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To whom it may concern:

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### **Updating of the Countermeasures to Large-Scale Acquisitions of Okamura Corporation Shares (Takeover Defense Measures)**

Okamura Corporation (the “Company”) adopted the plan for countermeasures to large-scale acquisitions of the shares in the Company (the “Former Plan”) subject to shareholders’ approval by resolution of its Board of Directors on May 11, 2009 and obtained approval at the Ordinary General Meeting of Shareholders held on June 26, 2009 for the 74th fiscal year (the “74th Ordinary General Meeting of Shareholders”). The effective period of the Former Plan expires at the conclusion of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within three years of the conclusion of the 74th Ordinary General Meeting of Shareholders, and therefore the effective period of the Former Plan will expire at the conclusion of the Ordinary General Meeting of Shareholders for the 77th fiscal year to be held on June 28, 2012 (the “77th Ordinary General Meeting of Shareholders”).

The Company has announced, prior to the expiration of the term of validity of the Former Plan, subject to shareholder approval at the 77th Ordinary General Meeting of Shareholders, that at its Board of Directors meeting held on May 9, 2012 it has determined to revise and update the Former Plan (hereinafter the updated countermeasures to large-scale acquisitions of Okamura Corporation shares are called the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate (as provided in Item 3(b) of Article 118 of the Enforcement Regulations of the Companies Act) in light of the basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in Item 3 of Article 118 of the Act; the “Basic Policy”). All of the Company directors, including the three outside directors were in attendance at the Board of Directors meeting described above, and the introduction of the Plan was unanimously approved by the Company directors. None of the Company’s statutory auditors, including outside statutory auditors, who were present at the meeting, raised any objections in respect of the introduction of the Plan.

Major changes to the Former Plan include (1) a review of gratis allotments of Stock Acquisition Rights and other measures that can be taken when implementing the Plan, (2) a review of the content of the Acquirer’s Statement, (3) a review of the items of information the Company requests an Acquirer to provide, (4) the replacement of some of the members of the Independent Committee, and (5) the revision of the Rules of the Independent Committee.

## **I. Basic Policy Regarding the Persons Who Control Decisions on the Company's Financial and Business Policies**

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who 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 ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. 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.

Nonetheless, there are some forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including 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 details of the large-scale acquisition or for the target company's board of directors to make 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.

In addition, in order that the Company continues providing high quality products and services, and that the Company ensures and enhances its corporate value and the common interests of its shareholders, it is essential that the Company has a management function that emphasizes (i) maintaining a corporate culture where, based on personal networks, engineers cooperate and improve together; (ii) developing human resources from a mid-term and long-term perspective, including engineers who are fundamental to the ability to develop products, and designers and sales personnel who are able to propose spaces that satisfy customer needs, and maintaining and expanding the Company's good customer base; (iii) maintaining relationships of trust with outside designers and with domestic and foreign business partners with which the Company has procurement and sales business alliances, etc.; and (iv) maximizing the Company's collective strengths through the synergy between the business segments and personal networks of group companies.

Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed. If an acquirer who is an outsider proposes a large-scale acquisition, it is necessary for the Company's shareholders to appropriately understand the tangible or intangible elements comprising the corporate value of the Company, as well as the background of the acquirer such as the identity of the acquirer, the purpose of a proposed large-scale acquisition, the acquirer's intent regarding the Company's business and management, methods to avoid conflicts of interest with the existing shareholders and the policies to respond to employees and other stakeholders, to determine the effects of such large-scale acquisition on the corporate value of the Company and the common interests of its shareholders so that the Company's shareholders may make the best choice. If the proposed large-scale acquisition is enforced without disclosure of such information, the corporate value of the Company and, in turn, the common interests of its shareholders may be harmed.

The Company believes that persons 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 or 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 also believes that it is necessary to ensure 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 by such persons.

**II. The Source of the Company's Corporate Value and Special Measures to Realize the Basic Policy**

**(1) Measures to Enhance the Source of the Company's Corporate Value and Common Interests of Shareholders**

In 1945, the Company was founded under the name of "Cooperative Industry, Okamura Corporation." It was a business centered around the founder, where engineers could share funds, technical capabilities and labor forces. Since then, based on the personal network of engineers and others, the Company has been engaged in the office furniture business, store display business, material handling systems and other businesses. From long before, the Company's motto has been "Quality pays for itself." The Company has successfully differentiated itself from its competitors by "developing," "manufacturing" and "selling" high quality products through which customers could feel affluence, and by comprehensively providing spaces which are in tune with the various needs of the customers. In the future, the Company will also continue to strive to ensure and enhance the Company's corporate value and the common interests of its shareholders through the following measures.

**(a) Strengthening Development Capability**

The Company believes that it is necessary to understand market trends accurately, and to continue developing high quality products. For this reason, engineers with an advanced capability for development are essential; and in order to develop and acquire such human resources, the Company works to improve the Company's training system, etc. from mid-term and long-term viewpoints, and the Company strives to build a system which maximizes the potential of its knowledge and know-how that the Company has developed. Furthermore, in a corporate culture where engineers cooperate and work hard together, the Company continues to maintain and strengthen the capability for the creative development of products rich in originality, by mobilizing the knowledge and know-how of individual engineers and designers and persevering with the Company's research and development activities. Moreover, the Company actively carries out cooperation with outside designers and technical cooperation with foreign companies, and the Company believes that maintaining such cooperative relations with outside designers, etc. makes it possible to manufacture a wide range of products.

**(b) Strengthening Manufacturing Capacity**

In order to manufacture high quality products efficiently, such products are manufactured at the Company's group plants based on the Company's original production system (the Okamura Production System). The Company's knowledge and know-how built up since the Company's foundation are utilized even at this manufacturing stage, and the Company's integrated process from product development to manufacturing, sales and delivery of products makes it possible to

manufacture high quality products at low cost. Furthermore, the Company has also formulated a long-term environmental vision, “GREEN WAVE 2020.” The Company promotes environmental consciousness in the manufacturing process, and the development of environment-conscious products.

(c) Strengthening Sales Capability

In order to strengthen the sales capability, the Company requires human resources who can understand customers’ needs accurately, and who can provide the most suitable space for customers. For this reason, just as for the engineers in charge of product development, the Company strives to develop human resources from a mid-term and long-term viewpoint, and it maintains a good customer base by comprehensively providing various services and products to customers through collaboration between each of its business segments and through the utilization of the know-how of each individual business segment.

(d) Efforts to Enhance the Corporate Value of the Company As It Aims at Medium- to Long-term Growth

At present, with “information technology(IT),” “internationalization,” and “specialization” as keywords for its corporate management, the Company is striving to increase its corporate value by further enhancing its strength, which is the integrated operation of its development, manufacturing, and sales processes.

The environment that surrounds businesses is undergoing major changes as exemplified by the remarkable development of ICT and the growing awareness of the need to plan for disaster prevention and electricity saving after the earthquake, and the issues the Company should address are also becoming increasingly diverse. As businesses cope with various problems, the Company is enhancing its reputation as a solution company that creates comfortable spaces by proposing “Smart Work” as the optimal office environment. In the store display business, it makes proposals for various types of stores focusing particularly on energy conservation and security. The Company also views public, educational, healthcare, and research facilities as three priority markets in which it should step up its marketing and is rapidly increasing sales in these segments with specialized sales personnel and appealing product lineups. It is expanding its business by incorporating the needs of these segments into product development and introducing new products that meet social changes.

In manufacturing, the Company is further advancing the Okamura production system (OPS; Okamura’s manufacturing cost reduction initiatives), which has been underway for 14 years, and enhancing the competitiveness of its products by procuring materials from a wider range of suppliers as typified by more purchasing from overseas, particularly Southeast Asian and other emerging economies, and further reducing costs in addition to improving product quality, which is its strength.

In the global market, the Company has begun the export of many products in earnest based on its world strategy, including its high-grade seating “Contessa,” whose export began in 2003, and brought satisfactory results in the marketing of these products in more than 50 countries, including Europe, North America, Asia, and the Middle East. In the store display business, Japanese-affiliated distributors and retailers place their expectations on the Company as their partner for attractive store development as they actively advance into overseas markets, and the

Company is fulfilling their requests using the ability to propose total store development plans it developed in Japan and the overseas bases it has established earlier than any other company in the industry.

Currently, it is rapidly establishing and strengthening supply and sales systems to achieve the goal of increasing the percentage of overseas sales to at least 10% in FY2015. As it strives to develop itself from a Japanese brand to a global brand, the Company believes that expansion of global market activities while assuming responsibility as a leading company in the Japanese office furniture business will maintain and enhance the corporate value and, in turn, the common interests of its shareholders and will develop the overall industry.

## (2) Strengthening of Corporate Governance

The term of office of the Company's directors is one year, which provides an opportunity for clarification of the management's responsibility to shareholders. The Company appoints three independent outside directors. Two out of the Company's four statutory auditors are independent outside statutory auditors. These outside directors and statutory auditors attend every important meeting, including meetings of the Board of Directors, and provide a system to fully monitor the performance of duties by directors. Thus, the Company is striving to enhance its corporate governance system.

### **III. Purpose of the Plan and Plan Outline**

#### 1 Purpose of the Plan

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

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

Major shareholders of the Company as of March 31, 2012 are listed in Attachment 1 titled "Major Shareholders of the Company." The Company has not received any proposal of a large-scale acquisition of the shares in the Company from specific third parties.

## 2. Plan Outline

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.<sup>1</sup>

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

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities in the Company could harm the corporate value of the Company and the common interests of its shareholders, and if the acquisition satisfies the triggering requirements set out in the Plan, the Company will take such measures as a gratis allotment of Stock Acquisition Rights with an exercise condition that in principle does not allow the acquirer to exercise the rights and an acquisition provision to the effect that the Company may acquire stock acquisition rights in exchange for shares in the Company from persons other than the acquirer. If a gratis allotment of stock acquisition rights were to take place in accordance with the Plan and all shareholders other than the acquirer received shares in the Company as a result of those shareholders exercising or the Company acquiring those stock acquisition rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to a maximum of approximately 50%.

In order to eliminate the possibility of arbitrary decisions by directors, the Company will establish the Independent Committee, which is subject to the Rules of the Independent Committee (outlined in Attachment 2) and solely composed of members who are independent from the management of the Company such as outside directors of the Company (the expected members of the Independent Committee at the time of introduction of the Plan are as described in Attachment 3 "Profile of the Members of the Independent Committee") to make decisions with respect to matters such as the implementation or non-implementation of measures such as the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, the Company's Board of Directors may, if prescribed in the Plan, convene a meeting of shareholders and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights, etc.

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

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<sup>1</sup> Since the implementation of the share certificate digitization system on January 5, 2009, the Company has not issued stock certificates, but in the Plan, it uses the term "share certificates and other equity securities" as appropriate in accordance with the provisions of the Financial Instruments and Exchange Act because it believes that statements based on the provisions of the Act contribute to the clarity and objectivity of this document.

### 3. Plan Details (Measures to Prevent Decisions on the Company’s Financial and Business Policies from being Controlled by Persons Deemed Inappropriate Under the Basic Policy)

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

##### (a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action, or a proposal<sup>2</sup> for such action (except for such action as the Company’s Board of Directors separately determines not to be subject to the Plan; the “Acquisition”) takes place.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariai*)<sup>3</sup> of a holder (*hoyuusha*)<sup>4</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>5</sup> issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*)<sup>6</sup> that would result in the party conducting the tender offer’s ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>7</sup> and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)<sup>8</sup> totaling at least 20% of the share certificates, etc. (*kabuken tou*)<sup>9</sup> issued by the Company.

The party intending to be engaged in the Acquisition (the “Acquirer”) shall comply with the procedures prescribed in the Plan, and the Acquirer must not effect an Acquisition until and unless, in accordance with the Plan, the Company’s Board of Directors passes a resolution not to implement countermeasures such as a gratis allotment of Stock Acquisition Rights in accordance with the Plan.

##### (b) Submission of Acquirer’s Statement

The Company will request an Acquirer to submit to the Company, in forms separately prescribed by the Company, legally binding documents (signed by or affixed with the name and seal of the representative of the Acquirer), including a form that includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (without conditions, reservations, etc.), and a qualification certificate of the person who signed or affixed their name and seal to that document (collectively, “Acquirer’s Statement”) before commencing or effecting the Acquisition. The Acquirer’s Statement must include the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended

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<sup>2</sup> “Proposal” includes solicitation of a third party.

<sup>3</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. This definition is applied throughout this document.

<sup>4</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors of the Company). The same is applied throughout this document.

<sup>5</sup> Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same is applied throughout this document unless otherwise provided for.

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

<sup>7</sup> Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same is applied throughout this document.

<sup>8</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the 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 Act. The same is applied throughout this document.

<sup>9</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.

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 an 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 ("Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Company's Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee (standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Attachment 2 "Outline of the Rules of the Independent Committee" and career backgrounds and other matters of members of the Independent Committee at the time of introduction of the Plan will be as described in Attachment 3 "Profiles of the Members of the Independent Committee"). If the Company's Board of Directors and the Independent Committee determine that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and request that the Acquirer provide additional information. In such case, the Acquirer should provide the additional information within the set time limit.

- (i) Details (including name, capital relationship, financial position, operation results, details of violation of laws or ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders,<sup>10</sup> persons having a special relationship, and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation, etc.<sup>11</sup>).<sup>12</sup>
- (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the structure of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
- (iii) The amount and basis for the calculation of the purchase price of the Acquisition.
- (iv) Information relating to agreements on shares in the Company between the Acquirer and third parties and to any previous acquisition of shares in the Company by the Acquirer.
- (v) Financial support for the Acquisition (specifically including the names of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions, etc.).
- (vi) Communication, if any, with third parties concerning the Acquisition and its details
- (vii) Post-Acquisition management policy, business plan, capital and dividend policies for the Company group.

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<sup>10</sup> Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Company's Board of Directors). The same is applied throughout this document.

<sup>11</sup> Defined in Article 9(5) of Enforcement Regulation for the Financial Instruments and Exchange Act.

<sup>12</sup> If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.

- (viii) Policies for the Company's shareholders (other than the Acquirer), employees, business partners, customers, and any other stakeholders in the Company.
  - (ix) Views on the Company's corporate culture.
  - (x) Any other information that the Independent Committee reasonably considers necessary.
- (d) 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 it receives the Acquisition Document and any other information (including the information additionally requested) from the Acquirer, the Independent Committee may set a reply period (up to 60 days as a general rule) within the Independent Committee Consideration Period defined in (ii) below and request that the Company's Board of Directors present an opinion (including an opinion to refrain from giving such an opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such an opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

If it receives the Acquisition Document and any other information (including the information additionally requested) from the Acquirer, the Independent Committee will consider the Acquisition terms, collect information on materials such as the management plans and business plans of the Acquirer and the Company's Board of Directors and make a comparison thereof, and consider any alternative plan presented by the Company's Board of Directors concurrently with the provision of information by the Company's Board of Directors as described in (i) above for an appropriate period of time (The period of time will not exceed 90 days after the date upon which the Independent Committee receives sufficient information (including the information additionally requested) from the Acquirer. The Independent Committee, however, may extend this period in the case described in (e)(iii) below) (The period for information collection and consideration by the Independent Committee is hereinafter referred to as the "Independent Committee Consideration Period"). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

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

(e) Recommendation by the Independent Committee

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

(i) Recommendations for the Triggering of the Plan

If it determines that one of the trigger events set out below in (2) "Requirements for the Gratis Allotment of Stock Acquisition Rights, etc." (collectively "Trigger Events") arises with respect to the Acquisition, the Independent Committee will recommend the implementation of the gratis allotment of stock acquisition rights (as detailed in Attachment 4 "Outline of the Gratis Allotment of Stock Acquisition Rights," the relevant stock acquisition rights hereinafter are referred to as "Stock Acquisition Rights") and other measures that can be taken in accordance with laws and ordinances and the Company's Articles of Association to the Company's Board of Directors except in any specific case where further information disclosure from the Acquirer or discussions, negotiations, or other processes with the Acquirer are necessary. If it is concerned that an Acquisition may fall under the second Trigger Event ("Trigger Event (2)") set out in 3.2, "Requirements for the Gratis Allotment of Stock Acquisition Rights, etc.," the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at the Shareholders Meeting in advance.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events (A) or (B) below applies, 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 commencement date of the exercise period of the 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 no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

(ii) Recommendations for the Non-Triggering of the Plan

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

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

Committee may make a new recommendation that the Company should implement the gratis allotment of Stock Acquisition Rights, etc.

(iii) Extension of the Independent Committee Consideration Period

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

(f) Resolutions of the Board of Directors

The Company's Board of Directors, in exercising their role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, etc. respecting to the maximum extent any recommendation made by the Independent Committee as described above. If the Shareholders Meeting is convened in accordance with (g) below, the Company's Board of Directors will comply with any resolution by the Shareholders Meeting.

(g) Convocation of the Shareholders Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights, etc. pursuant to the Plan, the Company's Board of Directors may convene a meeting of shareholders to confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, etc. (the "Shareholders Meeting"), if (i) the Independent Committee recommends implementation of the gratis allotment of Stock Acquisition Rights, etc. subject to obtaining approval at a meeting of shareholders in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) becomes an issue and the Board of Directors determines it appropriate to confirm the shareholders' intent for the Acquisition taking into consideration the time required to convene a shareholders' meeting or other matters pursuant to the duty of care as a good manager.

(h) Information Disclosure

When operating the Plan, the Company will disclose information on matters that the Independent Committee or the Company's Board of Directors considers appropriate, including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, that the Independent Committee Consideration Period has commenced, and that the Independent Committee Consideration Period has been extended, as well as the period and reason for the extension), an outline of recommendations made by the Independent Committee, an outline of resolutions by the Board of Directors, and an outline of resolutions by the Shareholders Meeting in a timely manner, in

accordance with the applicable laws and ordinances or the regulations and rules of the financial instruments exchange.

(2) Requirements for the Gratis Allotment of Stock Acquisition Rights, etc.

The requirements to trigger the Plan to implement the gratis allotment of Stock Acquisition Rights are as follows. As described above at (e) of 3.1, “Procedures for Triggering the Plan,” the Company’s Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

Trigger Event (1)

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

Trigger Event (2)

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

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
  - (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company or its affiliates at a high 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.

- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions whose terms (including amount and type of consideration, the timeframe, the legality of the Acquisition method, the feasibility of the Acquisition being effected, and post-Acquisition policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to oppose the corporate value of the Company or the common interests of shareholders, by destroying relationships with the Company's employees, customers, business partners and the like or the corporate culture of the Company, which are indispensable to the generation of the Company's corporate value.

In addition, if any requirement similar to the trigger events described above is met and it is deemed appropriate to trigger the Plan, the Company may take all reasonable measures that can be taken in accordance with relevant laws and ordinances and the Company's Article of Association. In such cases, such measures will always be determined through the Independent Committee's recommendations as set forth above in 3.1 "Procedures for Triggering the Plan" (e).

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

An outline of the gratis allotment of Stock Acquisition Rights intended to be implemented under the Plan is as per Attachment 4.

### (4) Procedures for the Introduction of the Plan

In accordance with Article 11 of the Articles of Incorporation of the Company, the Company will introduce the Plan subject to shareholder approval at the 77th Ordinary General Meeting of Shareholders to assign to the Company's Board of Directors the authority to decide matters relating to the gratis allotment of Stock Acquisition Rights under the conditions set out in the Plan.

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

The effective period of the Plan (the "Effective Period") will be the period until the conclusion of the Ordinary General Meeting of Shareholders regarding the last fiscal year ending within three years of the conclusion of the 77th Ordinary General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, (i) a resolution is passed at the Company's Shareholders Meeting to revoke its resolution to assign to the Company's Board of Directors the authority set out in 3.4(b) above relating to the gratis allotment of Stock Acquisition Rights with respect to the Plan or (ii) the Company's Board of Directors passes a resolution to abolish the Plan, the Plan will be abolished 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 an assignment by a resolution of the 77th Ordinary General Meeting of Shareholders such as cases where any law, ordinance, or regulation or rule of a financial instruments exchange or the like concerning the Plan is established, amended or

abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company's shareholders, and subject to the approval of the Independent Committee.

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

(6) Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 9, 2012. If it becomes necessary after such date to amend the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

#### 4. Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors Upon Introduction of the Plan

Upon introduction, the Plan will have no direct or material impact on shareholders and investors. This is because at that time, only the assignment of authority to the Company's Board of Directors to decide matters relating to the gratis allotment of Stock Acquisition Rights will take place and 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

(i) Procedures for Shareholders upon Gratis Allotment of Stock Acquisition Rights

If the Company's Board of Directors or Shareholders Meeting passes a resolution for the gratis allotment of Stock Acquisition Rights (the "Resolution for the Gratis Allotment of Stock Acquisition Rights"), the Company's Board of Directors will also decide the Allotment Date in the same resolution and give public notice of this 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 register of shareholders as of the Allotment Date (the "Entitled Shareholders") for one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. All Entitled Shareholders will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

In addition, even after the Company's Board of Directors passes a resolution for the gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Independent Committee described above at section (e)(i) of 3.1, "Procedures for Triggering the Plan," to the maximum extent, (i) (on or before the second business day prior to the exercise 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 for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought shares in the Company expecting to see such a dilution will commensurately suffer damage as a result of fluctuation in the share price.

(ii) Procedures for Exercising Stock Acquisition Rights

As a general rule, the Company will deliver the documents to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as the shareholders themselves satisfying the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the accounts of the Entitled Shareholders) and other documents to the Entitled Shareholders. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued, as a general rule, one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period of Stock Acquisition Rights and by paying in the prescribed manner an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right, as a general rule. The Non-Qualified Parties intending to exercise Stock Acquisition Rights as set forth in (g) of Attachment 4 "Outline of the Gratis Allotment of Stock Acquisition Rights" must follow the Company's separate determination in accordance with (g) of the same Attachment.

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

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

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

If its Board of Directors determines to acquire the Stock Acquisition Rights, the Company will in principle acquire the Stock Acquisition Rights in accordance with the statutory procedures from shareholders other than Non-Qualified Parties, on the date separately determined by its Board of Directors and, in exchange, deliver shares in the Company. In this case, the shareholders concerned will, in principle, come to receive one share in the Company for each Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in

such case, the shareholders concerned will be separately requested to provide information necessary to allot shares of the Company to the account of the Entitled Shareholders and 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.

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

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

#### **IV. Rationale of the Plan**

##### **(1) Ensure and Enhance the Company's Corporate Value and the Common Interests of Shareholders**

The Plan will be introduced under the Basic Policy, with the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, etc. of the Company and for the Board of Directors to present an alternative proposal to the shareholders, and by enabling the Board of Directors to negotiate with the Acquirer for the benefit of the shareholders when the Acquisition is to be effected.

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

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of 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. These principles are namely:

- ensuring and enhancing the corporate value and shareholders' common interests;
- prior disclosure and shareholder intent; and
- ensuring necessity and appropriateness.

##### **(3) Placing High Value on the Intent of Shareholders**

The Plan will be introduced on the condition that a resolution of the 77th Ordinary General Meeting of Shareholders is obtained to assign to the Company's Board of Directors the authority to decide matters relating to the Plan.

The Company's Board of Directors may, under certain circumstances, confirm the intent of the Company's shareholders at a meeting of shareholders regarding the need to trigger the Plan.

Further, the Plan is subject to a so-called sunset clause setting the Effective Period of approximately three years and if, even before the expiration of the Effective Period of the Plan, the Shareholders Meeting passes a resolution to revoke its resolution to assign the authority set out above, 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.

#### (4) Emphasis on the Decisions of Independent Parties Such As Outside Directors and Obtaining the Advice of Third-Party Experts

The Company must obtain a recommendation from the Independent Committee, composed only of members who are independent such as outside directors, when making decisions for triggering the Plan.

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

#### (5) Establishment of Reasonable Objective Requirements

As set out above at section (e) of III.3.1, "Procedures for Triggering the Plan," and section III.3.2, "Requirements for the Gratis Allotment of Stock Acquisition Rights, etc.," the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's Board of Directors.

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

The Plan may be abolished by a meeting of the Board of Directors composed of directors who are nominated by a person who acquires a large number of share certificates and appointed at the Company's general shareholders' meeting. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office for the Board of Directors, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that all members of the Board of Directors cannot be replaced at once).

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This document, announcing the introduction of countermeasures against large-scale acquisitions of Okamura Corporation (takeover defense measures) to the general public, is not intended to urge shareholders to request the Company or a third party to exercise their voting rights on their behalf concerning resolutions proposed by the Company at the Company's Ordinary General Meeting of Shareholders.

## Attachment 1

### Major Shareholders of the Company

Following is an outline of major shareholders of the Company as of March 31, 2012:

As of March 31, 2012

Name of Shareholders	Address	Number of shares owned (thousands)	Ratio of the number of shares owned to the total number of shares issued (%)
Mitsubishi Corporation	2-3-1 Marunouchi, Chiyoda-ku, Tokyo	9,163	8.15
Okamura Group Employees Stock Ownership Plan	2-7-18 Kitasaiwai, Nishi-ku, Yokohama-shi	7,027	6.25
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	6,892	6.13
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	5,498	4.89
Northern Trust Company (AVFC) Sub-account American Clients Standing Proxy: The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) Tokyo Branch	3-11-1 Nihonbashi, Chuo-ku, Tokyo	5,331	4.74
Nippon Steel Corporation	2-6-1 Marunouchi, Chiyoda-ku, Tokyo	5,313	4.73
Mitsui Sumitomo Insurance Co., Ltd.	2-27-2 Shinkawa, Chuo-ku, Tokyo	5,298	4.71
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	4,805	4.28
The Bank of Yokohama, Ltd.	3-1-1 Minatomirai, Nishi-ku, Yokohama-shi	4,076	3.63
Stock Ownership Plan for Suppliers to the Okamura Group	1-4-1 Kitasaiwai, Nishi-ku, Yokohama-shi	3,908	3.48
Total	—	57,314	51.00

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

- The Independent Committee will be established by resolution of the Company’s Board of Directors.
- There will be no less than three members of the Independent Committee, and the Company’s Board of Directors shall elect the members from (i) outside directors of the Company, (ii) outside 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 experts must be experienced corporate managers, former government employees, parties with knowledge of the investment banking industry, those with knowledge of the Company’s business, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company’s Board of Directors that contains a provision obligating them to exercise the duty of care as a good manager or similar provision.
- Unless otherwise determined in a resolution by the Company’s Board of Directors, the term of office of members of the Independent Committee will be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within three years of the 77th Ordinary General Meeting of Shareholders. However, the term of office of any member of the Independent Committee who is an outside director or outside statutory auditor of the Company will end simultaneously in the event that they cease to be the Company’s director or statutory auditor (except in the case of their re-appointment).
- The Independent Committee will make decisions on the matters listed below and make recommendations to the Company’s Board of Directors containing the details of and reasons for the decisions. Respecting such recommendations of the Independent Committee to the maximum extent, the Company’s Board of Directors shall make decisions as an organization under the Companies Act (or, if the Shareholders Meeting otherwise passes a resolution for the implementation of the gratis allotment of Stock Acquisition Rights, etc. as set out in (a) below, in accordance with such resolution). Each member of the Independent Committee and each director of the Company must make such decisions solely with a view to whether or not the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and they must not serve their own interests or those of the management of the Company.
  - (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights and other measures that can be taken in accordance with laws and ordinances and the Company’s Articles of Association (the “Gratis Allotment of Stock Acquisition Rights, etc.”).
  - (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
  - (c) Any other matters that are for determination by the Company’s Board of Directors with respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee can conduct the matters listed below.

- (a) Determination as to whether the Acquisition should be made subject to the Plan.
  - (b) Determination of the information that the Acquirer and the Company's Board of Directors should provide to the Independent Committee, and the deadline for the provision of that information.
  - (c) Examination and consideration of the terms of the Acquirer's Acquisition.
  - (d) Negotiation and discussion with the Acquirer.
  - (e) Request for submission of an alternative proposal to, and consideration of an alternative proposal made by, the Company's Board of Directors.
  - (f) Determination regarding extension of the Independent Committee Consideration Period.
  - (g) Decision on whether it is necessary to convene a Shareholders Meeting to confirm the intentions of shareholders to implement the Gratis Allotment of Stock Acquisition Rights, etc.
  - (h) Approval of modification or amendment to the Plan.
  - (j) Decision on whether to introduce takeover defense measures other than the Plan
  - (k) Any other matters prescribed in the Plan that the Independent Committee may conduct.
  - (l) Any matters that the Company's Board of Directors separately determines that the Independent Committee may conduct.
- In order to collect the necessary information, the Independent Committee may request the attendance of a director, statutory auditor or employee of the Company, or any other party that the Independent Committee considers necessary, and may require explanation of any matter it requests.
  - The Independent Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisers, certified public accountants, lawyers, tax accountants, consultants and other experts) or conduct similar actions.
  - Any member of the Independent Committee may convene a meeting of the Independent Committee when an Acquisition arises, or at any other time.
  - As a general rule, resolutions of meetings of the Independent Committee will pass with a majority when at least two-thirds of the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may be passed with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.

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## Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the initial members of the Independent Committee upon introduction of the Plan.

### **Tadao Kuwano**

#### Profile

Born July 31, 1942

March 1974 Registered as a certified public accountant (current)

July 1993 Assumed the office of representative employee at Asahi Shinwa & Co. (now KPMG AZSA & Co.)

July 2005 Established Kuwano Tadao Certified Public Accountant and Tax Accountant Office (current)

June 2006 Assumed director of the Company (current position)

\* Mr. Tadao Kuwano, who is currently an outside statutory auditor at the Company, is scheduled to be reappointed as an outside statutory auditor if the resolution of his appointment is approved at the 74th Shareholders Meeting.

\* He does not have any special interests in the Company.

### **Ken Ebina**

#### Profile

Born October 20, 1946

April 1970 Joined Sumitomo Marine and Fire Insurance Co., Ltd. (now Mitsui Sumitomo Insurance Co., Ltd.)

June 1997 Assumed the office of director and general manager of human resources at Sumitomo Marine and Fire Insurance Co., Ltd.

October 2001 Assumed the office of managing director and executive officer at Mitsui Sumitomo Insurance Co., Ltd.

June 2004 Assumed the office of senior executive officer and general manager of the Tokyo corporate sales headquarters No. 2 at Mitsui Sumitomo Insurance Co., Ltd.

August 2006 Assumed the office of representative director, vice president and executive officer at Mitsui Sumitomo Insurance Co., Ltd.

April 2008 Assumed the office of senior advisor at Mitsui Sumitomo Insurance Co., Ltd.

June 2008 Assumed the Company's supplementary statutory auditor

June 2011 Assumed the Company's director, the post he has held to the present day

\* Mr. Ken Ebina, who is currently an outside statutory auditor at the Company, is scheduled to be reappointed as an outside statutory auditor if the resolution of his appointment is approved at the 77th Ordinary General Meeting of Shareholders. He has been reported to the Tokyo Stock Exchange and the Osaka Stock Exchange as the Company's independent executive.

\* He does not have any special interests in the Company.

## **Yuichi Suzuki**

### Profile

Born September 21, 1946

April 1976 Assumed a position as prosecutor at the Tokyo District Public Prosecutors Office

April 1983 Registered as an attorney (current)

April 1985 Established Tokyo Accounting and Law Firm (now Yaesu Sogo Law Office) (continued association)

June 2004 Assumed the office of outside statutory auditor of the Company (current position)

\* Mr. Yuichi Suzuki, who is currently an outside statutory auditor at the Company, is scheduled to be reappointed as an outside statutory auditor if the resolution of his appointment is approved at 77th Ordinary General Meeting of Shareholders.

\* He does not have any special interests in the Company.

**Outline of the Gratis Allotment of Stock Acquisition Rights**

(a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on the allotment date that is separately determined in a resolution of the gratis allotment of Stock Acquisition Rights.

(b) Shareholders Eligible for Allotment

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

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

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

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

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

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

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. "Fair market value" means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 90 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the "Exercise Period Commencement Date"), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.

(g) Conditions for Exercise of Stock Acquisition Rights

Excepting the occurrence of certain exceptional events<sup>13</sup>, 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 Holders<sup>14</sup>;
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers<sup>15</sup>;
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company’s Board of Directors; or
- (VI) Any affiliated Party<sup>16</sup> of any party falling under (I) through (V).

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

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<sup>13</sup> Specifically, the Company intends to set out that an “exceptional event” means when (x) an Acquirer cancels or revokes an Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so and (y) the Acquirer’s shareholding ratio determined by the Company’s Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Company’s Board of Directors.

<sup>14</sup> “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of shares certificates, etc. in respect of such shares 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 its shareholders or a 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.

<sup>15</sup> “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchases, etc. (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same is applied throughout this Note 15) of share certificates, etc. (as defined in Article 27-2(1) of the Act; the same is applied throughout this Note 15) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, owned by such a person after such purchases, etc. (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company’s Board of Directors); provided, however, that a party that the Company’s Board of Directors recognizes as a party whose acquisition or holding of shares, etc. of the Company is not contrary to the Company’s corporate value or the common interests of its shareholders or a 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.

<sup>16</sup> An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with said 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 said given party. “Control” means “controlling the determination of the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

(h) Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's Board of Directors.

(i) Acquisition of Stock Acquisition Rights by the Company

(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 that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Company's Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.

(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 before or on the day immediately prior to such date determined by the Company's Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right.

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

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

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

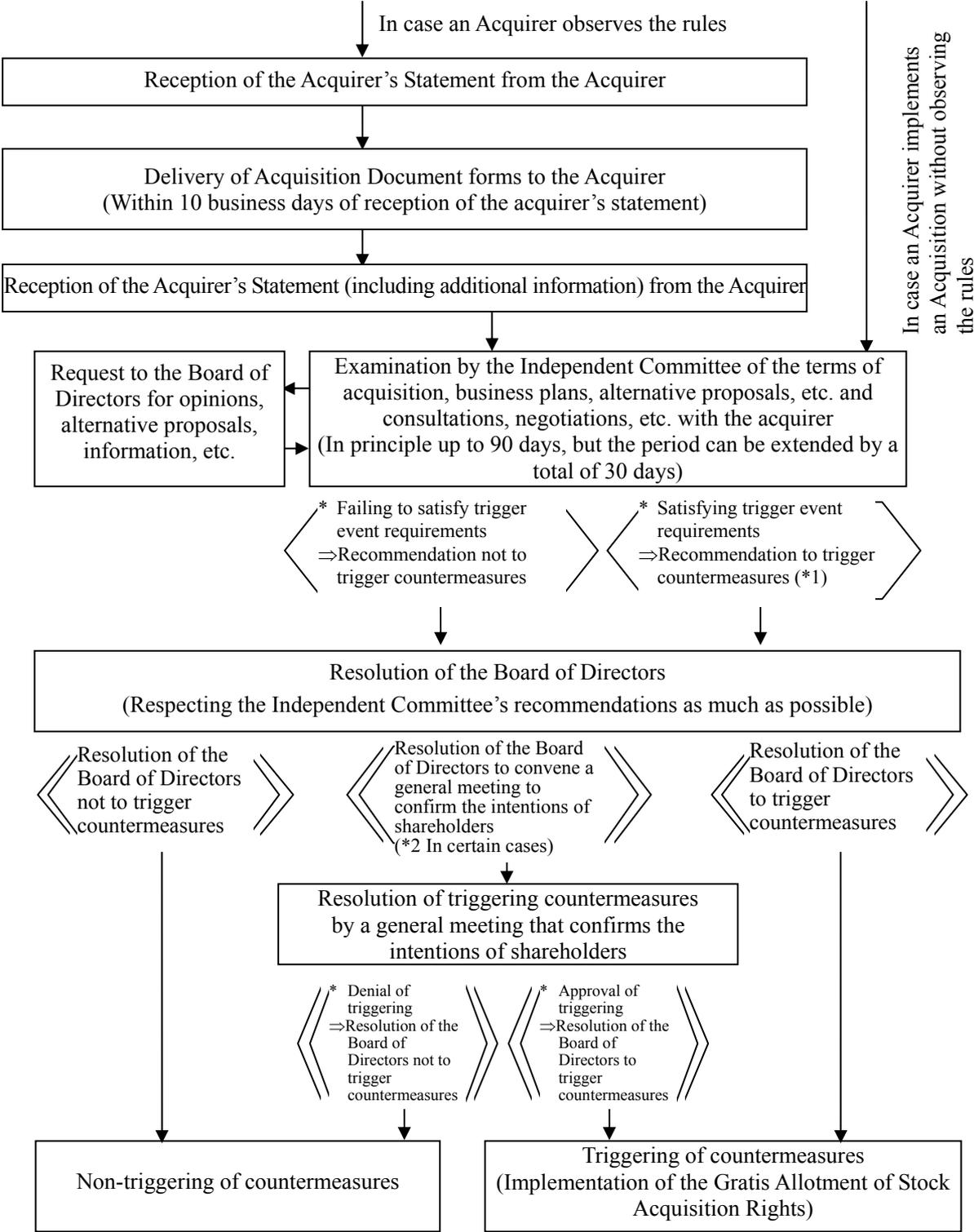
(k) Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

(l) Other

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

**Overview of the Flow of Procedures in this Plan (Reference Material)**



- \*1 If the applicability of Trigger Event (2) for countermeasures (Gratis Allotment of Stock Acquisition Rights, etc.) is questioned, the Independent Committee, when making a recommendation to the effect that the Company's Board of Directors should implement countermeasures, may include in such recommendation a reservation that the Board of Directors should confirm the intentions of shareholders concerning the implementation of countermeasures at a Shareholders Meeting.
- \*2 When it implements countermeasures according to the Plan, the Board of Directors may convene a Shareholders Meeting to confirm their intentions concerning the implementation of the Gratis Allotment of Stock Acquisition Rights, etc. (i) if the Independent Committee includes in its recommendation a reservation that prior to the implementation of countermeasures, the Board of Directors should obtain the approval of a General Meeting of Shareholders in advance, and (ii) if the applicability of Trigger Event (2) is questioned and in light of its duty of care as a good manager, it considers it appropriate to confirm the intentions of shareholders taking into consideration such factors as the time required to hold a General Meeting of Shareholders.

This reference material is intended to give shareholders and investors a simplified, easy-to-understand explanation of the Plan using a diagram. Therefore, the accuracy, integrity, and attributes of the material are not guaranteed. For accurate descriptions of the Plan, please refer to the text of the document.