

*Notification: This English translation is for reference purposes only; in the case of a discrepancy between the English and Japanese versions, the Japanese original shall prevail.*

May 15, 2012

To whom it may concern:

Company Name: transcosmos inc.  
Representative: President and COO, Masataka Okuda  
(Code No.9715, Tokyo Stock Exchange, 1st Section)  
Inquires: Hitoshi Honda, Corporate Senior  
Officer, CFO  
Contact: +81-3-4363-1111 (Representative)

**Renewal of Countermeasures to Large-Scale Acquisitions of  
transcosmos inc. Shares (Takeover Defense Measures)**

transcosmos, inc. (the “Company”) resolved to introduce a plan for countermeasures to large-scale acquisitions of the shares in the Company (the “Former Plan”) subject to the approval of shareholders by resolution of its board of directors on May 20, 2009 and obtained approval at the ordinary general meeting of shareholders of the Company held on June 25, 2009 for the 24th fiscal year. The effective period of the Former Plan is until the conclusion of the ordinary general meeting of shareholders of the Company relating to the 27th fiscal year to be held on June 27, 2012 (the “27th Shareholders Meeting”).

Before the expiration of the effective period of the Former Plan, the Company announces that the Company’s board of directors determined at its board of directors meeting held on May 15, 2012 to partially revise the basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act; and the basic policy as revised is referred to as the “Basic Policy”) and also to partially revise the contents of the Former Plan and introduce a renewed plan (the “Renewal”; and the plan after the Renewal is referred to as the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) under the Basic Policy subject to the approval of shareholders at the 27th Shareholders Meeting. At the board of directors meeting described above, [all] of the Company’s directors including three outside directors attended the meeting and unanimously approved the Renewal and all of the Company’s statutory auditors including two outside statutory auditors did not raise any objections in respect of the Renewal.

Major amendments to the Former Plan through the Renewal are:

- (i) revisions of the definition of the Acquirer’s Statement (as defined below);

- (ii) revisions of the gratis allotment of Stock Acquisition Rights (as defined below) and other measures that could be taken upon the triggering of the Plan; and
- (iii) revisions of the Essential Information (as defined below).

## **I. Basic Policy Regarding 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 understand 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 ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. Nonetheless, there are some types of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares, (iii) 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 (iv) those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company places value on client satisfaction and strives to ensure and enhance its corporate value. We believe the source of corporate value of the Company is found in (i) the comprehensive IT utilization capabilities that the Company has accumulated since its establishment as a pioneer in the outsourcing business of information processing, (ii) personnel who can promptly respond to changes in the environment and combine the latest technology, making use of originality and ingenuity, and (iii) "the stable and long-term relationships of trust with clients" established based on its strength as an independent corporation. Unless the acquirer of a proposed acquisition of the shares in the Company understands the source of the corporate value 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. The Company 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 an inappropriate large-scale acquisition by such persons.

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

### **1. Source of the Company's Corporate Value**

Since its establishment in 1966 as a pioneer in the outsourcing business of information processing, the Company has combined together highly-talented personnel, sophisticated processes, and the latest IT utilization capabilities and provided outsourcing services with high added-value.

The Company started its business engaging in information services focusing on data entry business and has continuously sought to grow. As a result, the Company became the biggest data entry company in Japan prior to the 10th anniversary of its establishment. Our outsourcing business is based on the experience we gained as a data entry company. We have gradually expanded our business responding to changing trends, and in the 1980s when personal computers became available to the public, we started a PC support business based on our knowledge of computers and know-how accumulated through the data entry business. The Company has developed call center services and business process outsourcing services as its current major services. In the 1990s when the Internet became more widespread, since the Company realized the Internet would bring significant change to the business environment surrounding corporations, the Company advanced into a new business area, that is, digital marketing support, in order to work on the development of services incorporating Internet technology as a strategic arrangement for future business development. Further, for the purpose of responding to the rapidly progressing globalization of Japanese companies, the Company established a world class service delivery structure and prepared a business base that enables the Company to globally provide outsourcing services with the high added-value and originality that the Company has developed in Japan. These measures made it possible to provide "Global Marketing Chain Management Services," which are the Company's unique outsourcing services that can be provided at a comprehensive and global level, to respond to the needs of companies for increased sales and reduced costs.

Having accurately grasped trends and client needs, we have established a firm position as a company that can provide comprehensive, one-stop access and respond to the new business trend of "carrying out core business internally and outsourcing non-core business".

The Company believes the combination of highly-talented personnel, sophisticated processes, and the latest IT utilization capabilities drives its comprehensive services. The Company also believes that the source of the Company's corporate value lies in its structure under which it is able to standardize and reuse best practices as an organization by transforming the processes created by personnel to a system through IT utilization capabilities. "Personnel" refers to our high-quality employees who are able to deliver fine-tuned responses to each matter, and by utilizing IT technology to standardize the optimal processes conceived by each individual member of personnel, the Company provides our clients with the best possible solutions. In order to ensure and enhance the corporate value of the Company, it is particularly important to (i) improve the source of the Company's corporate value in the future, (ii) aim for global development, and (iii) ultimately unite humans and IT through our business and make the best use of IT so that it becomes more familiar to people and easier for them use. In addition, the Company's aim is not only to maximize customer value as a leading company in the outsourcing business but also to contribute to the development of the global economy and society with its continuous efforts for CSR such as promotion of the kind of diversity in which local personnel are proactively utilized in developing overseas businesses. It is our unique approaches that enable us to satisfy various clients and build the foundation for a stable and long-term relationship of trust with our clients, and thereby support the creation of the Company's corporate value.

## **2. Measures to Enhance the Corporate Value**

The Company has been promoting measures to enhance the Company's corporate value and the common interests of its shareholders even under the circumstances where an extremely severe economic environment has been continuing for several years due to the effects partly caused by the collapse of Lehman Brothers and the consequent global financial crisis and the Great East Japan Earthquake.

The Company's sales revenue in the most recent fiscal year brought favorable results year on year without a significant decrease in profit, and the Company's operating income steadily improved due to proactive efforts on measures to significantly decrease sales administrative expenses. Along with the above efforts, the Company endeavored to strengthen overseas development, which led to the result that the sales revenue of overseas subsidiaries accounted for approximately 10% of consolidated sales revenue.

The following are the specific measures that the Company has been implementing over the past three years.

- The Company started providing solutions for reducing general and administrative expenses with a focus on outsourcing services for corporate affairs, such as

- personnel, general affairs, accounting and purchasing, based on the fact that cost reduction has been a persistent issue for each company.
- transcosmos CC China, which is a fully-owned subsidiary of the Company and engages in the call center business in China, started providing its proprietary developed CRM system, “transCRM,” which has been specialized for operations on Taobao, the largest ecommerce company in China.
  - The Company established transcosmos Business Service Outsourcing Suzhou Co., Ltd. in Suzhou, China as its new business process outsourcing (BPO) base in order to strengthen the BPO business.
  - transcosmos Korea Inc., which is a subsidiary of the Company in Korea that mainly provides call center services, established a new center, its seventh, due to an improving operating rate of services, and additional orders for services received, in the Korean market.
  - The Company implemented business and capital alliance with Merlin Information System Group Limited, a BPO company in the United Kingdom, in order to strengthen the BPO and call center businesses for English-speaking areas and Europe and also to accelerate global development.
  - The Shibuya Social Media Center was established, which specializes in social media operations for client companies that utilize social media.

Taking into consideration the source of the Company’s corporate value, the Company will continuously strive to enhance the corporate value of the Company and, in turn, the common interests of its shareholders through the following measures, based on its philosophy that “the customer is the priority,” which the Company has consistently advocated since its establishment.

(1) Efforts in Marketing & Sales and BPO Business Area

The Company has defined the Marketing & Sales and BPO businesses as new business areas in order to offer comprehensive and global support for realizing increased sales and reduced costs, which are the key persistent issues shared by all companies, and will provide various outsourcing services in these areas. In the Marketing & Sales business area, as call centers, mobile devices, websites and other points of contact between companies and customers become more interactive, the Company will provide support to companies for realizing increased sales by creating services that lead to the strengthening of contact points with customers and providing solutions for maximizing customer value. Various functions provided by the Company such as call center services work for client companies as their frontline points of contact with customers. The Company will achieve maximum client value by using the Company’s unique customer analysis and consulting skills to help clients

identify unseen needs and issues, which without the Company's aforementioned functions might otherwise remain unnoticed. In addition, the Company will also realize the creation and provision of better services by striving to respond to needs related to new channels such as ecommerce, smart phones, and SNS (social networking services) before its competitors do. In the BPO business area, which relates to cost reduction and business efficiency for companies, in order to meet the needs of the client companies for cost reduction, the Company has achieved cost optimization by using its ability to utilize IT to standardize optimal processes conceived by its personnel. In addition to its business achievements and know-how that have been cultivated since its establishment, a shift of its service delivery model from onsite to near-shore and offshore has allowed the Company to realize low cost solutions while maintaining high quality. Further, the Company has been advancing its service areas into corporate affairs areas such as personnel, accounting, general affairs and purchasing in addition to its existing services for customer support departments and information system departments and operational back-office services. In this way, the Company will manage one-stop services that respond to the diversifying needs for cost reduction.

(2) Provision of Services to Globalizing Market

Since the Company launched its business in China in 1995 and entered the system development market (offshore development) providing high quality services at a low cost, it has accelerated the structuring and development of the service system in the Asian market with a focus on China and Korea such as local call center services, digital marketing services, and business process outsourcing services. In Korea, in order to become a leading company as the No.1 outsourcer, the Company has strengthened the digital marketing business in addition to the existing businesses (i.e., call center services, direct mail services and field services) and provides real Marketing Chain Management services. In China, the Company aligned and integrated businesses, thereby strengthening its brand, sales and services in China as well as establishing a stable base for the Marketing Chain Management business in the Chinese market. Also, the Company aims to achieve further growth in the ecommerce market and finance and communication markets, which are offering promising prospects, while pursuing low cost and high quality offshore services for the Japanese market. Regarding advancement into ASEAN and European markets, the Company seeks to ensure profit opportunities in order to establish its business model. The Company believes appropriate management operations are necessary to realize the global development set out above. The Company intends to accelerate global development not only by promoting and nurturing employment of overseas local personnel, but also by linking its business and management techniques through

the establishment of the “TCI way,” its unique and globally-recognized management technique, and the realization of thorough standardization and reuse of best practices at a global level.

(3) Provision of Services with High Value-Added and High Quality in Cooperation with Group Companies

The Company has not only its original services but also various subsidiaries that are highly specialized in their analytical abilities and technology. The Company will seek to provide high value-added and high quality services by strengthening cooperation with group companies and creating higher business synergy based on the management ability of the Company’s personnel, and strengthen its cost competitiveness with its originality and comprehensive ability.

### **3. Strengthening of Corporate Governance**

The term of office of the Company’s directors is one year which enables the Company to implement highly transparent and fair management. The Company has appointed ten directors, including three independent outside directors, which enables tightened supervision of management. From an operational perspective, the Company ensures independence of each director who is a member of the management so that the director is able to express opinions at his/her own discretion, and as a result, active discussions have been carried out. For example, in the business development the Company is currently proceeding with to provide digital marketing functions through utilization of SNS and the like, obtaining expert views from outside directors has had a large effect in driving such business forward. In addition, the Company has appointed executive officers so that the Company can make decisions in a timely manner to promptly respond to changes in the business environment. The board of statutory auditors of the Company consists of four statutory auditors, including two outside statutory auditors, who attend all important meetings including meetings of the board of directors, audit the Company and its subsidiary in Japan and overseas, and monitor the performance of duties by the directors.

The Company believes that these measures to strengthen corporate governance promote the measures to enhance corporate value set out in 2. above and become the basis for enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. These measures are, therefore, believed to be in line with the Basic Policy for corporate control.

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

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

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

As set out in the Basic Policy, the Company's board of directors believes that persons who would propose a large-scale acquisition 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, in turn, the common interests of its shareholders, and on the occasion that it receives a large-scale acquisition proposal for the shares in the Company 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 to enable the board of directors to negotiate for the benefit of the shareholders.

The Company has not received any notice or 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.

The acquirer must not effect a large-scale acquisition of the shares and other equity securities of the Company until and unless the Company's board of directors 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 of the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, etc., and in cases such as where the acquisition satisfies the triggering requirements set out in the Plan, the Company will implement a gratis allotment of stock acquisition rights (*shinkabu*



*yoyakuken mushou wariate*) for stock acquisition rights with (a) an exercise condition that does not allow the acquirer, etc. to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer, etc. to all shareholders, except the Company, at that time, or implement any other reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation.

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 arbitrary decisions by directors, the Company will establish the Independent Committee, which is solely composed of members who are independent from the management of the Company such as outside directors to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, the Company's board of directors may, if prescribed in the Plan, hold 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 or other measures.

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

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

#### **3.1 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 (including a proposal<sup>1</sup> for such action) (except for such action as the Company's board of directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

---

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

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

The party intending to make the Acquisition (the “Acquirer”) shall follow the procedures set out in the Plan, and the Acquirer must not effect an Acquisition until and unless the Company's board of directors passes a resolution not to implement the gratis allotment of stock acquisition rights (the “Stock Acquisition Rights;” see 3.3 below, ‘Outline of the Gratis Allotment of Stock Acquisition Rights,’ for an outline thereof) or other measures in accordance with the Plan.

(b) Submission of Acquirer's Statement

The Company will request an Acquirer to submit to the Company in the form separately prescribed by the Company a legally binding document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by, or affixed with the name and seal of, the representative of the Acquirer and to which no or conditions or reservations are attached) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, “Acquirer's Statement”) before commencing or effecting the Acquisition. The Acquirer's Statement must include the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended

---

<sup>2</sup> Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. This definition is applied throughout this document.

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

<sup>4</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>5</sup> Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same is applied throughout this document.

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

<sup>7</sup> Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the 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>8</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 documents in the form provided by the Company (collectively, "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 1 'Outline of the Rules of the Independent Committee' and business backgrounds and other matters of members of the Independent Committee at the time of the Renewal will be as described in Attachment 2 'Profiles of the Members of the Independent Committee'). If the Independent Committee determines that the Acquisition Document does not contain sufficient Essential Information, it may set a reply period and 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>9</sup> persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation<sup>10</sup>).<sup>11</sup>
- (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme 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.

---

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

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

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

- (iv) Information relating to the details of any agreement between the Acquirer and a third party regarding the shares and other equity securities of the Company and any previous acquisition of shares and other equity securities of 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).
  - (vi) Post-Acquisition management policy, business plan, capital and dividend policies for the Company group.
  - (vii) Post-Acquisition policies for the Company's shareholders (other than the Acquirer), and any other stakeholders such as employees, business partners and customers of the Company group.
  - (viii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
  - (ix) Information regarding any relationship with an anti-social force.
  - (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 the Independent Committee reasonably determines that the Acquirer has submitted the Acquisition Document and any additional information that the Independent Committee had requested (if any), the Independent Committee may set a reply period (up to 60 days as a general rule) and request that the Company's board of directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.

(ii) Independent Committee Consideration

The Independent Committee should conduct its consideration of the Acquisition terms, collection of information such as the management plans and business plans of the Acquirer and the Company's board of directors and comparison thereof, and consideration of any alternative plan presented by the Company's board of directors, and the like for a period of up to 60 days as a general rule after the time when the Independent Committee reasonably

determines that it has received the information (including the information additionally requested) from the Acquirer and (if the Independent Committee requests the Company's board of directors to provide information as set out in (i) above) the Company's board of directors (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 independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) 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 the Independent Committee determines that the Acquisition falls under one of the trigger events set out below in 3.2, 'Requirements for the Gratis Allotment of Stock Acquisition Rights, Etc.' (including Quasi Trigger Event set out in 3.2, collectively "Trigger Event"), the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights or any other reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation<sup>12</sup> (collectively, the "Gratis Allotment of Stock Acquisition Rights, Etc.") to the Company's board of directors except in any specific case where further disclosure of information by the Acquirer or negotiation or discussion and the like with the Acquirer is necessary. In cases such as where 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

---

<sup>12</sup> Specifically, the Company intends to require the Acquirer to cancel an Acquisition subject to the approval at the shareholders meeting, or to take other measures.

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 there is no Trigger Event regarding 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 the Independent Committee 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 negotiation with the Acquirer, extend the Independent Committee Consideration Period once or multiple times, in principle up to 30 days. If the Independent Committee

Consideration Period is extended, the Independent Committee will continue to collect information, deliberate, and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. within the extended period.

(f) Resolutions of the Board of Directors

The Company's board of directors, in exercising its role under the Companies Act, will make 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 of the Independent Committee described above. However, if the Shareholders Meeting is convened in accordance with (g) below, the Company's board of directors, in exercising its role under the Companies Act, will make a resolution relating to the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. subject to any resolution at 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 (the "Shareholders Meeting") and confirm the intent of the Company's shareholders regarding the implementation of the Gratis Allotment of the Stock Acquisition Rights, Etc., if (i) the Independent Committee recommends implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. subject to confirming the intent of shareholders in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) or any other matter 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 of a good manager.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, 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, the fact the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended), an outline of recommendations made by the Independent Committee and an outline of resolutions by the Company's board of directors in accordance with the applicable laws and ordinances or the regulations of the financial instruments exchange.

### 3.2 Requirements for the Gratis Allotment of Stock Acquisition Rights, Etc.

The requirements to implement gratis allotment of Stock Acquisition Rights as the triggering of the Plan are as follows. As described above in (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 offered) 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 the Company’s 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 group’s material assets.
  - (iii) Diversion of the Company group’s assets to secure or repay debts of the Acquirer or its group company.
  - (iv) Temporary control of the Company’s management to bring about the disposal of high-value assets that have no current relevance to the Company group’s business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (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, the Company group's 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 and, in turn, the common interests of shareholders, by destroying relationships with the Company group's employees, customers, business partners and the like, which are indispensable to the generation of the Company's corporate value.

In addition to the above, the Company may take reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation as the triggering of the Plan if any requirement similar to any of the Trigger Events above is met and it is reasonable to trigger the Plan ("Quasi Trigger Event"). In this case, such decision is always made through the recommendation of the Independent Committee as set out in (e) of 3.1 'Procedures for Triggering the Plan' above.

### 3.3 Outline of the Gratis Allotment of Stock Acquisition Rights

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

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

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

#### (b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who are recorded in the Company's final register of shareholders on the

Allotment Date (the “Entitled Shareholders”), 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 to be Contributed 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 past 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

Except where any exceptional event<sup>13</sup> occurs, the following parties may not exercise the

---

<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

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

---

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 share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or 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 purchase, 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 Financial Instruments and Exchange 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, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company’s board of directors); provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Company’s board of directors determines 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 such given party (including any party who is deemed to fall under the above by the Company’s board of directors), or a party deemed by the Company’s board of directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company,' subject to making confirmation that the acquisition does not breach applicable laws or 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, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(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.

### 3.4 Procedures for the Renewal

In accordance with Article 41 of the Articles of Incorporation of the Company, the Renewal will be subject to shareholder approval at the 27th Shareholders Meeting 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.

### 3.5 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 relating to the last fiscal year ending within three years after the conclusion of the 27th Shareholders Meeting.

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 above to decide matters relating to the gratis allotment of Stock Acquisition Rights, or (ii) the Company's board of directors passes a resolution to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of a resolution of the 27th Shareholders Meeting such as cases where any law, ordinance, or regulation 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, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, amendment and any other matters.

### 3.6 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 15, 2012. If it becomes necessary after such date to revise 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**

### 4.1 Impact on Shareholders and Investors Upon the Renewal

The Renewal will have no direct or material impact on shareholders and investors. This is because at that time no actual gratis allotment of Stock Acquisition Rights will be implemented.

### 4.2 Impact on Shareholders and Investors at the Time of the Gratis Allotment of Stock Acquisition Rights

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

If the Company's board of directors or Shareholders Meeting passes a Gratis Allotment Resolution, 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 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 Gratis Allotment Resolution, the Company may, by respecting any recommendation of the Independent

Committee described above in (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 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 for no consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is likely that any investors who have sold or bought the shares in the Company expecting to see such a dilution will be commensurately affected as a result of a fluctuation in the share price.

(b) Procedures for Exercising Stock Acquisition Rights

The Company will deliver, as a general rule, a document necessary to be submitted for the exercise of the Stock Acquisition Rights (in the form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves satisfy the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate shares of the Company to the account of the Entitled Shareholders) and other necessary 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 must follow the Company’s separate determination in accordance with (g) of 3.3, ‘Outline of the Gratis Allotment of Stock Acquisition Rights.’

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

However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) below. If the Company carries out such an acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or

paying an amount equivalent to the exercise price and, in principle, there will be no subsequent dilution of the shares in the Company they hold.

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

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than Non-Qualified Parties, on the date separately determined by the Company's 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 the amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to provide information necessary to allocate 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 acquisition of the Stock Acquisition Rights from Non-Qualified Parties or any other matter regarding the acquisition is provided for in the Gratis Allotment Resolution, the Company may take measures in accordance with the provision.

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 Gratis Allotment Resolution, 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 is renewed in line with the Basic Policy for the purpose of maintaining the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring the necessary time and information is made available for the shareholders to decide whether or not to accept the Acquisition of share certificates, 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, namely, the principles of:

- 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 Renewal is subject to the condition that shareholder approval is obtained at the 27th Shareholders Meeting regarding the assignment of decision making authority to the Company's board of directors in accordance with the Company's Articles of Incorporation as set out above in III.3.4 'Procedures for the Renewal.'

The Company's board of directors may, under certain circumstances, confirm the intent of the Company's shareholders at the Shareholders Meeting 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 Company's shareholders meeting passes a resolution to revoke its resolution to assign the authority set out above to the Company's board of directors, 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 independent third-party experts at the Company's expense, which is a mechanism to even further ensure the objectivity and fairness of the decisions made by the Independent Committee.

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

As set out above in (e) of III.3.1, 'Procedures for Triggering the Plan,' and 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 term of office of the Company's directors is one year and 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).

--- End of Document ---

## **Attachment 1**

### **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) statutory auditors of the Company and (iii) other experts, who are independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, former employees of government agencies, parties with knowledge of the investment banking industry or business areas of the Company, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- 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 27th Shareholders Meeting. However, the term of office of any member of the Independent Committee who is an outside director or a statutory auditor of the Company will end at the same time they lose the status as an outside director or a 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. The Company's board of directors, in exercising its role under the Companies Act, will make a resolution respecting to the maximum extent such recommendations of the Independent Committee (or, if the Shareholders Meeting otherwise passes a resolution for the implementation or non-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 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 or any other reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation

(collectively, “Gratis Allotment of Stock Acquisition Rights, Etc.”).

- (b) The cancellation of the Gratis Allotment of Stock Acquisition Rights, Etc. or the gratis acquisition of Stock Acquisition Rights.
  - (c) Any other matters that are for determination by the Company’s board of directors in respect to which it has consulted the Independent Committee.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below.
  - (a) Determination of whether the Acquisition should be made subject to the Plan.
  - (b) Determination of the information that the Acquirer and the Company’s board of directors should provide to the Independent Committee, and the deadline for the provision of that information.
  - (c) Examination and consideration of the terms of the Acquirer’s Acquisition.
  - (d) Discussion and negotiation with the Acquirer.
  - (e) Request to the Company’s board of directors for the submission of an alternative proposal and consideration of the alternative proposal submitted by the Company’s board of directors.
  - (f) Determination regarding extension of the Independent Committee Consideration Period.
  - (g) Determination whether it is necessary to convene a shareholders meeting regarding the implementation of the Gratis Allotment of Stock Acquisition Rights..
  - (h) Approval of revision of or amendment to the Plan.
  - (i) Determination whether to introduce takeover defense measures other than the Plan.
  - (j) Any other matters prescribed in the Plan that the Independent Committee may conduct.
  - (k) Any matters that the Company’s board of directors separately determines that the Independent Committee may conduct.
- 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 all 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.

--- End of Document ---

## Attachment 2

### Profiles of the Members of the Independent Committee

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

#### **Takeshi Natsuno**

Born on March 17, 1965

Apr. 1988	Joined Tokyo Gas Co., Ltd.
Sept. 1997	Joined NTT Mobile Communications Network Inc. (now NTT Docomo Inc.)
June 2005	Appointed executive officer and manager in charge of multimedia services
May 2008	Appointed guest professor at Graduate School of Media and Governance, Keio University (current)
June 2008	Appointed outside director of the Company (current) Appointed outside director of Sega Sammy Holdings Inc. (current) Appointed director of Pia Corporation (current) Appointed part-time director of NTT Resonant Inc. (current) Appointed outside director of SBI Holdings, Inc. (current)
Dec. 2008	Appointed director of Dwango Co., Ltd. (current)
Sep. 2009	Appointed outside director of Gree, Inc. (current)

Takeshi Natsuno is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at the 27th Shareholders Meeting.

He does not have any special interest in the Company.

#### **Jutaro Takinami**

Born on September 28, 1941

Apr. 1968	Joined Nippon Jimuki Co., Ltd.
Feb. 1972	Joined Dentsu Inc.
Dec. 1975	Seconded to Information Services International-Dentsu, Ltd.
June 1985	Appointed director of Information Services International-Dentsu, Ltd.
June 1990	Appointed managing director of Information Services International-Dentsu, Ltd.

June 1994	Appointed senior managing director of Information Services International-Dentsu, Ltd.
June 1998	Appointed president of Information Services International-Dentsu, Ltd.
June 2004	Appointed president and COO of Information Services International-Dentsu, Ltd.
Mar. 2009	Appointed part-time director of Applied Technology Co., Ltd. (current)
June 2009	Appointed outside director of the Company (current)
	Appointed vice chair of Telecom Services Association (current)
Mar. 2010	Appointed outside director of TransCosmos Technologies Inc. (current)

Jutaro Takinami is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at the 27th Shareholders Meeting.

He does not have any special interest in the Company.

### **Kichiro Takao**

Born on December 23, 1934

Mar. 1958	Joined Nikko Securities Inc. (now SMBC Nikko Securities Inc.)
Mar. 1975	Appointed manager of Wakayama Branch at Nikko Securities Inc.
Dec. 1982	Appointed director, and manager of First Corporate Business Dept. at Osaka Branch at Nikko Securities Inc.
Nov. 1985	Appointed managing director in charge of Osaka Area, and manager of Osaka Branch at Nikko Securities Inc.
Aug. 1988	Appointed senior managing director in charge of sales planning at Nikko Securities Inc.
May 1990	Appointed vice president of Nikko Securities Inc.
June 1991	Appointed president & CEO of Nikko Securities Inc.
Oct. 1997	Appointed advisor of Nikko Securities Inc.
June 2000	Appointed outside statutory auditor of Nippon Dentsu Co., Ltd. (current)
Oct. 2001	Appointed advisor of Nikko Cordial Corporation (now SMBC Nikko Securities Inc.)
June 2005	Retired as advisor of Nikko Cordial Corporation
June 2006	Appointed outside director of the Company (current)
June 2009	Appointed statutory auditor of the Company (current)

Kichiro Takao is a statutory auditor of the Company.

He does not have any special interest in the Company.



### Attachment 3

#### Major Shareholders of the Company

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

Name of shareholders	Investment in the Company	
	Number of shares held (thousands)	Shareholding ratio (%)
Koki Okuda	7,498	18.3
Masataka Okuda	5,910	14.4
Japan Trustee Services Bank, Ltd. (Account in Trust)	2,108	5.1
Okuda Ikueikai, Foundation	1,753	4.3
Mihoko Hirai	1,463	3.6
The Bank of New York-Jasdectreaty Account	801	2.0
Limited company HM Kosan	722	1.8
The Master Trust Bank of Japan, Ltd. (Account in Trust)	689	1.7
Employee Shareholding Association of the Company	580	1.4
State Street Bank and Trust Company 505103	461	1.1

1. In addition to the shares above, there are 7,649 thousand shares of treasury stock held by the Company, but the Company is excluded from the top ten shareholders above. The shareholding ratio is calculated after deducting the number of treasury stock (7,649 thousand shares).
2. Numbers of shares held less than one thousand shares are disregarded.
3. Percentages of shareholding ratio less than one decimal place are disregarded.

End of Document