

[Translation]

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Company Name: Coca-Cola West Holdings Co., Ltd.

Representative: Norio Sueyoshi, Representative
Director & CEO

(Code Number: 2579 Tokyo Stock Exchange First Section;
Osaka Securities Exchange First Section; Fukuoka Stock
Exchange)

Contact: Yasunori Koga

General Manager of General Affairs Dept.

Telephone: 092-283-5712

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

Coca-Cola West Holdings Co., Ltd. (the “Company”) announces that at a meeting of its board of directors held on February 7, 2008, the Company’s board of directors resolved to establish a basic policy regarding the persons who control decisions on the Company group’s financial and business policies (“Basic Policy”) in order to ensure and enhance its corporate value and, in turn, the common interests of its shareholders, and to introduce a plan for countermeasures to take against large-scale acquisitions of the shares of the Company (takeover defense measures) (the “Plan”) as a measure to prevent decisions on the Company group’s financial and business policies from being controlled by persons viewed as inappropriate under the Basic Policy and the corporate value of the Company group and, in turn, the common interests of its shareholders from being harmed. The introduction of the Plan is subject to shareholder approval at the 50th Ordinary General Meeting of Shareholders of the Company scheduled for March 25, 2008 (the “Ordinary General Meeting of Shareholders”). Four of the Company’s statutory auditors including three outside statutory auditors were in attendance at the meeting of the Company’s board of directors to resolve the details of the Plan, and the introduction of the Plan was unanimously approved.

The Company has not received any notice or proposal of a large-scale acquisition of the shares in the Company from specific third parties to date. Major shareholders of the Company as of December 31, 2007 are shown in Exhibit entitled “Major Shareholders of the Company”.

I. Details of Basic Policy

The Company believes that the persons who control decisions on the Company group's financial and business policies need to be persons who understand the source of the Company group's corporate value and who will make it possible to continually and persistently ensure and enhance the Company group's corporate value and, in turn, the common interests of its shareholders. The Company believes that ultimately its shareholders as a whole must ultimately make a decision on any proposed acquisition that would involve a change of corporate control of the Company group. 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 group and, in turn, the common interests of its shareholders.

However, there are some forms of large-scale acquisition of the shares that benefit neither the corporate value of the target company nor the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the terms of the large-scale acquisition of the shares, 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.

The Company believes that the persons who control decisions on the Company group's financial and business policies need to be persons who (A) fully understand (i) providing freshness and refreshment to people around the world and enroot the "Coca-Cola" brand, which is now a part of our life style, in local communities; (ii) passionately making efforts to ensure quality and safety in order to provide "quality and safe products for anyone, anytime and anywhere"; (iii) appreciating employees who have strong sense of responsibility to thoroughly pursuit customer satisfaction, and treasuring each employee's challenge and life; and (iv) contributing to local communities and proactively engaging with environmental issues, (B) preserve relationships of mutual trust with the customers, business partners, shareholders and employees and perform up to their expectation, and (C) make it possible to continually and persistently ensure and enhance the Company group's corporate value and, in turn,

the common interests of its shareholders from the mid- to long-term perspective.

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

II. Special measures to realize the Basic Policy

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

1.1 Corporate mission and business of the Company group

On July 1, 2006, the Company was established as a joint holding company, Coca-Cola West Holdings Co., Ltd., by integrating the management of Coca-Cola West Japan Co., Ltd. and Kinki Coca-Cola Bottling Co., Ltd. As a result, Coca-Cola West Japan Company, Limited, Kinki Coca-Cola Bottling Company, Limited and existing subsidiary Mikasa Coca-Cola Bottling Company, Limited became Coca-Cola West Group (the Company and the Company's affiliates including three aforementioned companies, collectively, the "Company group"), combining each company's business know-how, so the Company group could offer even better services to customers and business partners and establish a competitive edge in the market.

The company's new management team coined a new corporate mission to "Create future of beverage business", and the work together as a group to engage in various activities to enhance the value for customer experiences, business partners and shareholders, as well as local communities, and contribute to sustainable developments through the beverage business.

The Company group is supported by the unique Coca-Cola system in Japan. Japan's Coca-Cola system consists of Coca-Cola (Japan) Co., Ltd. (100% owned by the

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

Among those companies, the Company group is doing business as the largest bottler in Japan, with a business region of huge markets centering on North Kyushu, Chugoku and Kinki regions. The Company breaks free of the framework of a conventional bottler as a strategic partner of the Coca-Cola Company and develops various approaches, such as product development and test marketing, in cooperation with Coca-Cola (Japan) Company, Limited, taking a lead role in Japan's Coca-Cola Business revolution.

1.2 Source of corporate value of the Company group

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

(a) Product brands such as Coca-Cola

The Coca-Cola brand that provides freshness and refreshment to people around the world has been developed, and become a part of our life style, as a global brand embedded in each local community. The Company has executed a manufacturing licensing agreement on manufacture of Coca-Cola, etc. and use of trade mark with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd, as well as a distribution licensing agreement on sales of Coca-Cola etc., mainly in the North Kyushu region, Chugoku region and Kinki region, which enable the Company to continually and dominantly produce and sell Coca-Cola branded products in these regions.

The Company group engages in production and sales of beverages such as soda, coffee, blended tea, fruit juice drinks, mineral water, sports drinks and energy drinks. Among those, the Company considers Coca-Cola, Georgia, Aquarius and Sokenbicha as core brands, and seeks to increase sales volume and market share by conducting promotional activities and efficient sales of new lines in these brands.

(b) Quality and safety conscious system

Beverages are the product of the Company group. If the Company is not an organization that is conscious of the quality and safety of beverages, in the unlikely event of an accident, the brand image of the Company group would be materially harmed regardless of it being caused by the Company group.

The Company group obtained ISO9001 certification, the international quality guarantee at an early stage and has engaged in production under strict quality management. In addition, each employee of the Company acts with responsibility to comply as a matter of course with applicable laws at each stage, such as at factories, warehouses, branch offices, retail premises, and vending machines, setting out a strict quality standard, and delivering only high quality products to customers. Moreover, the Company group has a management system that incorporates customer feedback and strives for quality improvement.

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

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

The Company group has a sales system that is dependant on the method of purchase by customers and the method of sales by business partners consisting of four channels, namely (i) vending (providing products to consumers through vending machines.); (ii) chain stores (direct sales to supermarkets, discount stores, or home centers); (iii) retail (direct sales to liquor stores, food retailers and the commuter market); and (iv) food services (sales of syrup to fast food chains, cinemas, sports facilities, and casual dining restaurants). The Company group believes that it is not possible for the Company group to continually provide products and services that satisfy its customers and business partners, and to provide local communities with refreshing relaxation without human resources, that is, employees with a strong sense of responsibility to continually provide “fine flavor,” “convenience,” “enjoyment” and “safety” while thoroughly pursuing customer and business partner satisfaction. The Company group also set out in the base of its philosophy to respect employees job satisfaction and lifestyle they each deserve.

(d) Corporate culture embedded in local communities

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

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

The maturing soft drink market is not expected to experience significant growth. Thus, the Company group expects its operating environment to become increasingly tough as soft drink producers increase the pace of the restructuring on which their survival depends.

With these circumstances in mind, the Company group has formulated the medium-term management plan, “W’ing” (for the FY2007 through FY2009 period), under which the Company group has transferred all the value standards to the consumer focused “Consumer View” and by continually providing values exceeding those provided by competitors, aims to grow and progress over the next ten, twenty and thirty years.

The Company group sets the group vision to be achieved under this medium-term management plan within three years, aiming to (i) thoroughly transfer to the Consumer View under the strong confidential relationship between employees and the company, (ii) realize significant growth faster than the competitors and establish a solid revenue base, and (iii) become the world’s leading bottler that leads the innovation of the Coca-Cola system in deed as well as in name.

The group strategies to realize the medium-term management plan W’ing are as

follows.

- (a) Evolution to a new bottler by strengthening strategic partnerships with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd.

The Company group will establish a consistent process from marketing strategy framework to product distribution and operations based on the Consumer View by formulating a new strategic partnership with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd., and make efforts to develop new products and sales methods in a new market for the purpose of obtaining new growth opportunities in the future.

- (b) Expansion of sales and profits through Consumer View activities that surpass competitors

Firstly, the Company group will establish a structure to incorporate customer feedback into our management cycle in order to conduct thorough business activities based on the Consumer View, which is the foundation of the business.

Then, the Company group will endeavor to reformulate the vending business and improve quality of customer management, aiming for profitable new growth by providing the best products and services to consumers.

- (c) Functional strengthening, increase in efficiency which harnesses management integration

Firstly, the Company will improve and enrich decision-making, reporting and supervisory operations in order to speed up management and maintain a solid management cycle.

Then, the Company group will endeavor to integrate and improve the management system, and strengthen and increase efficiency of the business system to achieve both a quick and flexible response to the changing market and absolute low costs.

- (d) Strengthening the capabilities of talented associates and organizations

From the view point that associates are the foundation of a company, the

Company group will improve the personnel system to draw out employees motivation and promote development of human resources.

The Company group will, under this medium-term management plan, further strengthen its strategic partnership with the Coca-Cola Company and Coca-Cola (Japan) Co., Ltd., realize significant growth faster than competitors and establish a solid revenue base, endeavor to integrate and improve the management system to become the world's leading bottler and pursue expansion and efficiency, striving for a continuous increase to the corporate value of the Company group.

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

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

Specifically, the board of directors was restructured and an executive system introduced in March 1999, and in addition to improving the separation of decision making from business management and execution, a measure limiting the directors' term of office to one year was introduced to establish a flexible management system that can swiftly respond to the changing business environment and to clarify directors' management responsibilities.

A characteristic of the Company is the management advisory committee established in July 2006 to obtain suitable advice from knowledgeable and experienced people for the purpose of enhancing the efficiency and transparency of management and to increase the corporate value. The committee advises on matters related to director and auditor candidates, remuneration for officers and key strategic matters for group management as a whole. Further, the Company currently has eight directors, of whom two are outside directors, and four statutory auditors, of whom three are outside statutory auditors. Through this arrangement, the board of directors is an established system that can sufficiently observe the performance of duties by the directors while, from time to time, obtaining appropriate advice from the third-party perspective of outside directors, who have external knowledge and experience. In addition to being a

system where the directors and statutory auditors can participate in material meetings, such as management meetings that are comprised of executive officers, and sufficiently observe the performance of duties by executive officers, this system allows for suitable advice to be obtained from legal counsel and accounting auditors if any doubt arises in the execution of business.

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

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

1. Purpose of introducing the Plan

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

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

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

2. Plan Details

2.1 Outline of the Plan

(a) Procedures for the Plan

The Plan sets out procedures that enable the Company, in the case there is a large-scale acquisition of the shares in the Company or any similar action or proposal for such action (excluding those deemed amicable by the Company's board of directors, "Acquisition"), to request in advance that the party effecting the Acquisition ("Acquirer") provides information relating to the Acquisition, and to secure time to collect information and consider the Acquisition, and then present information such as management plans and any alternative proposals of the Company's board of directors to the shareholders and conduct discussions or negotiations with the Acquirer (for details see below at III.2.2, 'Procedures for the Plan'). The Acquirer must comply with the procedures for the Plan, and may not conduct the Acquisition after the procedures for the Plan have commenced until (i) the Committee for the Assessment of Corporate Value makes a recommendation for implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or (ii) a resolution is made for implementation or non-implementation of a gratis allotment of Stock Acquisition Rights at the general meeting of shareholders held in accordance with the recommendation of the Committee for the Assessment of Corporate Value.

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

If an Acquirer effects an Acquisition without following the procedures set out in the Plan or the Company group's corporate value or the common interests of its shareholders are otherwise deemed to be likely to be harmed (for details of these requirements, see below at III.2.3, 'Requirements for the gratis allotment of Stock Acquisition Rights'), the Company will allot stock acquisition rights with (i) an exercise condition that does not allow the Acquirer to exercise them, and (ii) an acquisition provision to the effect that the Company may acquire the stock acquisition rights from persons other than the Acquirer in exchange for shares in the Company (the details of such stock acquisition rights are set out below at III.2.4, 'Outline of the gratis allotment of Stock Acquisition Rights'; "Stock Acquisition Rights") by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuen mushou wariate*) (prescribed by Article 277 onwards of the Corporation Law of Japan) to all shareholders at that

time.

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

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

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

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

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

2.2 Procedures for the Plan

- (a) Targeted acquisitions

The Plan will apply in cases where there is an Acquisition that falls under (i) or (ii) below. The Acquirer shall follow the procedures set out in the Plan.

- (i) An acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)¹ of a holder (*hoyuusha*)² amounting to 20% or more of the share certificates, etc. (*kabuken tou*)³ issued by the Company; or
- (ii) A tender offer (*koukai kaitisuke*)⁴ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)⁵ of share certificates, etc. (*kabuken tou*)⁶ relating to the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁷ totaling at least 20% of the share certificates, etc. issued by the Company.

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

Unless the Company's board of directors deems it an amicable Acquisition, the Company will require any Acquirer conducting an Acquisition described above at III.2.2(a) to submit to the Company's board of directors in a form prescribed by the Company before effecting the Acquisition, a document which includes information described in item (i) through (viii) below ("Essential Information") and a written undertaking that the Acquirer will, upon the Acquisition, comply with the procedures set out in the Plan ("Acquisition Statement").

¹ Defined in Article 27-23(4) of the Financial Instruments and Exchange Law of Japan. This definition is applied throughout this document.

² Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law of Japan (including persons who are deemed to fall under the above by the Company's board of directors). The same is applied throughout this document.

³ Defined in Article 27-23(1) of the Financial Instruments and Exchange Law of Japan. Unless otherwise provided for in this document, the same is applied throughout this document.

⁴ Defined in Article 27-2(6) of the Financial Instruments and Exchange Law of Japan. The same is applied throughout this document.

⁵ Defined in Article 27-2(8) of the Financial Instruments and Exchange Law of Japan. The same is applied throughout this document.

⁶ Defined in Article 27-2(1) of the Financial Instruments and Exchange Law of Japan. The same is applied in III.2.2 (a)(ii).

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

The Company will promptly disclose the commencement of procedures set out in the Plan.

On receiving the Acquisition Statement, the Company's board of directors will promptly provide it to the Committee for the Assessment of Corporate Value. If the Committee for the Assessment of Corporate Value determines that the information included in the Acquisition Statement is insufficient as Essential Information, it may fix a deadline for response and request directly, or indirectly through the Company's board of directors, that the Acquirer additionally provide Essential Information. In such case, the Acquirer should additionally provide such Essential Information within the fixed time limit.

- (i) Details (including the specific name, capital structure, financial position, experience and result of transactions similar to the Acquisition, and the impact of past transactions on the corporate value of the target company) of the Acquirer and its group (including joint holders⁸, persons having a special relationship and, in the case of funds, each partner and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including information on the amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability of the Acquisition being effected).
- (iii) The basis for the calculation of the purchase price of the Acquisition (including the underlying facts and premises of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition, and the details of such synergies to be shared with minority shareholders).
- (iv) Financial support for the Acquisition (including the specific name of the funds providers (including all indirect funds providers), financing methods and the terms of any related transactions).
- (v) Post-Acquisition management policy, business plan, capital and dividend

⁸ Including persons described as "joint holders" under Article 27-23(5) of the Financial Instruments and Exchange Law of Japan, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange Law of Japan (including persons who are deemed to fall under the above by the Company's board of directors.). The same is applied throughout this document.

policies for the Company group.

- (vi) Post-Acquisition policies dealing with the Company group's employees, business partners, customers, and any other stakeholders in the Company group.
- (vii) Specific measures to avoid any conflict of interest with other shareholders of the Company.
- (viii) Any other information that the Committee for the Assessment of Corporate Value reasonably considers necessary.

If the Committee for the Assessment of Corporate Value recognizes that the Acquirer has initiated the Acquisition without complying with the procedures set out in the Plan, as a general rule, it will recommend the Company's board of directors to implement a gratis allotment of Stock Acquisition Rights in accordance with III.2.2(d)(i) below, except in particular circumstances where it should continue with its requests for the submission of an Acquisition Statement and Essential Information, and its discussion and negotiation with the Acquirer.

- (c) Consideration of terms of the Acquisition, negotiation with the Acquirer, and consideration of an alternative proposal
 - (i) Request to the Company's board of directors for the provision of information

If the Acquirer submits the Acquisition Statement and Essential Information that the Committee for the Assessment of Corporate Value additionally requests (if any), the Committee for the Assessment of Corporate Value may request that the Company's board of directors present an opinion (including an opinion to reserve giving such an opinion; hereinafter the same) on the terms of the Acquirer's Acquisition and supporting materials, an alternative proposal (if any), and any other information or materials that the Committee for the Assessment of Corporate Value considers necessary from time to time upon fixing a reasonable deadline for response in consideration of the time required to collect information and consider the corporate value evaluation by the Company's board of directors as well as any necessary examination by outside experts (up to sixty days as a general rule; although this period is fixed as a period necessary for the Company's board of directors to provide an opinion, supporting materials, and any other information or materials that the Committee for the Assessment of Corporate Value may consider necessary from time to time in light of results of consideration by

outside experts, the Company's board of directors will consider these matters as soon as possible) in order to compare the information contained in the Acquisition Statement and Essential Information, and business plan and corporate evaluation by the Company's board of directors and the like in light of ensuring and enhancing the Company group's corporate value and, in turn, common interests of its shareholders.

(ii) Committee for the Assessment of Corporate Value consideration

If the Committee for the Assessment of Corporate Value determines that information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the Company's board of directors is so required as set out in (i) above), it may set a consideration period (up to sixty days as a general rule; in this regard, however, the Committee for the Assessment of Corporate Value may extend or re-extend the period by its resolution up to 30 days in the event of 2.2(d)(iii) below; hereinafter the "Committee for the Assessment of Corporate Value Consideration Period"). During the Committee for the Assessment of Corporate Value Consideration Period, the Committee for the Assessment of Corporate Value should consider the terms of the Acquirer's Acquisition and collect and compare information on the business plans and other information of the Acquirer with that of the Company's board of directors, and consider any alternative proposal presented by the Company's board of directors. If necessary, the Committee for the Assessment of Corporate Value should discuss and negotiate with the Acquirer directly or indirectly through the Company's board of directors during the Committee for the Assessment of Corporate Value Consideration Period, in order to improve the terms of the Acquirer's Acquisition with a view to ensure and enhance the corporate value of the Company group and common interests of its shareholders and present the alternative proposal made by the Company's board of directors to the shareholders.

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

If the Committee for the Assessment of Corporate Value directly, or indirectly

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

(iii) Disclosure of information to shareholders

The Committee for the Assessment of Corporate Value will appropriately disclose to the shareholders and investors the fact that the Acquirer has surfaced, it has received an Acquisition Statement from the Acquirer, the Committee for the Assessment of Corporate Value requests the Acquirer to provide information to the Company's board of directors, the Committee for the Assessment of Corporate Value Consideration Period has commenced, the Committee for the Assessment of Corporate Value requests the Acquirer to hold discussions or negotiations, the Company's board of directors has presented alternative proposals to the Committee for the Assessment of Corporate Value, and an outline of the Essential Information and any other matters the Committee for the Assessment of Corporate Value considers appropriate.

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

If an Acquirer emerges, the Committee for the Assessment of Corporate Value will make a recommendation to the Company's board of directors as follows. If the Committee for the Assessment of Corporate Value makes any recommendation or resolution as listed in III.2.2(d)(i) through III.2.2(d)(iii) below, or otherwise believes it to be appropriate, the Company will disclose the fact that the Committee for the Assessment of Corporate Value has made the recommendation or resolution, an outline of it, and any other matters that the Committee for the Assessment of Corporate Value considers appropriate (in the case of extension or re-extension of the Committee for the Assessment of Corporate Value Consideration Period, including the details of the extended period and an outline of the reason for such extension or re-extension), promptly after the recommendation or resolution.

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

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

However, even after the Committee for the Assessment of Corporate Value has made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Committee for the Assessment of Corporate Value determines that either of the events listed (A) and (B) below apply, the Company on or before the date immediately prior to the Exercise Period Commencement Date of Stock Acquisition Rights (defined at (f) of 2.4 'Outline of the gratis allotment of Stock Acquisition Rights') may make a new recommendation (before the gratis allotment has taken effect) to cancel the gratis allotment of Stock Acquisition Rights or (after the gratis allotment has taken effect) to acquire the Stock Acquisition Rights without consideration.

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

Even if the Committee for the Assessment of Corporate Value determines that the implementation of the gratis allotment of the Stock Acquisition Rights is reasonable, the Committee for the Assessment of Corporate Value will recommend

to the Company's board of directors convocation of a general meeting of shareholders and submission of a proposal to implement the gratis allotment of Stock Acquisition Rights, if it deems it necessary to pass a resolution at the general meeting of shareholders to implement the gratis allotment of Stock Acquisition Rights.

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

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

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

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

If the Committee for the Assessment of Corporate Value does not reach a recommendation for either the implementation or non-implementation of the gratis

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

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

- (e) Resolutions of the board of directors and convocation of a general meeting of shareholders

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

If the Company's board of directors obtains a recommendation from the Committee for the Assessment of Corporate Value for convocation of a general meeting of shareholders to resolve the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly convene a general meeting of shareholders in order to hold the meeting as soon as practicably possible, and submit a proposal on the implementation of the gratis allotment of Stock Acquisition Rights. The Company's board of directors will, when the resolution on the gratis allotment of Stock Acquisition Rights (the resolution in accordance with the amended Article 18.3 of the Company's Articles of Incorporation) is passed at the general meeting of shareholders, take the procedures necessary for the gratis allotment of Stock Acquisition Rights in

accordance with the resolution of the general meeting of shareholders. The Acquirer must not effect the Acquisition during the period from the commencement of the Plan procedures until (i) the Company's board of directors passes a resolution for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or (ii) shareholders at the general meeting approve or disapprove the gratis allotment of Stock Acquisition Rights (if it is held).

After the Company's board of directors passes a resolution on the implementation or non-implementation of Stock Acquisition Rights or convocation of the general meeting of shareholders, or shareholders at the general meeting approve or disapprove the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly disclose an outline of its resolution, and any other matters that the board of directors considers appropriate.

2.3 Requirements for the gratis allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's board of directors or the general meeting of shareholders as described above at (e) of III.2.2, 'Procedures for the Plan' if it is considered that an Acquisition by an Acquirer falls under any of the items (a) through (e) below and the implementation of the gratis allotment of Stock Acquisition Rights is reasonable. However, the Company's board of directors will, without fail, make its determination as to whether an Acquisition by an Acquirer falls under a requirement below and whether it is reasonable to implement the gratis allotment of the Stock Acquisition Rights through the recommendation of the Committee for the Assessment of Corporate Value in accordance with (d) of III.2.2 above, 'Procedures for the Plan.'

- (a) Acquisitions not in compliance with the procedures set out in the Plan such as provision of information or ensuring the Committee for the Assessment of Corporate Value Consideration Period set out above at (b) of III.2.2, 'Procedures for triggering the Plan'. For example:
 - (i) Acquisition that does not provide the Company's board of directors with the period of time reasonably necessary to submit alternative proposals to the Acquisition.
 - (ii) Acquisition that does not provide the Committee for the Assessment of Corporate Value with the Committee for the Assessment of Corporate Value Consideration Period set out in the Plan.

- (iii) Acquisition that comes into effect without the resolution of the general meeting of shareholders regardless of the recommendation of the Committee for the Assessment of Corporate Value to obtain shareholders' decision at the general meeting of shareholders.
 - (iv) Acquisition in which the provision of Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is inadequate.
- (b) Acquisitions that threaten to cause obvious harm to the corporate value of the Company group and, in turn, the common interests of its shareholders through actions described below or any similar action:
 - (i) Buyout of shares to require such shares to be compulsorily purchased by the Company group at an inflated price.
 - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company group, such as temporary control of the Company group'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 group's management to bring about a 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.
 - (v) Acquisition made with no intention of truly participating in corporate management and solely for the purpose of increasing the stock price of the Company and having the Company's affiliates purchase shares in the Company at a higher price.
- (c) Acquisition that threatens to have the effect of coercing the shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable

for the shareholders for the second stage or do not set clear terms for the second stage).

- (d) Acquisition of which the terms (including amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's other shareholders, the Company group's employees, business partners, customers and any other stakeholders in the Company group) are materially inadequate or inappropriate in light of the Company group's intrinsic value.
- (e) Acquisition that materially threatens to be against the corporate value of the Company group and, in turn, the common interests of its shareholders, by destroying the relationship with the Company group's employees, customers, business partners and the like or the source of the corporate value, brand value or corporate culture of the Company group, which is indispensable to the generation of the Company group's corporate value.

2.4 Outline of the gratis allotment of Stock Acquisition Rights

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

(a) Number of Stock Acquisition Rights

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

(b) Entitled Shareholders

The Company will allot the Stock Acquisition Rights without consideration to

those shareholders, other than the Company, who are entered or recorded in the Company's final register of shareholders or register of beneficial shareholders as of the Allotment Date, at a ratio of one Stock Acquisition Right for every one share of the Company held.

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

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

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

The number of shares to be acquired upon exercise of each Stock Acquisition Right⁹ (the "Applicable Number of Shares") shall be one share except as separately adjusted.

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

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share of properties to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share of the Company. "Fair market value" means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 30 to 180 day period prior to the Gratis Allotment Resolution separately determined by the board of directors (excluding the days on which trades are not made), with any fraction of a yen resulting from such calculation to be rounded up to the nearest whole yen.

(f) Exercise period of the Stock Acquisition Rights

⁹ Even if the Company becomes a Corporation with Class Shares (defined in Article 2(13) of the Corporation Law), both (i) the shares in the Company to be issued upon exercise of the Stock Acquisition Rights and (ii) the shares to be delivered in exchange for acquiring the Stock Acquisition Rights means the same type of shares that are currently outstanding (common stock) at the time of the Ordinary General Meeting of Shareholders.

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph (i) (ii) below, the exercise period of the Stock Acquisition Rights with respect to that acquisition will be up to and including the business day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

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

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (i) through (vi) below shall collectively be referred to as the “Non-Qualified Parties”):

- (i) Specified Large Holders¹⁰;
- (ii) Joint Holders of Specified Large Holders;
- (iii) Specified Large Purchasers¹¹;

¹⁰ “Specified Large Holder” means a person who is a holder of share certificates, etc. issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including those deemed so by the Company’s board of directors). Provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company group’s corporate value and, in turn, the common interests of its shareholders or certain other party that the Company’s board of directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this document.

¹¹ “Specified Large Purchaser” means a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 11) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same is applied throughout this Note 11) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including those deemed so by the Company’s board of directors). Provided, however, that a party that the Company’s board of directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company group’s corporate value and, in turn, the common interests of its shareholders or certain other party that the Company’s board of directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this document.

- (iv) Persons having a Special Relationship with Specified Large Purchasers;
- (v) Any transferee of or successor to the Stock Acquisition Rights of any person falling under (i) through (iv) without the approval of the Company's board of directors; or
- (vi) Any Affiliated Party¹² of any person falling under (i) through (v).

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (except, however, that certain nonresidents, such as those who may use any exemption provision under applicable laws and ordinances in such foreign country, will be able to exercise the Stock Acquisition Rights, and the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (i), 'Acquisition of the Stock Acquisition Rights by the Company' below). In addition, anyone who fails to submit a written undertaking, in a 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) Restriction on assignment of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's board of directors.

(i) Acquisition of the Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a date separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights without

¹² An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including those deemed so by the Company's board of directors that), or a party deemed by the Company's board of directors to act in concert with such given party. "Control" means to "control decisions on the financial and business policies" (as defined in Article 3(3) of the Enforcement Regulations of the Corporation Law) of other corporations or entities.

consideration.

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

In addition to the above, the Company may determine the matters relating to the acquisition of the Stock Acquisition Rights other than (i) and (ii) above (such as matters relating to the acquisition of the Stock Acquisition Rights from the Non-Qualified Parties) upon the specific Gratis Allotment Resolution, if it deems appropriate from the appropriateness viewpoint based on the recommendation of the Committee for the Assessment of Corporate Value or the resolution of the general meeting of shareholders.

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

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

- (k) Issuance of certificates representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

2.5 Procedures for the introduction of the Plan

The introduction of the Plan will be, as described below, subject to the approval of the shareholders at the Ordinary General Meeting of Shareholders:

- (a) Proposed amendments to the Company’s Articles of Incorporation, including the incorporation of the provision stated below in Articles 18 and 19 therein, are scheduled to be submitted to the Ordinary General Meeting of Shareholders for its resolution. (For details of the proposal for partial amendments to the Articles of Incorporation to introduce the Plan, see ‘Notice of Partial Amendments to the Articles of Incorporation’ separately disclosed on the date of this document.)

Article 18 Method of Resolutions

18.1 (Same as the current version)

18.2 (Same as the current version)

18.3 The Company shall determine matters relating to the gratis allotment of Stock Acquisition Rights by a resolution of the board of directors, as well as by a resolution of the general meeting of shareholders, or by a resolution of the board of directors upon the assignment by the general meeting of shareholders.

Article 19 Countermeasures against large-scale acquisitions of the shares in the Company

19.1 In the course of taking countermeasures against large-scale acquisitions of the shares in the Company (“Countermeasures”) set out for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Company may determine the details of the Stock Acquisition Rights as follows upon determination of the gratis allotment of the Stock Acquisition Rights. (1)

A certain person set out in the Countermeasures (the “Non-Qualified Parties”) cannot exercise the Stock Acquisition Rights.

- (2) The Company may acquire the Stock Acquisition Rights solely from persons other than the Non-Qualified Parties and, in exchange, deliver shares in the Company.
- (3) The Company may acquire the Stock Acquisition Rights from the Non-Qualified Parties and, in exchange, deliver shares, stock acquisition rights, bonds, monies and other

consideration in the Company.

19.2 The Countermeasures are measures established to make it difficult to acquire the Company by issuing new shares or stock acquisition rights. The countermeasure means any arrangement that makes an acquisition of the Company difficult, including an issuance of shares or stock acquisition rights although the Company's primary purpose of doing so is not a business purpose such as financing, which would be implemented before a person who would harm the corporate value of the Company and, in turn, the common interests of its shareholders proposes a large-scale acquisition of the shares in the Company. The general meeting of shareholders of the Company may determine the Countermeasures by its resolution.

- (b) Under the provision of Article 19.2 of the Company's Articles of Incorporation after the amendment in accordance with (a) above, a proposal to request the shareholders to introduce the Plan is scheduled to be submitted to the Ordinary General Meeting of Shareholders, which is also a resolution to approve the amendments to Article 18.3 of the Company's Articles of Incorporation that sets out assignment to the Company's board of directors of the authority to determine matters relating to the gratis allotment of the Stock Acquisition Rights in accordance with the terms and conditions set out in the Plan.

2.6 Effective period, abolition and amendment of the Plan

The effective period of the Plan (also the period for assignment of the authority to decide matters relating to the gratis allotment of Stock Acquisition Rights) as resolved by resolution of the Ordinary General Meeting of Shareholders set out in 2.5 'Procedures for the introduction of the Plan' (the "Effective Period") shall be the period commencing after the resolution at the Ordinary General Meeting of Shareholders and until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within two years after the conclusion of the Ordinary General Meeting of Shareholders.

However, if, even before the expiration of the Effective Period, (a) a general meeting of shareholders of the Company passes a resolution to abolish the Plan, or (b) the Company's board of directors passes a resolution to abolish the Plan, the Plan and

authorization under the Plan shall be abolished or withdrawn at that time.

Further, the Company's board of directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of the resolution of the Ordinary General Meeting of Shareholders set out in (b) of 2.5 'Procedures for the introduction of the Plan' (including cases where any law, regulation, financial product exchange rules or the like concerning the Plan is introduced, amended or abolished and it is appropriate to reflect such introduction, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, and cases where such revision or amendment does not detriment the Company's shareholders, and the like), and subject to the approval of the Committee for the Assessment of Corporate Value.

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

2.7 Revision due to amendment to laws and ordinances

The provisions of laws and ordinances referred to in the Plan are subject to the prevailing provisions as of February 7, 2008. If it becomes necessary to amend the terms and conditions or definitions of terms set out above after such date due to the introduction, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above shall be read accordingly as required to a reasonable extent, upon consideration on the purposes of such introduction, amendment or abolishment.

3. Impact on shareholders, etc.

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

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

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

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

In addition, even after the Allotment Date or the gratis allotment of the Stock Acquisition Rights has taken effect, the Company may, if the Acquirer withdraws the Acquisition, on or before the date immediately prior to the Exercise Period Commencement Date of Stock Acquisition Rights, cancel the gratis allotment of Stock Acquisition Rights or acquire the Stock Acquisition Rights without consideration without delivering shares in the Company to the Stock Acquisition Rights holders. In such cases, no dilution of the value per share will result, and it is likely that any investors who have sold or bought the shares expecting to see such a dilution will be commensurately affected as a result of a fluctuation in the share price.

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

(a) Procedures for entry of name change

If the Company's board of directors or the general meeting of shareholders passes the Gratis Allotment Resolution, the Company will decide the Allotment Date for the gratis allotment for Stock Acquisition Rights by the same resolution and give public notice of the Allotment Date. In this case, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are entered or recorded in the Company's final register of shareholders and register of beneficial shareholders as of the Allotment Date. Therefore, it will be necessary for the shareholders to promptly arrange for the procedures for entry of name change. No procedures for entry of name change are required for those share certificates deposited with the Japan Securities Depository Center, Inc. All the shareholders who are entered or recorded in the Company's final register of shareholders and register of beneficial shareholders as of the Allotment Date will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights.

(b) Procedures for exercising Stock Acquisition Rights

The Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding the matters such as that the shareholders are not the Non-Qualified Parties, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock Acquisition Rights to the shareholders who are entered or recorded in the Company's final register of shareholders and register of beneficial shareholders as of the Allotment Date. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right upon submitting these necessary documents during the exercise period but by the acquisition of the Stock Acquisition Rights becomes effective, and by paying to the place handling such payments the amount determined by the Company's board of directors or the general meeting of shareholders in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per the Stock Acquisition Right.

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

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures from the shareholders other than the Non-Qualified Parties, on the date that falls on the date separately determined by the Company's board of directors, and will promptly deliver shares in the Company to its shareholders in exchange for the Stock Acquisition Rights. In such case, the shareholders concerned may be separately requested to submit, in a 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 matters on the acquisition of the Stock Acquisition Rights from the Non-Qualified Parties or other acquisition are set out in the Gratis Allotment Resolution by the Company's board of directors or the general meeting of shareholders subject to the recommendation by the Committee for the Assessment of Corporate Value, the Company may take measures complying with the provision of such matters.

In addition to the above, the Company will disclose to or notify all of its shareholders and investors with respect to the particulars of the allotment methods, methods for entry of name change, exercise methods and methods for the acquisition by the Company of the Stock Acquisition Rights after the Gratis Allotment Resolution by the Company's board of directors or the general meeting of shareholders, so we request that the shareholders check these details at that time.

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

1. Measures satisfy the basic policy

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

2. Measures are not detrimental to the common interests of the shareholders and do

not aim to maintain the positions of directors and statutory corporate auditors of the Company

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

- (i) Fully satisfying the requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the "Guidelines Regarding Takeover Defense Measures for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

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

The Company intends to introduce the Plan subject to the approval at the Ordinary General Meeting of Shareholders. Specifically, as set out above in section III.2.5, 'Procedures for the introduction of the Plan,' the Plan will be introduced subject to the amendments to the Articles of Incorporation of the Company and a resolution of the Ordinary General Meeting of Shareholders being obtained to introduce the Plan in accordance with the amended provisions of the Articles of Incorporation.

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

- (iii) Disclosure of information and emphasis on the decisions of highly independent outside parties

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

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

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

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

(iv) Establishment of reasonably objective requirements

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

(v) Obtaining the advice of outside experts

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

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

As stated above in section III.2.6, 'Effective period, abolition and amendment of the Plan,' the Plan is introduced so that it may be abolished by the Company's board of directors, which is composed of directors appointed by a person acquiring a large number of shares in the Company and approved at the Company's general meeting of shareholders. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the Company's board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the Company's board of directors cannot be replaced all at once).

---End---

Attachment 1

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

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

gratis allotments of Stock Acquisition Rights. Each member of the Committee for the Assessment of Corporate Value and each director of the Company must make such decisions with a view to whether the decision will serve the Company group's corporate value and the common interests of its shareholders, and they must not solely serve the purpose of their own interests or those of the management of the Company.

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

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

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

---End---

Attachment 2

Career Summary of Committee for the Assessment of Corporate Value Members

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

Shingo Matsuo

Born May 19, 1938

[Business Background]

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

Kazuhiko Enomoto

Born September 25, 1943

[Business Background]

- Apr. 1966 Joined The Nippon Fudosan Bank, Ltd (now Aozora Bank, Ltd.)
- Apr. 1972 Joined The Fukuoka Sogo Bank, Ltd. (now The Nishi-Nippon City Bank,
Ltd.)
- Apr. 1983 Joined Fukuoka Jisho Co., Ltd.
- June 1984 Appointed Senior Managing Director of Fukuoka Jisho Co., Ltd.
- Mar. 1977 Appointed Director of Royal Co., Ltd. (now Royal Holdings Co., Ltd.)
- Aug. 1979 Appointed Representative Director/President of Fukuoka Jisho Co., Ltd.

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

Susumu Ishihara

Born April 30, 1945

[Business Background]

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

Takashi Matsuzaki

Born March 4, 1946

[Business Background]

- Apr. 1974 Registered as lawyer. Joined Wachi Law Office.
- Aug. 1988 Established Tokunaga Matstuzaki Law Office (now Tokunaga, Matsuzaki and Saito Law Office). Appointed Partner.
- Apr. 2004 Appointed President of Fukuoka Bar Association
- Mar. 2005 Appointed Statutory Auditor of the Company (Outside Statutory Auditor)

Apr. 2005 Appointed Vice President of the Japan Federation of Bar Associations
July 2006 Appointed Member of Management Advisory Committee of the Company
(current position)

The Company has entered into a legal advisor agreement with Mr. Takashi Matsuzaki.

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Exhibit

Major Shareholders of the Company

Major shareholders of the Company as of December 31, 2007 are as follows:

Name of Shareholders	Number of Shares held (shares)	Percentage of Shares Owned to the Total Number of Outstanding Shares (%)
Ricoh Co., Ltd.	16,792,838	15.11
Kirin Holdings Co., Ltd.	11,626,715	10.46
The New Technology Development Foundation	5,294,718	4.76
Coca-Cola Holdings West Japan, Inc.	4,074,945	3.67
Mitsubishi Heavy Industries Food & Packaging Machinery Co., Ltd.	3,912,151	3.52
Mellon Bank N.A. Treaty Clients Omnibus	3,759,494	3.38
The Nishi-Nippon City Bank, Ltd.	3,703,003	3.33
Japan Trustee Services Bank, Ltd. (Trust Account)	3,162,200	2.85
Morgan Stanley and Co. Inc.	2,944,564	2.65
CBNY-UMB Fund	1,693,000	1.52

(Note)

1. In addition to the shares above, the Company holds 4,947,870 shares of treasury.

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