures for the Plan

(a) Targeted acquisitions

The Plan will apply in cases where an acquisition falls under (i) or (ii) below or any similar action, or a proposal¹ for such action (except for such action as the Company's board of directors separately approves; the "Acquisition"). The Acquirer shall follow the procedures set out in the Plan.

- (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.
- (ii) A tender offer (*koukai kaitisuke*)⁵ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)⁶ of share certificates, etc. (*kabuken tou*)⁷ of a person conducting 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% of the share certificates, etc. issued by the Company.

(b) Submission of Acquirer's Statement

The Company will request the Acquirer to submit to the Company in the form

¹ "Proposal" includes solicitation of a third party.

² Defined in Article 27-23(4) of the Financial Instruments 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 Financial Instruments and Exchange Law of Japan (including persons who are deemed to fall under the above by the Company's board of directors). The same is applied throughout this document.

⁴ Defined in Article 27-23(1) of the Financial Instruments and Exchange Law of Japan. Unless otherwise provided for in this document, the same is applied throughout this document.

⁵ Defined in Article 27-2(6) of the Financial Instruments and Exchange Law of Japan. The same is applied throughout this document.

⁶ Defined in Article 27-2(8) of the Financial Instruments and Exchange Law of Japan. The same is applied throughout this document.

⁷ Defined in Article 27-2(1) of the Financial Instruments and Exchange Law of Japan. The same is applied in III.2.2 (a)(ii).

⁸ Defined in Article 27-2(7) of the Financial Instruments and Exchange Law of Japan (including persons who are deemed to fall under the above by the board of directors of the Company); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Law of Japan. The same is applied throughout this document.

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

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

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

On receiving the Acquisition Document, the Company’s board of directors will promptly provide it to the Committee for the Assessment of Corporate Value. If the Committee for the Assessment of Corporate Value determines that the information included in the Acquisition Document is insufficient as Essential Information taking into account the method of Acquisition contemplated by the Acquirer and other factors, it may request directly, or indirectly through the Company’s board of directors, that the Acquirer additionally provide Essential Information, from time to time upon fixing a reasonable deadline for response. In such case, the Acquirer should additionally provide Essential Information within the fixed deadline.

- (i) Details (including the specific name, capital structure, financial position, operation results, details of violation of laws or ordinances, or direction by regulatory authority regarding compliance in the past (if any), experience and result of transactions similar to the Acquisition, and the impact of past transactions on the corporate value of the target company) of the Acquirer and

its group (including joint holders,⁹ persons having a special relationship and, in the case of funds, each partner and other constituent members).

- (ii) The purpose, method and terms of the Acquisition (including information on the amount and type of consideration for the Acquisition, the timeframe and method of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability of the Acquisition being effected).
- (iii) The basis for the calculation of the purchase price of the Acquisition (including the underlying facts and premises 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 minority shareholders).
- (iv) Financial support for the Acquisition (including the specific name of the funds providers (including all indirect funds providers), financing methods and the terms of any related transactions).
- (v) Agreement between the Acquirer and a third party regarding share certificates, etc. of the Company (including execution date, counterparties, and detailed terms and conditions of the agreement).
- (vi) Post-Acquisition management policy, business plan, capital and dividend policies for the Company.
- (vii) Post-Acquisition policies dealing with the Company's employees, business partners, customers, and any other stakeholders in the Company.
- (viii) Specific measures to avoid any conflict of interest with other shareholders of the Company.
- (ix) Any other information that the Committee for the Assessment of Corporate Value reasonably considers necessary.

If the Committee for the Assessment of Corporate Value recognizes that the Acquirer has initiated the Acquisition without complying with the procedures set out in the Plan, as a general rule, it will recommend the Company's board of directors

⁹ Including persons described as "joint holders" under Article 27-23(5) of the Financial Instruments and Exchange Law of Japan, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Law of Japan (including persons who are deemed to fall under the above by the Company's board of directors.). The same is applied throughout this document.

implement a gratis allotment of Stock Acquisition Rights in accordance with III.2.2(e)(i) below, except in particular circumstances where it should continue with its requests for the submission of the Acquisition Document and Essential Information, and discussion and negotiation with the Acquirer.

- (d) Consideration of terms of the Acquisition, 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 the Acquisition Document and Essential Information that the Committee for the Assessment of Corporate Value additionally requests (if any), the Committee for the Assessment of Corporate Value may request that the Company's board of directors present its opinion (including an opinion to reserve giving such an opinion; hereinafter the same) on the terms of the Acquirer's Acquisition and supporting materials, an alternative proposal (if any), and any other information or materials that the Committee for the Assessment of Corporate Value considers necessary from time to time upon fixing a reasonable deadline for response in consideration of the time required to collect information and consider the corporate value evaluation by the Company's board of directors as well as any necessary examination by outside experts (up to 60 days as a general rule; although this period is set, considering the Company's business size, business characteristics, business particularities, and composition of shareholders, as a period necessary for the Company's board of directors to provide an opinion, supporting materials, and any other information or materials that the Committee for the Assessment of Corporate Value may consider necessary from time to time in light of results of consideration by outside experts, the Company's board of directors will consider these matters as soon as possible) in order to compare, from the viewpoint of ensuring and enhancing the Company's corporate value and, in turn, common interests of its shareholders, the information contained in the Acquisition Document and Essential Information with the business plan and corporate evaluation presented by the Company's board of directors.

- (ii) Committee for the Assessment of Corporate Value consideration

If the Committee for the Assessment of Corporate Value determines that information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the

Company's board of directors is so required as set out in (i) above), it will set a consideration period of up to 60 days as a general rule. (In this regard, however, the Committee for the Assessment of Corporate Value may extend or re-extend the period by its resolution up to 30 days in the event of 2.2(e)(iii) below; hereinafter the "Committee for the Assessment of Corporate Value Consideration Period"). During the Committee for the Assessment of Corporate Value Consideration Period, the Committee for the Assessment of Corporate Value should consider the terms of the Acquirer's Acquisition, collect information regarding the business plans and the related matters of the Acquirer and the Company's board of directors and compare this information, and consider any alternative proposal presented by the Company's board of directors. If necessary to improve the terms of the Acquirer's Acquisition with a view to ensure and enhance the corporate value of the Company and common interests of its shareholders, the Committee for the Assessment of Corporate Value should discuss and negotiate with the Acquirer directly or indirectly through the Company's board of directors during the Committee for the Assessment of Corporate Value Consideration Period and present the business plan or the alternative proposal made by the Company's board of directors to the shareholders.

In order to ensure that the Committee for the Assessment of Corporate Value's decision contributes to the Company's corporate value and, in turn, the common interests of its shareholders, the Committee for the Assessment of Corporate Value may, at the expense of the Company, obtain advice from independent third parties (including financial advisers, certified public accountants, legal counsel, consultants or any other experts).

If the Committee for the Assessment of Corporate Value directly, or indirectly through the Company's board of directors, requests the Acquirer provide materials for consideration or any other information, or discuss and negotiate with the Committee for the Assessment of Corporate Value, the Acquirer must promptly respond to such request.

(e) Recommendations by the Committee for the Assessment of Corporate Value

If an Acquirer emerges, the Committee for the Assessment of Corporate Value will make a recommendation to the Company's board of directors as follows.

(i) Recommendations for the implementation of gratis allotment of Stock

Acquisition Rights

If the Acquirer fails to comply with the procedures set out in the Plan, or if as a result of considering the terms of the Acquirer's Acquisition or discussing and negotiating the terms with the Acquirer the Committee for the Assessment of Corporate Value determines that the Acquisition by the Acquirer meets any of the requirements set out below at "III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights," and the implementation of the gratis allotment of stock acquisition rights explained below is reasonable, the Committee for the Assessment of Corporate Value will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Committee for the Assessment of Corporate Value Consideration Period has commenced or ended.

However, even after the Committee for the Assessment of Corporate Value has made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Committee for the Assessment of Corporate Value determines that either event in (A) or (B) below occurs, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the Exercise Period Commencement Date of Stock Acquisition Rights (defined at (f) of "2.4 Outline of the gratis allotment of Stock Acquisition Rights")) the Company should acquire the Stock Acquisition Rights for no consideration.

- (A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.
- (B) There is a change in the facts or otherwise upon which the recommendation decision was made, and the Acquisition by the Acquirer does not meet any of the requirements set out below in "III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights," or it is not reasonable to implement the gratis allotment or allow the shareholders to exercise the Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the requirements.

Even if the Committee for the Assessment of Corporate Value determines that the implementation of the gratis allotment of the Stock Acquisition Rights is reasonable, the Committee for the Assessment of Corporate Value will recommend to the Company's board of directors to seek approval at a general shareholders' meeting in advance to implement the gratis allotment of Stock Acquisition Rights if the Committee for the Assessment of Corporate Value deems it necessary.

(ii) Recommendations for the non-implementation of gratis allotment of Stock Acquisition Rights

If, as a result of its consideration of the terms of the Acquirer's Acquisition (including a comparison with the business plan and alternative proposal presented by the Company's board of directors) and discussions and negotiations with the Acquirer, the Committee for the Assessment of Corporate Value determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at "III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights," or it is not reasonable to implement the gratis allotment of Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the requirements, the Committee for the Assessment of Corporate Value will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Committee for the Assessment of Corporate Value Consideration Period has ended.

However, even after the Committee for the Assessment of Corporate Value has already made a recommendation for the non-implementation of the gratis allotment of Stock Acquisition Rights, if the Committee for the Assessment of Corporate Value determines that there is a change in the facts or otherwise upon which the recommendation decision was made and the Acquirer's Acquisition meets any of the requirements set out below at "III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights," and the Committee for the Assessment of Corporate Value subsequently decides that implementation of the gratis allotment of Stock Acquisition Rights is reasonable, it may make a new judgment including a new recommendation on the implementation of the gratis allotment of Stock Acquisition Rights, and recommend that judgment to the Company's board of directors.

(iii) Extension of the Committee for the Assessment of Corporate Value

Consideration Period

If the Committee for the Assessment of Corporate Value 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 Committee for the Assessment of Corporate Value Consideration Period, the Committee for the Assessment of Corporate Value will, to the reasonable extent necessary for actions such as consideration of the terms of the Acquirer's Acquisition, discussions and negotiations with the Acquirer and the consideration of alternative proposals, resolve to extend the Committee for the Assessment of Corporate Value Consideration Period (and any extension of the new period after a period has been extended will follow the same procedure).

If the Committee for the Assessment of Corporate Value Consideration Period is extended as a result of the resolution described above, the Committee for the Assessment of Corporate Value will continue with its information collection and consideration process and like activities for the purpose the period was extended, 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.

(f) Resolutions of the board of directors

The Company's board of directors, in exercising its role under the Corporation Law of Japan, will promptly resolve the matters relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights (including suspension of the gratis allotment of Stock Acquisition Rights) respecting the recommendation from the Committee for the Assessment of Corporate Value described above to the maximum extent.

(g) Convocation of the Confirmation Meeting

If the Company's board of directors (i) is recommended by the Committee for the Assessment of Corporate Value that it should seek approval at the general shareholders' meeting regarding the gratis allotment of Stock Acquisition Rights in advance or (ii) determines it appropriate to confirm the shareholders' intent in light of the duty of care as a director considering the time required to convene the general shareholders' meeting

if the fact that the Acquisition falls under each of the categories of (b) through (e) of “III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights” becomes an issue, the Company’s board of directors will promptly convene a general shareholders’ meeting (the “Confirmation Meeting”) as soon as practicably possible, and submit a proposal on the implementation of the gratis allotment of Stock Acquisition Rights. The Company’s board of directors will, when the resolution on the gratis allotment of Stock Acquisition Rights (a resolution in accordance with Article 17.3 of the Company’s Articles of Incorporation) is passed at the Confirmation Meeting, take the procedures necessary for the gratis allotment of Stock Acquisition Rights in accordance with the resolution at the Confirmation Meeting.

The Acquirer must not effect the Acquisition during the period from the commencement of the Plan procedures until (i) the Company’s board of directors resolves the matters relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or (ii) the gratis allotment of Stock Acquisition Rights is approved or disapproved at the Confirmation Meeting (if it is held).

(h) Information Disclosure

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

2.3 Requirements for the gratis allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by resolution of the Company’s board of directors or the Confirmation Meeting as described above at (f) and (g) of “III.2.2, Procedures for the Plan” if the Acquisition by the Acquirer is considered to fall under any of the items (a) through (e) below and

the implementation of the gratis allotment of Stock Acquisition Rights is reasonable. The Company's board of directors will, without fail, determine whether the Acquisition by the Acquirer falls under a requirement below and whether it is reasonable to implement the gratis allotment of the Stock Acquisition Rights through the recommendation of the Committee for the Assessment of Corporate Value in accordance with (e) of "III.2.2 Procedures for the Plan" above.

- (a) Acquisitions not in compliance with the procedures set out in "III.2.2, 'Procedures for triggering the Plan.'" For example:
 - (i) Acquisition that does not provide the Company's board of directors with the period of time reasonably necessary to submit alternative proposals to the Acquisition.
 - (ii) Acquisition that does not provide the Committee for the Assessment of Corporate Value with the Committee for the Assessment of Corporate Value Consideration Period set out in the Plan.
 - (iii) Acquisition that comes into effect without the resolution of the Confirmation Meeting (if it is held).
 - (iv) Acquisition in which the provision of Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is inadequate.

- (b) Acquisitions that threaten to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions described below or any similar action:
 - (i) Buyout of shares to require such shares to be compulsorily purchased 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 Company's material assets.
 - (iii) Diversion of the Company'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 Company'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.

- (v) Acquisition made with no intention of truly participating in corporate management and solely for the purpose of increasing the stock price of the Company and having the Company's affiliates purchase shares in the Company at a higher price.

- (c) Acquisition that threatens to have the effect of coercing the 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 for the shareholders for the second stage or do not set clear terms for the second stage).

- (d) Acquisition, the terms of which (including amount and type of consideration for the Acquisition, the timeframe and method of the Acquisition, the scheme of any related transactions, 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 other shareholders, the Company's employees, business partners, customers and any other stakeholders in the Company) are materially inadequate or inappropriate in light of the Company's intrinsic value.

- (e) Acquisition that materially threatens to be against the corporate value of the Company and, in turn, the common interests of its shareholders, by destroying the relationship with the Company's employees, customers, business partners and the like or the source of the corporate value, brand value or corporate culture of the Company, which is indispensable to the generation of the Company's corporate value.

2.4 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 Stock Acquisition Rights will be the same as 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 that is separately determined by the Company's board of directors or the general shareholders' meeting in the resolution relating to the gratis allotment of Stock Acquisition Rights (that date, the "Allotment Date"; that resolution, the "Gratis Allotment Resolution").

(b) Entitled Shareholders

The Company will allot the Stock Acquisition Rights without consideration to those shareholders, other than the Company, who are recorded in the Company's final register of shareholders as of the Allotment Date, at a ratio of one Stock Acquisition Right for every one share of the Company held.

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

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

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

The number of shares to be acquired upon exercise of each Stock Acquisition Right¹⁰ (the "Applicable Number of Shares") shall be one share except as separately adjusted.

(e) The amount of property 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 to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to

¹⁰ Even if the Company becomes a Corporation with Class Shares (defined in Article 2(13) of the Corporation Law of Japan), both (i) the shares in the Company to be issued upon exercise of the Stock Acquisition Rights and (ii) the shares to be delivered in exchange for acquiring the Stock Acquisition Rights means the same type of shares that are currently outstanding (common stock) at the time of the Annual General Shareholders' Meeting.

one-half of the fair market value of one share of the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 30 to 180 day period prior to the Gratis Allotment Resolution separately determined by the board of directors (excluding the days on which trades are not made), with any fraction of a yen resulting from such calculation to be rounded up to the nearest whole yen.

(f) Exercise period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the 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 six months long as separately determined in the Gratis Allotment Resolution.

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

Except where any exceptional event¹¹ occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (i) through (vi) below shall collectively be referred to as the “Non-Qualified Parties”):

(i) Specified Large Holders;¹²

¹¹ Specifically, the Company intends to set out that an “exceptional event” means when (x) the Acquirer cancels or revokes the Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so, and (y) the Acquirer’s shareholding ratio determined by the Company’s board of directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under the lower of (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s board of directors.

¹² “Specified Large Holder” means a person 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 those deemed so 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

- (ii) Joint Holders of Specified Large Holders;
- (iii) Specified Large Purchasers;¹³
- (iv) Persons having a Special Relationship with Specified Large Purchasers;
- (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 (except, 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 in the Company as set out in “(i), Acquisition of the Stock Acquisition Rights by the Company” below). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as

of share certificates, etc., of the Company is not contrary to the Company's corporate value and, in turn, the common interests of its shareholders or certain other party that the Company's 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 Purchaser” means a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 13) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 13) 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 Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including those deemed so 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 and, in turn, the common interests of its shareholders or certain other party that the Company's board of directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same 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 those deemed so by the Company's board of directors that), or a party deemed by the Company's board of directors to act in concert with such given party. “Control” means to “control decisions on the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law of Japan) of other corporations or entities.

the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, 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 deems it appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a date separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights without consideration.

(ii) On a date separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised on or before the business day immediately prior to such date determined by the Company's board of directors, that are held by parties other than the Non-Qualified Parties and, in exchange, deliver shares in the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right. In addition, if any third party other than the Non-Qualified Parties obtains the Stock Acquisition Rights held by the Non-Qualified Parties by transfer on or after the date of acquisition by the Company, the Company may acquire those Stock Acquisition Rights originally held by the Non-Qualified Parties.

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

These matters are to be separately determined in the Gratis Allotment Resolution.

(k) Issuance of certificates representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

(l) Other

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

2.5 Procedures for the introduction of the Plan

In accordance with Article 18.2 of the Company's Articles of Incorporation, the Company will introduce the Plan subject to shareholder approval at the Annual General Shareholders' Meeting. This resolution at the Annual General Shareholders' Meeting is also based on Article 17.3 of the Company's Articles of Incorporation, which delegates to the Company's board of directors the authority to determine matters relating to the gratis allotment of the Stock Acquisition Rights in accordance with the terms and conditions set out in the Plan.

2.6 Effective period, abolition and amendment of the Plan

The effective period of the Plan (also the period for delegation of the authority to decide matters relating to the gratis allotment of Stock Acquisition Rights in accordance with resolution at the Annual General Shareholders' Meeting based on Article 17.3 of the Company's Articles of Incorporation) (the "Effective Period") shall be the period commencing after the resolution at the Annual General Shareholders' Meeting and until the conclusion of the annual general shareholders' meeting relating to the final fiscal year ending within three years after the conclusion of the Annual General Shareholders' Meeting.

However, if, even before the expiration of the Effective Period, (a) a general shareholders' meeting of the Company resolves to abolish the Plan, or (b) the Company's board of directors resolves to abolish the Plan, the Plan and delegation under the Plan shall be abolished or withdrawn at that time.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period of the Plan if such revision or amendment is not against the purpose of the resolution at the Annual General Shareholders' Meeting to approve the Plan (including cases where any law, regulation, financial instruments exchange rules or

the like concerning the Plan is introduced, amended or abolished and it is appropriate to reflect such introduction, 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 is not to the detriment of the Company's shareholders, and the like), and subject to the approval of the Committee for the Assessment of Corporate Value.

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

2.7 Revision due to amendment to laws and ordinances

The provisions of laws and ordinances referred to in the Plan are subject to the prevailing provisions as of February 3, 2010. If it becomes necessary to amend the terms and conditions or definitions of terms set out above after such date due to the introduction, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above shall be read accordingly as required to a reasonable extent, upon consideration of the purposes of such introduction, amendment or abolishment.

3. Impact on shareholders, etc.

3.1 Impact on shareholders and investors at the time of introduction of the Plan

At the time of its introduction, the Plan will have no direct material impact on the shareholders and investors because no actual gratis allotment of Stock Acquisition Rights will be implemented.

3.2 Impact of the gratis allotment of Stock Acquisition Rights on the shareholders and investors

If the Company's board of directors or the general shareholders' meeting passes the Gratis Allotment Resolution, the Company will allot the Stock Acquisition Rights without consideration to the Company's shareholders as of the Allotment Date that is separately determined in the Gratis Allotment Resolution, at a ratio of one Stock

Acquisition Right for every one share of the Company held. If the Company's shareholders do not pay the amount equivalent to the exercise price or take procedures for exercising the Stock Acquisition Rights described in detail at (b) of "3.3 Procedures that shareholders will be required upon the gratis allotment of Stock Acquisition Rights" below within the exercise period, the shares they hold in the Company will be diluted by the exercise of the Stock Acquisition Rights by other shareholders. However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than the Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) of "3.3 Procedures that the shareholders will be required upon the gratis allotment of Stock Acquisition Rights" below. If the Company carries out such acquisition procedures, all shareholders other than the Non-Qualified Parties will come to receive the shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and, as a general rule, no dilution of the shares in the Company they hold will result.

In addition, even after the Allotment Date or the gratis allotment of the Stock Acquisition Rights has taken effect, the Company may, if the Acquirer withdraws the Acquisition, (i) on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights, cancel the gratis allotment of Stock Acquisition Rights, or (ii) from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights, acquire the Stock Acquisition Rights without consideration without delivering shares in the Company to the Stock Acquisition Rights holders. In such cases, no dilution of the value per share will result, and it is likely that any investors who have sold or bought the shares expecting to see such a dilution will be commensurately affected as a result of a fluctuation in the share price.

3.3 Procedures that the shareholders will be required upon the gratis allotment of Stock Acquisition Rights

(a) Procedures for gratis allotment of Stock Acquisition Rights

If the Company's board of directors or the general shareholders' meeting passes the Gratis Allotment Resolution, the Company will decide the Allotment Date for the gratis allotment for Stock Acquisition Rights by the same resolution and give public

notice of the Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are recorded in the Company's final register of shareholders as of the Allotment Date ("Entitled Shareholders"), and the Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights.

(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 the matters such as that the shareholders are not the Non-Qualified Parties, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the account of the Entitled Shareholders) and other documents necessary for the exercise of the Stock Acquisition Rights to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period but before the acquisition of the Stock Acquisition Rights by the Company becomes effective, and by paying to the place handling such payments the amount determined by the Company's board of directors or the general shareholders' meeting in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per the Stock Acquisition Right.

(c) Procedures for the acquisition of the 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 from the shareholders other than the Non-Qualified Parties, on the date separately determined by the Company's board of directors, and will promptly deliver shares in the Company to such shareholders in exchange for the Stock Acquisition Rights. In such case, the shareholders concerned may be separately requested to submit, in the form prescribed by the Company, a written undertaking including 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 to or notify all of its shareholders and investors with respect to the particulars of the allotment methods, exercise methods and methods for the acquisition by the Company of the Stock Acquisition Rights after the Gratis Allotment Resolution by the Company's board of directors or the general shareholders' meeting, so we request that the shareholders check these details at that time.

IV. Decisions and reasoning of the Company's board of directors regarding applicability of the above measures to the following requirements

1. Measures satisfy the Basic Policy

The Plan is a framework to ensure the Company's corporate value and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company or for its board of directors to present a business plan or alternative proposals to the shareholders, and by enabling the board of directors to discuss or negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected. The Plan is in compliance with the Basic Policy.

2. Measures are not detrimental to the common interests of the shareholders and do not aim to maintain the positions of directors or statutory auditors of the Company

For the following reasons, the Company believes that the measures to prevent control by persons viewed as inappropriate under the Basic Policy would not be detrimental to the common interests of the Company's shareholders, and that they have not been implemented for the purpose of maintaining the positions of the directors and statutory auditors of the Company.

(i) 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. The Plan also takes into account the “Takeover Defense Measures in Light of Recent Environmental Changes” published on June 30, 2008 by the Corporate Value Study Group.

- (ii) Placing high value on the intent of the shareholders (resolution of general shareholders’ meeting and sunset clause)

The Company intends to introduce the Plan subject to approval at the Annual General Shareholders’ Meeting. Specifically, as set out above in “III.2.5, Procedures for the introduction of the Plan,” the Plan will be introduced subject to a resolution at the Annual General Shareholders’ Meeting sought to introduce the Plan in accordance with the Articles of Incorporation.

Further, as set out above in “III.2.6, Effective period, abolition and amendment of the Plan,” if, even before the expiration of the Effective Period of the Plan, the general shareholders’ meeting of the Company resolves to abolish the Plan, or the board of directors composed of directors appointed by the general shareholders’ meeting resolves to abolish the Plan, the Plan will be abolished at that time. In this regard, the life of the Plan depends on the intent of the Company’s shareholders.

- (iii) Emphasis on the decisions by highly independent outside parties and disclosure of information

In introducing the Plan, the Company will establish the Committee for the Assessment of Corporate Value as an organization that will eliminate arbitrary decisions by its directors and objectively make the substantive decisions on behalf of the shareholders for the operation of the Plan, including its triggering or abolition.

If an Acquisition of the shares in the Company actually occurs, the Committee for the Assessment of Corporate Value would, as set out above in “III.2.2, Procedures for the Plan,” and in accordance with the Rules of the Committee for the Assessment of Corporate Value, make substantive determinations as to whether or not the Acquisition would harm the Company’s corporate value and, in turn, the common interests of its shareholders. Then, the Company’s board of directors would, in exercising its role under the Corporation Law of Japan, resolve the operation of the Plan respecting those determinations to the maximum extent.

In this way, the Committee for the Assessment of Corporate Value will strictly monitor any arbitrary acts by the Company's directors, and it will disclose outlines of its decisions to the shareholders and investors, and ensure the structure of the Plan where the Plan can only be operated in a transparent way that serves the corporate value of the Company and, in turn, the common interests of its shareholders.

The Committee for the Assessment of Corporate Value is intended to initially be composed of four outside experts. (Please see Attachment 1 for the criteria for appointing members, requirements for resolutions, matters to be resolved, and other matters concerning the Committee for the Assessment of Corporate Value, and Attachment 2 for details of the initial members of the Committee for the Assessment of Corporate Value.)

(iv) Establishment of reasonably objective requirements

As set out above at section (e) of "III.2.2, Recommendations by the Committee for the Assessment of Corporate Value," and "III.2.3, Requirements for the gratis allotment of Stock Acquisition Rights," the Plan is introduced so that it will not be triggered unless reasonable and detailed objective requirements have been satisfied, and ensures a structure to prevent arbitrary triggering by the Company's board of directors.

(v) Obtaining the advice of outside experts

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

(vi) No dead-hand or slow-hand takeover defense measures

As stated above in "III.2.6, Effective period, abolition and amendment of the Plan," the Plan is introduced so that it may be abolished by the Company's board of directors, which is composed of directors appointed by a person acquiring a large number of shares in the Company and approved at the Company's general shareholders' meeting. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Company's board of

directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, 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 members of the Company's board of directors cannot be replaced all at once).

---End---

Attachment 1

Outline of the Rules of the Committee for the Assessment of Corporate Value

- The Committee for the Assessment of Corporate Value shall be established by resolution of the Company's board of directors.
- There shall be no less than three members in the Committee for the Assessment of Corporate Value, and the Company's board of directors shall elect the members from (i) outside directors of the Company, (ii) outside statutory auditors of the Company, and (iii) other outside experts who are independent from the management that executes the business of the Company. However, such outside experts must be experienced corporate managers, parties with experience as government officials, parties with knowledge of the investment banking industry or the Company's business field, lawyers, certified public accountants, researchers whose research focuses on the 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 them to exercise the duty of care or similar provision.
- Unless otherwise determined by a resolution of the Company's board of directors, the term of office of members of the Committee for the Assessment of Corporate Value shall be until the conclusion of the annual general shareholders' meeting relating to the final fiscal year ending within three years after the conclusion of the Annual General Shareholders' Meeting. The term of office of any member of the Committee for the Assessment of Corporate Value who is an outside director or outside statutory auditor of the Company shall terminate simultaneously in the event that they cease to be a director or statutory auditor (except in the case of their re-election).
- The Committee for the Assessment of Corporate Value shall make decisions on the matters listed in (a) through (c) below and make recommendations to the Company's board of directors containing the details of and reasons for the recommendation. Respecting such recommendations by the Committee for the Assessment of Corporate Value to the maximum extent, the Company's board of directors shall, in exercising its role under the Corporation Law of Japan, resolve matters relating to the implementation or non-implementation of the gratis allotments of Stock Acquisition Rights (or, if the Confirmation Meeting otherwise resolves the implementation of the gratis allotment of

Stock Acquisition Rights as set out in (a) below, the board of directors shall comply with such resolution). Each member of the Committee for the Assessment of Corporate Value and each director of the Company shall make such decisions solely with a view to whether the decision will serve the Company's corporate value and, in turn, the common interests of its shareholders, and they shall not serve the purpose of their own interests or those of the management of the Company.

- (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including submission of proposals on these matters to the general shareholders' meeting).
 - (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the acquisition of the Stock Acquisition Rights without consideration.
 - (c) Any other matters that are for determination by the Company's board of directors in respect to which it has consulted the Committee for the Assessment of Corporate Value.
- In addition to the matters prescribed above, the Committee for the Assessment of Corporate Value shall conduct the matters listed in (a) through (i) below.
 - (a) Determining whether the Acquisitions should be subject to the triggering of the Plan.
 - (b) Determining information that the Acquirer and the Company's board of directors should provide to the Committee for the Assessment of Corporate Value, and the deadline for the provision of that information.
 - (c) Examination and consideration of the terms of the Acquirer's Acquisitions.
 - (d) Discussion and negotiation with the Acquirer.
 - (e) Request to the Company's board of directors for an alternative proposal and consideration of the alternative proposal.
 - (f) Extension of the Committee for the Assessment of Corporate Value Consideration Period.
 - (g) Approval of revision or amendment of the Plan.
 - (h) Any other matters that the Plan prescribes that the Committee for the Assessment of Corporate Value may conduct.
 - (i) Any matters that the Company's board of directors separately determines that the Committee for the Assessment of Corporate Value may conduct.
 - If the Committee for the Assessment of Corporate Value determines that

information provided by the Acquirer is insufficient as Essential Information, it shall request that the Acquirer provide additional Essential Information. Further, if the Committee for the Assessment of Corporate Value receives from the Acquirer the Acquisition Document and any additional Essential Information that it requests, it may request that the Company's board of directors provide within a certain period an opinion regarding the terms of the Acquirer's Acquisition and materials supporting that opinion, an alternative proposal (if any), and any other information and materials that the Committee for the Assessment of Corporate Value may consider necessary from time to time.

- If it is necessary to improve the terms of the Acquirer's Acquisition from the perspective of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Committee for the Assessment of Corporate Value shall directly, or indirectly through the Company's board of directors, discuss and negotiate with the Acquirer, or present to the shareholders the alternative plan provided by the Company's board of directors, etc., or conduct any similar action.
- In order to collect necessary information, the Committee for the Assessment of Corporate Value may request the attendance of a director, statutory auditor or employee of the Company, or any other party that the Committee for the Assessment of Corporate Value considers necessary, and may require explanation of any matter it requests.
- The Committee for the Assessment of Corporate Value may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, consultants and other experts) and conduct similar actions.
- Any member of the Committee for the Assessment of Corporate Value may convene a meeting of the Committee for the Assessment of Corporate Value when an Acquisition arises, or at any other time.
- Resolutions of meetings of the Committee for the Assessment of Corporate Value shall, in principle, pass with at least a majority of the votes cast when all the members of the Committee for the Assessment of Corporate Value are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, when members are unable to act or are faced with unavoidable circumstances, a resolution may pass with a majority of voting rights when a majority of the members of the Committee for the Assessment of Corporate Value are in attendance.

---End---

Attachment 2

Career Summary of Committee for the Assessment of Corporate Value Members

The following four people are scheduled to be the initial members of the Committee for the Assessment of Corporate Value upon introduction of the Plan.

Shingo Matsuo

Born May 19, 1938

[Business Background]

- Apr. 1963 Joined Kyushu Electric Power Company Inc.
- July 1994 Appointed General Manager of Kyushu Electric Power Company Inc.
- June 1997 Appointed Director of Kyushu Electric Power Company Inc.
- June 1998 Appointed Managing Director of Kyushu Electric Power Company Inc.
- June 2003 Appointed President of Kyushu Electric Power Company Inc.
- Mar. 2005 Appointed Director of the Company (Outside Director)
- July 2006 Appointed Member of Management Advisory Committee of the Company
(current position)
- June 2007 Appointed Chairperson of Kyushu Electric Power Company Inc. (current
position)

Kazuhiko Enomoto

Born September 25, 1943

[Business Background]

- Apr. 1966 Joined The Nippon Fudosan Bank, Ltd (now Aozora Bank, Ltd.)
- Apr. 1972 Joined The Fukuoka Sogo Bank, Ltd. (now The Nishi-Nippon City Bank,
Ltd.)
- Apr. 1973 Joined Fukuoka Jisho Co., Ltd.
- June 1974 Appointed Senior Managing Director of Fukuoka Jisho Co., Ltd.
- Mar. 1977 Appointed Director of Royal Co., Ltd. (now Royal Holdings Co., Ltd.)

- Aug. 1979 Appointed Representative Director/President of Fukuoka Jisho Co., Ltd.
- Mar. 1991 Appointed Representative Director/Vice Chairman of Royal Co., Ltd. (now Royal Holdings Co., Ltd.)
- Mar. 1997 Appointed Representative Director/Chairman of Royal Co., Ltd. (current position)
- Aug. 2003 Appointed Representative Director/Chairman of Fukuoka Jisho Co., Ltd. (current position)
- Mar. 2005 Appointed Director of the Company (Outside Director)
- July 2006 Appointed Member of Management Advisory Committee of the Company (current position)

Susumu Ishihara

Born April 30, 1945

[Business Background]

- July 1969 Joined Japanese National Railways
- Apr. 1987 Appointed Manager of Management Planning Division, General Planning Group of Kyushu Railway Company
- June 1993 Appointed Director of Kyushu Railway Company
- June 1997 Appointed Managing Director of Kyushu Railway Company
- June 2001 Appointed Senior Managing Director of Kyushu Railway Company
- June 2002 Appointed President of Kyushu Railway Company
- Mar. 2005 Appointed Director of the Company (Outside Director)
- July 2006 Appointed Member of Management Advisory Committee of the Company (current position)
- June 2009 Appointed Chairman of the Board of Kyushu Railway Company (current position)

Takashi Matsuzaki

Born March 4, 1946

[Business Background]

- Apr. 1974 Registered as lawyer. Joined Wachi Law Office.

Aug. 1988 Established Tokunaga Matsuzaki Law Office (now Tokunaga, Matsuzaki and Saito Law Office). Appointed Partner.

Apr. 2004 Appointed President of Fukuoka Bar Association

Mar. 2005 Appointed Statutory Auditor of the Company (Outside Statutory Auditor)

Apr. 2005 Appointed Vice President of the Japan Federation of Bar Associations

July 2006 Appointed Member of Management Advisory Committee of the Company (current position)

---End---

Exhibit

Major Shareholders of the Company

Major shareholders of the Company as of December 31, 2009 are as follows:

Name of Shareholders	Number of Shares held (shares)	Percentage of Shares Owned to the Total Number of Outstanding Shares (%)
Ricoh Co., Ltd.	16,792,838	15.11
The New Technology Development Foundation	5,294,718	4.76
Nomura Securities Co., Ltd. (securities account for its own use)	4,533,000	4.08
Coca-Cola Holdings West Japan, Inc.	4,074,945	3.67
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.	3,912,151	3.52
The Nishi-Nippon City Bank, Ltd.	3,703,003	3.33
Nomura Securities Co., Ltd.	3,308,961	2.98
Japan Trustee Services Bank, Ltd. (Trust Account)	3,128,100	2.81
Northern Trust Co. (AVFC) SUB A/C American Clients	2,459,600	2.21
Kirin Holdings Co., Ltd.	2,226,715	2.00

(Note)

In addition to the shares above, the Company owns 11,150,278 shares of treasury stock.

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