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(Securities Identification code number: 4183)

May 31, 2010

**Mitsui Chemicals, Inc.**  
5-2, Higashi-Shimbashi 1-chome,  
Minato-ku, Tokyo, Japan  
Toshikazu Tanaka, President

**CONVOCAION NOTICE FOR  
THE 13th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 13th Ordinary General Meeting of Shareholders will be held as detailed below, and your attendance is cordially requested.

**In the event that you are unable to attend the meeting, you are able to exercise of voting rights by mail or electronic means (the Internet, etc.). So please exercise your voting rights, after reviewing the attached reference materials.**

**Exercise of voting rights in writing (by mail)**

Indicate your approval or disapproval for each of the proposals on the enclosed Voting Rights Exercise Form and send the completed form to the Company to arrive no later than **5:40 p.m. on Wednesday, June 23, 2010.**

**Exercise of voting rights electronically (via the Internet, etc.)**

Read the "Guidance for the Exercise of Voting Rights via the Internet, etc." described on page 76, access the website designated by the Company for exercising voting rights (<http://www.web54.net>), and use the voting right exercise code and password shown on the right of the enclosed Voting Rights Exercise Form. Then, indicate your approval or disapproval for each of the proposals following the instructions on the display. Your vote must be transmitted by no later than **5:40 p.m. on Wednesday, June 23, 2010.**

Shareholders participating in the Electronic Voting Rights Exercise Platform for Institutional Investors, operated by Investor Communications Japan Inc., may exercise their voting rights through that platform.

**Handling multiple exercises of voting rights**

When voting rights are exercised in duplicate, both in writing and via the Internet, etc. the vote that is cast last shall be deemed effective. However, if votes arrive on the same day, the vote cast via the Internet, etc. shall be deemed effective.

When voting rights are exercised via the Internet, etc. more than once, the last vote shall be deemed effective.

- 1. Date:** Thursday, June 24, 2010 at 10:00 a.m.  
**2. Place:** Zenshakyo Nadao Hall, Lobby floor of Shin-Kasumigaseki Bldg.,  
3-2, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan

**3. Agenda**

- A. Reports**
1. Business report, consolidated financial statements and the results of auditing consolidated financial statements by accounting auditors (April 1, 2009 to March 31, 2010)
  2. Non-consolidated financial statements (April 1, 2009 to March 31, 2010)

**B. Proposals**

- No. 1** Appropriation of surplus  
**No. 2** Election of fourteen (14) Directors  
**No. 3** Election of one (1) Corporate Auditor  
**No. 4** Renewal of measures for large-scale purchase of the Company's shares (anti-takeover measures)

\*Attendees are kindly requested to submit the enclosed ballot, completed, at the reception desk at the entrance to the meeting hall.

\*Any revisions made to the shareholders' meeting Proposals and Reference Matters, business report, non-consolidated financial statements and consolidated financial statements will be posted on the Company's website (<http://kabunushi.mitsui-chem.jp>).

## Consolidated Balance Sheet

As of March 31, 2010

(Millions of yen)

Item	Increase (Decrease)	Item	Increase (Decrease)
<b>ASSETS</b>	<b>1,238,086</b>	<b>LIABILITIES</b>	<b>819,082</b>
<b>Current Assets:</b>	<b>604,556</b>	<b>Current Liabilities:</b>	<b>386,203</b>
Cash and time deposits	74,602	Notes and accounts payable - trade	163,062
Notes and accounts receivable-trade	256,610	Short-term bank loans	96,884
Inventories	218,953	Current portion of long-term debt	12,522
Deferred tax assets	5,291	Commercial paper	1,000
Other	49,534	Current portion of bonds	30,011
Allowance for doubtful accounts	(434)	Income taxes payable	6,652
		Allowance for directors' bonuses	38
<b>Fixed Assets:</b>	<b>633,530</b>	Reserve for periodic repairs	11,118
<b>Property, plant and equipment</b>	<b>498,183</b>	Other	64,916
Buildings and structures	117,798	<b>Long-term Liabilities:</b>	<b>432,879</b>
Machinery and transportation equipment	190,472	Bonds	124,000
Land	166,930	Long-term debt	228,962
Construction in progress	14,065	Deferred tax liabilities	13,044
Other	8,918	Accrued retirement benefits	36,137
		Reserve for directors' retirement bonuses	337
<b>Intangible fixed assets</b>	<b>16,516</b>	Reserve for periodic repairs	3,334
		Reserve for environmental remediation	11,671
<b>Investments and other assets</b>	<b>118,831</b>	Other	15,394
Investment securities	99,324		
Long-term loans	1,707	<b>NET ASSETS</b>	<b>419,004</b>
Deferred tax assets	3,235	<b>Shareholders' equity:</b>	<b>384,825</b>
Other	15,872	Common stock	125,053
Allowance for doubtful accounts	(1,307)	Capital surplus	91,065
		Retained earnings	182,922
		Treasury stock	(14,215)
		<b>Valuation and translation adjustments:</b>	<b>(7,542)</b>
		Unrealized gain on securities	13,095
		Deferred gain and loss on hedges	0
		Foreign currency translation adjustment	(20,637)
		<b>Minority interests:</b>	<b>41,721</b>
<b>Total</b>	<b>1,238,086</b>	<b>Total</b>	<b>1,238,086</b>

## Consolidated Statement of Income

(April 1, 2009 to March 31, 2010)

(Millions of yen)

Item	Amount	
<b>Operating revenue:</b>		<b>1,207,735</b>
<b>Cost of sales</b>		<b>1,039,515</b>
<b>Gross profit</b>		<b>168,220</b>
<b>Selling, general and administrative expenses</b>		<b>177,681</b>
<b>Operating loss</b>		<b>9,461</b>
<b>Non-operating income:</b>		
Interest and dividends income	2,900	
Amortization of negative goodwill	1,469	
Equity in income of affiliates	3,858	
Other	4,447	12,674
<b>Non-operating expenses:</b>		
Interest expenses	8,476	
Other	7,869	16,345
<b>Ordinary loss</b>		<b>13,132</b>
<b>Extraordinary Profit:</b>		
Gain on sale of property, plant and equipment	879	
Gain on sale of investment securities	10,701	11,580
<b>Extraordinary Loss:</b>		
Loss on disposal of property, plant and equipment	5,917	
Loss on impairment of assets	4,285	
Loss on restructuring of subsidiaries and affiliates	2,307	
Loss on devaluation of investment securities	1,758	
Others	261	14,528
<b>Loss before Income Taxes</b>		<b>16,080</b>
Current income taxes	9,467	
Deferred income taxes	2,186	11,653
Minority interests in income		277
<b>Net loss</b>		<b>28,010</b>

**Consolidated Statement of Changes in Shareholders' Equity**  
(April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	103,226	69,238	221,721	(29,827)	364,358
Changes during the term					
Issuance of new shares	21,827	21,827			43,654
Distribution of surplus			(2,255)		(2,255)
Net loss			(28,010)		(28,010)
Acquisition of treasury stock				(181)	(181)
Disposal of treasury stock			(8,534)	15,793	7,259
Changes in items other than shareholders' equity during the term (net)					
Total changes during the term	21,827	21,827	(38,799)	15,612	20,467
Balance as of March 31, 2010	125,053	91,065	182,922	(14,215)	348,825

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred gain and loss on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2009	7,319	(3)	(21,766)	(14,450)	48,223	398,131
Changes during the term						
Issuance of new shares						43,654
Distribution of surplus						(2,255)
Net loss						(28,010)
Acquisition of treasury stock						(181)
Disposal of treasury stock						7,259
Changes in items other than shareholders' equity during the term (net)	5,776	3	1,129	6,908	(6,502)	406
Total changes during the term	5,776	3	1,129	6,908	(6,502)	20,873
Balance as of March 31, 2010	13,095	0	(20,637)	(7,542)	41,721	419,004

## Non-consolidated Balance Sheet

As of March 31, 2010

(Millions of yen)

Item	Amount	Item	Amount
<b>ASSETS</b>	<b>961,978</b>	<b>LIABILITIES</b>	<b>679,273</b>
<b>Current Assets:</b>	<b>362,592</b>	<b>Current Liabilities:</b>	<b>302,424</b>
Cash and time deposits	54,421	Trade accounts payable	112,970
Trade notes receivable	89	Short-term bank loans	63,000
Trade accounts receivable	161,938	Current portion of long-term loans payable	5,410
Merchandise and products	61,274	Current portion of bonds	30,000
Work in process	1,808	Accounts payable—other	31,857
Raw materials and supplies	32,265	Income taxes payable	8,642
Prepaid expenses	1,178	Deposits received	41,490
Accrued revenue	44,820	Reserve for periodic repairs	7,491
Other	4,802	Reserve for loss on debt guarantees	1,223
Allowance for doubtful accounts	(3)	Other	341
<b>Fixed Assets:</b>	<b>599,386</b>	<b>Long-term Liabilities:</b>	<b>376,849</b>
<b>Property, plant and equipment</b>	<b>315,785</b>	Bonds	120,000
Buildings	52,600	Long-term debt	196,157
Structures	25,285	Accrued retirement benefits	31,488
Machinery and equipment	80,530	Reserve for periodic repairs	1,518
Transportation equipment	282	Reserve for environmental remediation	11,671
Tools, furniture and fixtures	4,655	Other	16,015
Land	145,256		
Lease assets	517		
Construction in progress	6,660		
<b>Intangible fixed assets</b>	<b>7,845</b>		
Goodwill	2,396		
Industrial property rights	521		
Licenses	738		
Software	4,190		
<b>Investments and other assets</b>	<b>275,756</b>		
Investment securities	54,150		
Investment in common stock of affiliated companies	204,149		
Investment in affiliated companies	5,088		
Long-term loans	1,477		
Long-term prepaid expenses	2,114		
Other	10,244		
Allowance for doubtful accounts	(1,466)		
		<b>NET ASSETS</b>	<b>282,705</b>
		<b>Shareholders' equity</b>	<b>270,875</b>
		<b>Common Stock:</b>	<b>125,053</b>
		<b>Capital Surplus:</b>	<b>93,783</b>
		Capital reserve	93,783
		<b>Retained Earnings:</b>	<b>66,254</b>
		Legal reserve	12,506
		Other retained earnings	53,748
		Reserve for reduction of acquisition cost of fixed assets	3,726
		Reserve for dividends	10,000
		General reserve	73,070
		Retained earnings carried forward	(33,048)
		<b>Treasury Stock</b>	<b>(14,215)</b>
		<b>Valuation and translation adjustments:</b>	<b>11,830</b>
		<b>Unrealized Gain on Securities</b>	<b>11,827</b>
		<b>Deferred gain and loss on hedges</b>	<b>3</b>
<b>Total</b>	<b>961,978</b>	<b>Total</b>	<b>961,978</b>

## Non-consolidated Statement of Income

(April 1, 2009 to March 31, 2010)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>747,030</b>
<b>Cost of sales</b>		<b>683,327</b>
<b>Gross profit</b>		<b>63,703</b>
<b>Selling, general and administrative expenses</b>		<b>96,773</b>
<b>Operating loss</b>		<b>33,070</b>
<b>Non-operating income</b>		
Interest and dividends income	7,419	
Other	3,790	11,209
<b>Non-operating expenses:</b>		
Interest expenses	6,379	
Other	7,182	13,561
<b>Ordinary loss</b>		<b>35,422</b>
<b>Extraordinary profit:</b>		
Gain on sale of property, plant and equipment	854	
Gain on sale of investment securities	10,661	
Gain on sale of affiliated companies' shares	13,025	24,540
<b>Extraordinary Loss:</b>		
Loss on disposal of property, plant and equipment	5,358	
Loss on sale of property, plant and equipment	114	
Impairment loss	2,503	
Loss on sale of affiliated companies' shares	142	
Loss on devaluation of investment securities	1,694	
Loss on restructuring of subsidiaries and affiliates	2,175	
Loss on extinguishment of tie-in shares	178	12,164
<b>Loss before income taxes</b>		<b>23,046</b>
Current income taxes	398	
Deferred income taxes	102	500
<b>Net loss</b>		<b>23,546</b>

## Non-consolidated Statement of Changes in Shareholders' Equity (April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity							Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Retained earnings					
		Capital reserve	Total capital surplus	Legal reserve	Other retained earnings	Total retained earnings			
Balance as of March 31, 2009	103,226	71,956	71,956	12,506	94,346	106,852	(29,827)	252,207	
Changes during the term									
Issuance of new shares	21,827	21,827	21,827					43,654	
Dividends from surplus					(2,255)	(2,255)		(2,255)	
Net loss					(23,546)	(23,546)		(23,546)	
Decrease due to split-type corporate division					(6,263)	(6,263)		(6,263)	
Acquisition of treasury stock							(181)	(181)	
Disposal of treasury stock					(8,534)	(8,534)	15,793	7,259	
Changes in items other than shareholders' equity during the term (net)									
Total changes during the term	21,827	21,827	21,827	—	(40,598)	(40,598)	15,612	(18,668)	
Balance as of March 31, 2010	125,053	93,783	93,783	12,506	53,748	66,254	(14,215)	270,875	

	Valuation and translation adjustments			Total net assets
	Net unrealized gain (loss) on other securities	Deferred gain or loss on hedges	Total valuation and translation adjustments	
Balance as of March 31, 2009	68,898	8	6,906	259,113
Changes during the term				
Issuance of new shares				43,654
Dividends from surplus				(2,255)
Net loss				(23,546)
Decrease due to split-type corporate division				(6,263)
Acquisition of treasury stock				(181)
Disposal of treasury stock				7,259
Changes in items other than shareholders' equity during the term (net)	4,929	(5)	4,924	4,924
Total changes during the term	4,929	(5)	4,924	23,592
Balance as of March 31, 2010	11,827	3	11,830	282,705

Note: Breakdown of other retained earnings.

	Reserve for reduction of acquisition cost of fixed assets	Reserve for dividends	Special reserve	Retained earnings carried forward	Total
Balance as of March 31, 2009	4,212	10,000	148,070	(67,936)	94,346
Changes during the term					
Issuance of new shares				(2,255)	(2,255)
Distribution of surplus				(23,546)	(23,546)
Net loss				(6,263)	(6,263)
Decrease due to split-type corporate division				(8,534)	(8,534)
Disposal of treasury stock	(486)			486	—
Reversal of general reserve			(75,000)	75,000	—
Total changes during the term	(486)	—	(75,000)	34,888	(40,598)
Balance as of March 31, 2010	3,726	10,000	73,070	(33,048)	53,748



## REFERENCE MATERIALS

### Proposals and Reference Matters

#### No. 1: Appropriation of surplus

We propose the following appropriation of surplus:

##### 1. Year-end dividends

The Company regards increasing corporate value through business growth and expansion a top priority issue, and positions the return of profits to shareholders as a key management issue.

In appropriating profits, we give full consideration to returns on shareholder investment and securing of internal reserves for our future growth and expansion.

We strive to return profits to our shareholders based on consolidated performance results and maintain stable dividends from a medium to long term perspective, while taking into account consolidated payout ratio and consolidated dividends on equity (DOE). Specifically, we aim to achieve a consolidated payout ratio of 25% or more, and DOE of 2% or more.

We allot internal reserves to active loans and investments to further accelerate the growth and expansion of our businesses and the realization of business portfolios that we should pursue, as well as to research and development for creating new innovative technologies with an aim to improving earnings.

In the fiscal year under review, we posted losses for the second consecutive year, and our future business environment looks uncertain. However, we will pay year-end dividends to shareholders for the said fiscal year as shown below, as we fully recognize the significance of returning profit to shareholders.

We deeply regret that annual dividends for the fiscal year under review will decrease from the previous fiscal year as we suspended the payment of interim dividends. We would like to ask for your understanding in this matter.

##### (1) Type of dividend

Cash

##### (2) Allocation of dividends and total amount

We propose a year-end dividend of ¥3.00 per share. The total amount of dividends will be ¥3,006,955,515.

##### (3) Effective date for the commencement of dividend payment from surplus

June 25, 2010

##### 2. Other items related to the appropriation of surplus

As deficits occurred in retained earnings brought forward for the fiscal year under review, we propose to break into part of the special reserves as shown below to compensate for such losses.

##### (1) Items of increase in surplus and amount thereof

Retained earnings carried forward: ¥45,000,000,000

##### (2) Items of decrease in surplus and amount thereof

Special reserves: ¥45,000,000,000

## No. 2: Election of Fifteen (14) Directors

As the terms of office of fifteen (15) Directors will expire at the end of this Ordinary General Meeting of Shareholders, we propose the appointment of fourteen (14) Directors. To enhance corporate governance and increase the transparency of management, three (3) of the fourteen (14) are candidates for Outside Director.

Director candidates are as follows:

Candidate number	Name (Date of Birth)	Career Summary and Significant Concurrent Job	Number of Shares of the Company Owned
1	Kenji Fujiyoshi (Feb. 14, 1944)	June 1997 Board Director of the Company June 2001 Managing Director of the Company June 2003 Senior Managing Director of the Company June 2005 President of the Company June 2009 Chairman of the Company (to present)	76,000
2	Toshikazu Tanaka (Feb. 7, 1945)	June 1999 Board Director of the Company June 2003 Managing Director of the Company June 2005 Executive Vice President of the Company June 2009 President & CEO of the Company (to present) (Supervision of general business execution; in charge of the New Business Development Division, Works, Corporate Communications Division, Representative in China and Representative in Europe)	43,000
3	Koichi Sano (Aug. 30, 1948)	June 2003 Executive Officer of the Company June 2005 Managing Director of the Company June 2009 Executive Vice President of the Company (to present) (Assistant to the President; in charge of the Corporate Administration Division, Legal Division, Finance & Accounting Division, and Risk Compliance Committee)	26,200
4	Kiichi Suzuki (May 23, 1949)	June 2003 Executive Officer of the Company General Manager, Corporate Planning Div. June 2005 Executive Officer of the Company General Manager, Fine & Performance Chemicals Div., Functional Chemicals & Engineered Materials Business Group Apr. 2007 Managing Executive Officer Business Sector President, Advanced Chemicals Business Sector June 2007 Managing Director of the Company Business Sector President, Advanced Chemicals Business Sector June 2009 Senior Managing Director of the Company Business Sector President, Advanced Chemicals Business Sector Apr. 2010 Senior Managing Director of the Company (to present) (In charge of the Functional Chemicals Business Sector, SCM Division, Purchasing Division, Logistics Division, and Information Management Division)	10,000

5	Yoshiyuki Funakoshi (Apr. 13, 1950)	<p>June 2004 Executive Officer of the Company Restructuring Promotion Div.</p> <p>Sept. 2004 Executive Officer of the Company General Manager, Osaka Works, Production &amp; Technology Center</p> <p>Apr. 2007 Managing Executive Officer of the Company Deputy Center Executive, Production &amp; Technology Center, General Manager, Planning &amp; Coordination Div., Production &amp; Technology Center</p> <p>Apr. 2008 Managing Executive Officer of the Company Deputy Center Executive, Production &amp; Technology Center, General Manager, Planning &amp; Coordination Div., Production &amp; Technology Center Executive, Supply Chain Management Center</p> <p>Apr. 2009 Managing Executive Officer of the Company Deputy Center Executive, Production &amp; Technology Center</p> <p>June 2009 Senior Managing Director of the Company Center Executive, Production &amp; Technology Center (to present) (In charge of the Production &amp; Technology Center)</p>	8,000
6	Yukio Hara (June 25, 1952)	<p>June 2005 Executive Officer of the Company General Manager, Corporate Planning Div.</p> <p>Apr. 2009 Managing Executive Officer of the Company Business Sector Vice President, Performance Materials Business Sector</p> <p>June 2009 Managing Director of the Company Business Sector President, Performance Materials Business Sector</p> <p>Apr. 2010 Managing Director of the Company Business Sector President, Fabricated Products Business Sector (to present) (In charge of the Polyurethane Business Sector and Fabricated Products Business Sector)</p>	19,000

7	Yasuji Ohmura (Feb. 14, 1954)	<p>June 2005 Executive Officer of the Company General Manager, Planning &amp; Coordination Div., Basic Chemicals Business Group</p> <p>Apr. 2007 Executive Officer of the Company General Manager, PTA &amp; PET Div., Basic Chemicals Business Sector</p> <p>Apr. 2009 Managing Executive Officer of the Company General Manager, Corporate Planning Div., Corporate Management Center</p> <p>June 2009 Managing Director of the Company Representative in China, Center Executive, Corporate Management Center, and General Manager, Corporate Planning Division, Corporate Management Center</p> <p>Apr. 2010 Managing Director of the Company General Manager, Corporate Planning Division, and General Manager, Internal Control Division (to present) (In charge of Branch Offices; Mitsui Chemicals America, Inc.; Mitsui Chemicals Europe GmbH; Mitsui Chemicals Asia Pacific, Ltd.; Mitsui Chemicals (Shanghai) Co., Ltd.; Corporate Planning Division; Affiliates Coordination Division; and Internal Control Division)</p>	20,000
8	Shigeru Isayama (June 27, 1954)	<p>Apr. 2007 Executive Officer of the Company General Manager, Information &amp; Electronics Materials Div., Performance Materials Business Sector</p> <p>Apr. 2009 Executive Officer of the Company General Manager, Business Planning &amp; Development Div., Performance Materials Business Sector</p> <p>June 2009 Board Director of the Company Business Sector Vice President, Performance Materials Business Sector, and General Manager, Business Planning &amp; Development Division, Performance Materials Business Sector</p> <p>Apr. 2010 Board Director of the Company (to present) (In charge of the Functional Polymeric Materials Business Sector, Responsible Care Division, Quality Assurance Division, and Responsible Care Committee)</p>	4,000
9	Terunori Fujita (Nov. 30, 1957)	<p>Apr. 2008 Executive Officer of the Company General Manager, Catalysis Science Laboratory, Research Center</p> <p>June 2009 Board Director of the Company Deputy Chief Executive, Research Center General Manager, Catalysis Science Laboratory, Research Center</p> <p>Apr. 2010 Board Director of the Company Chief Executive, Research Center (to present) (In charge of Research Center)</p>	9,000

10	Shigeru Iwabuchi (Jan. 31, 1952)	<p>Oct. 2003 Executive Officer of the Company General Manager, Polyethylene Division</p> <p>Apr. 2005 Contract Assistant to Executive Officer of the Company Director of Prime Polymer Co., Ltd. General Manager, Planning &amp; Coordination Division</p> <p>Apr. 2007 Contract Assistant to Managing Executive Officer of the Company Director of Prime Polymer Co., Ltd. General Manager, Planning &amp; Coordination Division</p> <p>June 2007 Contract Assistant to Managing Executive Officer of the Company President of Prime Polymer Co., Ltd.</p> <p>June 2009 Contract Assistant to Senior Managing Executive Officer of the Company President of Prime Polymer Co., Ltd.</p> <p>Apr. 2010 Senior Managing Executive Officer of the Company (to present) (In charge of the Petrochemicals Business Sector, and Basic Chemicals Business Sector)</p>	14,000
11	Shinichi Otsuji (May 3, 1952)	<p>June 2006 General Manager, Purchasing Division of the Company</p> <p>Apr. 2007 Executive Officer of the Company General Manager, Omuta Works, Production &amp; Technology Center</p> <p>Apr. 2010 Executive Officer of the Company (to present) (In charge of the Human Resources Division, CSR Promotion Division, and CSR Committee)</p>	5,600

12	Tetsuji Tanaka (June 16, 1942)	<p>Apr. 1967 Entered Bank of Japan</p> <p>May 1993 Counselor, International Office, Bank of Japan</p> <p>Oct. 1993 Loaned from Bank of Japan to the Kyrgyz Republic (Supreme Advisor to the National Bank of the Kyrgyz Republic; Special Economic Adviser to the President of the Kyrgyz Republic)</p> <p>Apr. 1995 Director of the Central Asia/Kyrgyz and Japan Center</p> <p>Nov. 1995 Assessor, Bank of Japan</p> <p>Dec. 1995 Overseas advisor to the President of the Kyrgyz Republic and the Governor of the National Bank of the Kyrgyz Republic (to present)</p> <p>June 1997 Special advisor to the Republic of Uzbekistan Bank Association (to present)</p> <p>Feb. 1998 Full-time advisor to Toshiba Corporation</p> <p>Dec. 2002 Advisor to the Minister of the Economy and Budgetary Planning, the Republic of Kazakhstan</p> <p>Feb. 2003 Senior advisor to the President of the United Nations University (to present)</p> <p>June 2005 Deputy Vice President and Head of the Central Asia and Caucasus Research Institute(to present)</p> <p>Sept. 2005 Visiting Professor, Faculty of International Studies, Takushoku University(to present)</p> <p>May. 2007 Advisor to the Minister of Education, Culture, Sports and Science and Technology, the Republic of Kazakhstan (to present)</p> <p>June 2007 Board Director of the Company(to present)</p> <p>Nov. 2007 Director, Japan-Kyrgyz Republic Exchange Association(to present)</p> <p>Apr. 2009 Visiting Professor, Graduate School of Globalising Asia, Kokushikan University (to present)</p>	0
13	Taeko Nagai (Jan. 30, 1938)	<p>Apr. 1960 Joined Japan Broadcasting Corporation (NHK)</p> <p>Aug. 1990 Manager of the Urawa (currently Saitama) Station of NHK</p> <p>June 1993 Executive Editor of NHK (specializing in culture and education)</p> <p>Apr. 1997 Director of the Setagaya Culture and Life Information Center</p> <p>Jan. 2005 Vice President of NHK</p> <p>June 2009 Vice President of the Setagaya Arts Foundation (to present)</p>	0

14	Yoshio Suzuki (Nov. 1, 1945)	Apr. 1970 Appointed as public prosecutor Apr. 1983 Professor at the Legal Training and Research Institute Mar. 1987 Manager in the Tax Litigation Division of the Litigation Bureau at the Ministry of Justice June 1997 General Manager in the Criminal Division of the Tokyo High Public Prosecutors Office Apr. 1999 Chief Prosecutor at the Otsu District Public Prosecutors Office Feb 2003 General Manager of General Affairs at the Supreme Public Prosecutors Office Dec. 2006 Superintending Prosecutor at the Hiroshima High Public Prosecutors Office Jan. 2008 Retired as public prosecutor Apr. 2008 Professor at the Chuo Law School (to present) Registered as an attorney Joined Ichibancho Sogo Law Offices (to present)  Significant concurrent job Attorney, Ichibancho Law Office	0
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Notes:

1. There are no conflicts of interests between the Company and the above candidates for Directors.
2. Tetsuji Tanaka , Taeko Nagai and Yoshio Suzuki are candidates for Outside Directors.
3. Reasons for nominating Tetsuji Tanaka , Taeko Nagai and Yoshio Suzuki as candidates for Outside Directors and our judgment of their being capable of properly executing duties as Outside Directors:
  - (1) Tetsuji Tanaka  
Tetsuji Tanaka has worked at the Bank of Japan for many years, and now plays important roles in a wide range of fields. For example, he is Senior Advisor to the President of the United Nations University and advisor to the governments and financial organizations of Central Asian countries. We expect that he will provide useful advice on the Company's management based on his extensive experience in various sectors. Hence, we believe he is the right person for the post of Outside Director.
  - (2) Taeko Nagai  
Taeko Nagai has worked at Japan Broadcasting Corporation for many years, and now serves as vice president of an arts foundation. We expect that she will provide useful advice on the Company's management based on her expertise and experience in culture, education, and other fields. Hence, we believe she is the right person for the post of Outside Director.
  - (3) Yoshio Suzuki  
Yoshio Suzuki has worked in the public prosecutors offices and the Ministry of Justice for many years, and has expertise in the legal field. We expect that he will provide useful advice on the Company's promotion of compliance based on his broad experience in legal circles. Hence, we believe he is the right person for the post of Outside Director.
4. Tetsuji Tanaka is currently Outside Director of the Company. At the close of this Ordinary General Meeting of Shareholders, he will have served as Outside Director for three (3) years.
5. The Company has concluded a liability limitation contract with Tetsuji Tanaka in accordance with Article 427, Paragraph 1 of the Corporate Law to limit the liability for damages provided in Article 423, Paragraph 1 of the Corporate Law. Under that contract, the maximum liability for damages shall be the amount provided by laws and regulations. If he is reappointed as Outside Director, the Company will continue the said contract with him. If Taeko Nagai and Yoshio Suzuki are appointed as Outside Directors, the Company will conclude a liability limitation contract with them in accordance with Article 427, Paragraph 1 of the Corporate Law to limit their liability for damages provided in Article 423, Paragraph 1 of the Corporate Law. Under the contract, the maximum liability for damages shall be the amount provided by laws and regulations.

### No. 3: Election of One (1) Corporate Auditor

As the terms of office of Corporate Auditors Yasuo Takeshita will end at the close of this General Meeting of Shareholders, we propose the appointment of one (1) Corporate Auditor.

The consent of the Corporate Auditors has been obtained for this proposal.

The Corporate Auditor candidate is as follows:

Name (Date of Birth)	Career Summary and Significant Concurrent Job	Number of Shares of the Company Owned
Yoshinori Koga (Dec. 1, 1950)	Apr. 1974 Joined Mitsui Toatsu Chemicals, Inc. June 2002 General Manager, Corporate Communications Division June 2004 Executive Director of the Company General Manager, Corporate Communications Division June 2005 Executive Officer of the Company General Manager, Finance Division Apr. 2007 Executive Officer of the Company Assistant to President June 2007 Contract Assistant to Executive Officer of the Company Director of Prime Polymer Co., Ltd. General Manager, Planning & Coordination Division June 2009 Contract Assistant to Executive Officer of the Company Managing Director of Prime Polymer Co., Ltd. General Manager, Planning & Coordination Division (to present)	13,000

Note: 1. There are no conflicts of interests between the Company and the candidate.



**No. 4: Renewal of Countermeasures to Large-Scale Acquisitions of Mitsui Chemicals, Inc. Shares (Takeover Defense Measures)**

The Company's board of directors (the "Board of Directors") resolved at its meeting held on April 3, 2007 to introduce a plan for countermeasures to large-scale acquisitions of the shares in the Company (the "Former Plan") subject to the shareholders' approval and obtained the shareholders' approval at the ordinary general meeting of shareholders held on June 26, 2007. The effective period of the Former Plan expires at the conclusion of this General Meeting of Shareholders. Therefore, the Company is seeking the shareholders' approval for the renewal of the Former Plan with some revisions (the renewed Former Plan is to be referred to as the "Plan") in order to continually ensure and enhance the Company's corporate value and the common interests of its shareholders.

**1. Basic Policy regarding the Persons who Control Decisions on the Company's Financial and Business Policies**

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continually and steadily ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company will not unconditionally reject a large-scale acquisition of the shares if it will contribute to the Company's corporate value and, in turn, the common interests of its shareholders. The Company also believes that the final decision as to whether or not to accept a large-scale acquisition that would involve a change of the control of the Company should ultimately be made by its shareholders as a whole.

Recently, unilateral large-scale acquisitions of shares carried out without approval by the management of the target company have been gradually surfacing in Japanese capital market. Some of these large-scale acquisitions benefit neither the corporate value of the target company nor the common interests of its shareholders, including those with a purpose

that would obviously harm the corporate value of the target company and 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 or shareholders to consider the terms of the acquisition or for the target company's board of directors to make an alternative proposal, and 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 believes that persons who would make a large-scale acquisition that would harm the Company's corporate value and the common interests of its shareholders, including acquisitions described in the above examples, or would act in a similar manner would be inappropriate to become persons who control decisions on the Company's financial and business policies.

## **2. Initiatives for Realizing the Basic Policy**

Since its establishment in October 1997 the corporate mission of the Company Inc. has been to contribute broadly to society by providing high-quality products and services to customers through innovations and creation of materials, while keeping in harmony with the global environment, and on this basis it has worked to ensure and enhance corporate value and shareholders' common interests.

On the Company's 10<sup>th</sup> anniversary in 2007, it formulated the "Grand Design" which is to serve as a fundamental framework for management of the company and assure sustainability and growth for the coming 10 to 15 years. The Grand Design revises the Company's corporate target to "Chemistry, Innovation, Dreams – The Company group is constantly pursuing innovation and materializing dreams with the wonder of chemistry" – in anticipation of its next 15 to 20 years. In addition, it outlined the long-term management target for the next 8 to 10 years and, for continued sustenance of corporate value, set forth three axes which included a financial goals (economic axis), an environmental goals (environmental axis), and a social goals (social axis). Corporate activities and management performance would be based on a balance of these three

axes.

The financial goals are operating profit of over 150 billion yen and ROA (return on assets) is to be over 10%. The environmental goals are reduction of greenhouse gases basic unit, minimization of industrial waste, and development of technologies to utilize non-fossil fuel resources. The social goals are attaining global top level workplace safety.

To actualize these goals by 2011, the final year of the 2008 mid-term business plan, fundamental strategies for “gear up growth and expansion to achieve long-term financial goals,” “acceleration of realizing targeted business portfolios,” and “creation and development of innovative new technology,” were outlined.

However, with the global financial crisis which started in late 2008, business conditions became unpredictable and difficult. In response, the Company reviewed its growth strategy and in October 2009 announced a “New Growth Strategy,” which included acceleration of business expansion and new business by alliances with other companies and M&As, while focusing on three strategic areas.

- (1) Global expansion of highly competitive businesses
- (2) Expansion of high value-added businesses to achieve sustainable growth
- (3) Creation of new products and businesses that are in harmony with the global environment

The foundation of the Company’s corporate value lies in its superior technological know-how which makes possible the development of highly functional, superior quality products. To reinforce its already strong development capacity, in October 2009, the Company opened a New Materials Development Center. This Center will fully use the Company’s proprietary technology and materials to focus on three main development areas which are next-generation automotive materials, high performance film sheets, and advanced materials.

Furthermore, to strengthen future operational expansion in the mid- to long-term, the Company established the New Business Development

Division which will develop solutions through chemical innovations to resource, environment, and energy problems to form large-scale next generation businesses. In order to newly develop highly functional and superior quality new products, sustenance and improvement of technological know how which relies on personnel with highly developed skills is mandatory. The Company puts extensive effort in supporting the growth of its human resources, which has resulted in sincere and loyal workforce, and recruitment of new employees and experienced professionals.

the Company believes fulfillment of its corporate responsibility and the earning of society's trust are keys to maintaining corporate value and sustainability. Among its responsibility to society, the Company believes strengthening of corporate governance to be of utmost importance. In this connection, the Company has appointed Outside Directors, emphasizing the role of Corporate Auditors, strengthened internal control systems, and intensified functions of its risk compliance committee. In addition, to gain the trust of all stakeholders, including shareholders, customers, clients, employees, and local communities, the Company will continue to intensify social contribution activities especially in areas concerning related to the environment, safety, quality, and compliance.

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

#### **(1) Purpose of the Plan**

As set out in Initiatives for Realizing the Basic Policy, the Company is engaged in initiatives to ensure and enhance its corporate value and the common interests of its shareholders while effectively utilizing the source of the Company's corporate value that the Company has built up over many years.

Recently, however, as explained above, the situation is such that there is the possibility of the Company's corporate value and the common interests of its shareholders being harmed through inappropriate

large-scale acquisitions of the shares in the Company. In order for the Company to ensure and enhance its corporate value sustainably in the future amid the intense competition in the chemicals industry, it is necessary to aggressively conduct measures such as business portfolio reform against a backdrop of the Company's innovative corporate culture, research and development from a medium-to-long-term perspective and appropriate allocation of management resources, and preservation of relationships of mutual trust with stakeholders through ensuring environmental soundness, safety and quality. Unless such measures are steadily conducted by the acquirer of the shares in the Company, the Company's corporate value and the common interests of its shareholders will be harmed.

In these circumstances, the Board of Directors introduced the Former Plan, having determined that, when the Company receives an acquisition proposal from an acquirer for the shares in the Company, a mechanism would be necessary to enable the Company to stave off any large-scale acquisition that would harm the Company's corporate value and the common interests of its shareholders by ensuring necessary time and information for the shareholders to decide whether or not to accept such proposal and for the Board of Directors to make an alternative proposal to the shareholders, and by enabling the Board of Directors to negotiate with the acquirer for the benefit of the shareholders. The Company believes that these circumstances remain the same today.

For the reasons stated above, as a part of the Company's efforts to prevent decisions on its financial and business policies from being controlled by persons deemed inappropriate under the Basic Policy, the Board of Directors has decided to renew the Former Plan subject to the shareholders' approval at this General Meeting of Shareholders. The Company has not received any specific proposal for a large-scale acquisition from a third party as of the date of this press release.

## (2) Plan Outline

### (a) Establishment of Procedures for Triggering the Plan

The Plan establishes procedures, in the case that there is an Acquisition (as defined in section (3)(a), 'Procedures for Triggering the Plan'; the

same applies hereafter) of the shares in the Company, for requesting the acquirer or party proposing the Acquisition (collectively the “Acquirer”) to provide information in advance related to the Acquisition, for securing time to collect information with respect to, and to consider, the Acquisition, and for the Company to propose the management team’s plan or an alternative proposal to shareholders, or to negotiate with the Acquirer. These actions are taken for the purpose of ensuring and enhancing the Company’s corporate value and common interests of its shareholders (see section (3) ‘Procedures for Triggering the Plan’).

(b) Gratis Allotment of the Stock Acquisition Rights and Use of Independent Committee

If an Acquisition by the Acquirer that is deemed to have the potential to damage the Company’s corporate value and the common interests of its shareholders, such as an Acquisition conducted without following the procedures established by this Plan (see section (4) ‘Requirements for Gratis Allotment of the Stock Acquisition Rights’ below for details), the Company shall make an allotment of stock acquisition rights with (a) an exercise condition that does not allow the Acquirers to exercise the stock acquisition rights, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for the shares of the Company from persons other than the Acquirers (the “Stock Acquisition Rights”; details provided below in section (5) ‘Outline of Gratis Allotment of the Stock Acquisition Rights’), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) (prescribed by Article 277 and relevant provisions thereafter of the Corporation Law) to all shareholders at that time.

In order to eliminate arbitrary decisions by the Board of Directors, decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights or the acquisition of the Stock Acquisition Rights shall pass through the judgment of an independent committee, which is solely composed of members who are independent from the Company’s management team, namely, (i) the Company’s Outside Directors, (ii) the Company’s Outside Corporate Auditors, and (iii) distinguished professionals from outside the Company (e.g., experienced corporate

managers, former government officials, people with substantial experience in investment banking, attorneys, certified public accountants and academic experts) (the “Independent Committee”), in accordance with the Independent Committee Rules (see Material No.1 for a summary), upon confirmation of the shareholders’ intent in certain cases, and transparency will be ensured by timely disclosure to all the Company’s shareholders . The names and career summaries of the persons slated to make up the Independent Committee upon the Renewal of the Plan are provided in Material No.2.

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

Should a gratis allotment of the Stock Acquisition Rights be conducted in accordance with the Plan and the shares in the Company be granted to shareholders other than the Acquirer through the exercise of the Stock Acquisition Rights by shareholders other than the Acquirer or in exchange for the Stock Acquisition Rights acquired by the Company, the ratio of shareholder voting rights held by the Acquirer may be diluted by up to fifty percent.

(3) Procedures for Triggering the Plan

(a) Targeted Acquisitions

Under the Plan, a gratis allotment of the Stock Acquisition Rights is conducted by following procedures set forth by the Plan in the case where an acquisition falls under 1) or 2) below or any similar action, or a proposal for acquisition or any similar action (collectively the “Acquisition”) is made.

- 1) An acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)<sup>1</sup> of a holder (*hoyuusha*)<sup>2</sup> totaling 20% or more of the share certificates, etc. (*kabuken tou*)<sup>3</sup> issued by the Company; or

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

<sup>2</sup> Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Law of Japan. The same applies throughout this document.

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

2) A tender offer (*koukai kaitsuke*)<sup>4</sup> that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)<sup>5</sup> of share certificates, etc. (*kabuken tou*)<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. issued by the Company.

The Acquirer shall follow the procedures prescribed in the Plan, and the Acquirer must not effect the Acquisition until and unless the Board of Directors resolves not to implement the gratis allotment of the Stock Acquisition Rights in accordance with the Plan.

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

Except when approved otherwise by the Board of Directors, any Acquirer conducting an Acquisition described in section (a) above shall be required to submit to the Company in the form prescribed by the Company a document that includes information necessary to consider the details of the Acquisitions described in each item of the list below (the "Necessary Information"), and an undertaking that the Acquirer will upon the Acquisition comply with the procedures set out in the Plan (collectively "Acquisition Documents") before executing the Acquisition.

If the Board of Directors receives the aforementioned Acquisition Documents, it will promptly deliver it to the Independent Committee. If the Independent Committee receives the Acquisition Documents and determines that the Acquisition Documents does not contain sufficient Necessary Information, the Independent Committee may set a reply deadline and directly or through the Board of Directors request that the Acquirer provide additional Necessary Information. In this case, the Acquirer is required to submit the additional Necessary Information by

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<sup>4</sup> Defined in Article 27-2(6) of the Financial Instruments and Exchange Law of Japan. The same applies throughout this document.

<sup>5</sup> Defined in Article 27-2(8) of the Financial Instruments and Exchange Law of Japan. The same applies throughout this document.

<sup>6</sup> Defined in Article 27-2(1) of the Financial Instruments and Exchange Law of Japan.

<sup>7</sup> 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); 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 applies throughout this document.



the deadline.

- 1) Details (including the specific name, capital structure and financial information) of the Acquirer and its group (including joint holders,<sup>8</sup> persons having a special relationship, (and in the case of funds) fund members and other members)
- 2) Purpose, method and terms of the Acquisition (including the type and amount of compensation, timeframe, scheme of any related transactions, legality of methods and feasibility of the Acquisition)
- 3) Basis for the calculation of the purchase price of the Acquisition (including facts and assumptions on which the calculation is premised, calculation methods, numerical data used in the calculation and synergies expected to arise from the series of transactions related to the Acquisition, and, more specifically, synergies accorded to minority shareholders)
- 4) Financial support for the Acquisition (specifically including the names of fund providers (including all indirect providers), financing methods, and terms of any related transactions)
- 5) Post-acquisition management policies, business plans, capital policies and dividend policies for the Company group
- 6) Post-acquisition policies for the Company's employees, business partners, customers and other stakeholders
- 7) Any other information that the Independent Committee reasonably considers necessary

When it is deemed that an Acquirer has commenced an Acquisition without following the procedures established in the Plan, the Independent Committee shall, in principle, recommend to the Board of Directors to implement a gratis allotment of the Stock Acquisition Rights in accordance with section (d)1) below, except in particular circumstances where it should continue with its requests for submission of the Acquisition Documents and Necessary Information to conduct discussion and negotiation with the Acquirer.

(c) Consideration of Acquisition Terms, Negotiation with Acquirer,

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<sup>8</sup> Defined in Article 27-23(5) of the Financial Instruments and Exchange Law of Japan, including persons who are deemed joint holders under Article 27-23(6) of the Financial Instruments and Exchange Law of Japan by the Board of Directors. The same applies throughout this document.

## Submission of Alternatives

### 1) Request to the Board of Directors for the Provision of Information

If the Acquirer submits the Acquisition Documents and any Necessary Information that has been additionally requested by the Independent Committee, the Independent Committee may, in order to compare the details of the Acquisition Documents and the Necessary Information with the business plan of the Board of Directors or the like from the perspective of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, request the Board of Directors to promptly provide an opinion on the Acquirer's Acquisition terms (including an opinion to refrain from giving such opinion; the same applies throughout this document), supporting documents, alternatives (if any) and any other information or documents deemed appropriate and necessary by the Independent Committee within a reasonable period of time set by the Independent Committee (in principle, within 60 days, taking into account that the Company is engaged in a wide range of business such as petrochemical feedstocks, industrial chemicals, synthetic fiber raw materials, automotive and industrial materials, electronic and IT materials, agrochemicals and dental materials, that the Company has business partners in various industries, and that the business scale of the Company group, which consists of 96 consolidated companies in 14 countries over the world, is extensive).

### 2) Independent Committee Consideration

If the Independent Committee deems that the Acquirer and the Board of Directors (when the Board of Directors is requested to provide information and documents in accordance with section 1) above) have provided sufficient information and documents (including those additionally requested), the Independent Committee shall set a reasonable consideration period (taking into account the Company's business characteristics set out in section 1) above, no more than 60 days in principle; however, in accordance with section (d)3) below, the Independent Committee may extend the period by its resolution; the "Independent Committee Consideration Period").

Based on the information and documents provided by the Acquirer and

the Board of Directors during the Independent Committee Consideration Period, the Independent Committee shall consider the Acquirer's Acquisition terms, consider any alternative proposals submitted by the Board of Directors, collect information on and compare the business plans of the Acquirer and the Board of Directors and the like from the perspective of ensuring and enhancing the Company's corporate value and the common interests of its shareholders. Also, if necessary, the Independent Committee shall conduct discussions and negotiations with the Acquirer, itself or through the Board of Directors, in order to improve the terms of the Acquisition from the perspective of ensuring and enhancing the Company's corporate value and the common interests of its shareholders, and shall present the Company's alternative proposal to the shareholders.

The Acquirer must promptly respond when the Independent Committee requests the Acquirer, itself or through the Board of Directors, to provide materials for consideration or any other information, or to discuss or negotiate with the Independent Committee within the Independent Committee Consideration Period.

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

(d) Judgment by the Independent Committee

If an Acquirer emerges, the Independent Committee will provide a recommendation to the Board of Directors in accordance with the following procedures.

1) Recommendation for the Triggering of the Plan

If the Acquirer fails to comply with the procedures prescribed in (b) or (c) above, or if as a result of the consideration of the terms of the Acquirer's Acquisition and discussions or negotiations with the Acquirer, the

Independent Committee determines that the Acquisition by the Acquirer corresponds to any of the requirements set out in section (4) 'Requirements for Gratis Allotment of the Stock Acquisition Rights' below, the Independent Committee shall recommend to the Board of Directors that a gratis allotment of the Stock Acquisition Rights be implemented irrespective of whether the Independent Committee Consideration Period has started or ended. The Independent Committee may recommend implementation of the gratis allotment of the Stock Acquisition Rights subject to obtaining approval at a shareholders meeting in advance.

Notwithstanding the foregoing paragraph, if the Independent Committee determines any of the following circumstances applies, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of the Stock Acquisition Rights, the Independent Committee may make a new judgment and recommend this to the Board of Directors. Such recommendation may include canceling the gratis allotment of the Stock Acquisition Rights up to the second business day prior to the ex-rights date with respect to the gratis allotment, or the Company's acquisition of the Stock Acquisition Rights for no consideration up to the day prior to the first day of the exercise period for the Stock Acquisition Rights following the effective date for the gratis allotment.

- (i) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the initial recommendation.
- (ii) The facts or information that formed the basis for the initial recommendation change and the Acquisition by the Acquirer no longer corresponds to any of the requirements set out in section (4) 'Requirements for Gratis Allotment of the Stock Acquisition Rights' below.

## 2) Recommendation for the Non-Triggering of the Plan

If as a result of the consideration of the terms of the Acquirer's Acquisition and discussions or negotiations with the Acquirer, the Independent Committee determines that the Acquisition by the Acquirer does not correspond to any of the requirements set out in (4)

‘Requirements for Gratis Allotment of the Stock Acquisition Rights’ below, or the Board of Directors does not provide the opinion prescribed in section (c)1) above or information and documents requested by the Independent Committee within the specified timeframe despite the requirement by the Independent Committee, the Independent Committee shall recommend to the Board of Directors that the gratis allotment of the Stock Acquisition Rights not be implemented, irrespective of whether or not the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, if the Independent Committee determines that the facts or information that formed the basis for the recommendation change and the Acquisition by the Acquirer corresponds to any of the requirements set out in section (4) ‘Requirements for Gratis Allotment of the Stock Acquisition Rights’ below, even after the Independent Committee has already made a recommendation for the non-implementation of the gratis allotment of the Stock Acquisition Rights, the Independent Committee may make a new judgment and recommend this to the Board of Directors. Such recommendation could include the implementation of a gratis allotment of the Stock Acquisition Rights.

### 3) 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 the Stock Acquisition Rights by the end of the initial Independent Committee Consideration Period, the Independent Committee will, to the extent that is necessary for actions such as consideration of the terms of the Acquirer’s Acquisition, discussion or negotiation with the Acquirer, or consideration of alternative proposals (in principle up to 30 days), adopt a resolution to extend the Independent Committee Consideration Period.

If the Independent Committee Consideration Period is extended through the aforementioned resolution, the Independent Committee will continue to collect information, consider the Acquisition and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights or provide an alternative proposal within the

extension period.

(e) Resolutions by the Board of Directors

When the Independent Committee makes the aforementioned recommendation, the Board of Directors, in exercising their role as an organization under the Corporation Law, shall promptly make a resolution relating to the implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights (including the resolution of canceling the gratis allotment of the Stock Acquisition Rights or the Company's acquisition of the Stock Acquisition Rights for no consideration) respecting to the maximum extent any recommendation by the Independent Committee described above. If the Shareholders Meeting (defined in section (f) below) is convened in accordance with section (f) below, the Board of Directors will follow the resolution at the Shareholders Meeting.

(f) Convocation of the Shareholders Meeting

Upon the implementation of the gratis allotment of the Stock Acquisition Rights pursuant to the Plan, the 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, if the Independent Committee recommends implementation of the gratis allotment of the Stock Acquisition Rights subject to obtaining approval at a shareholders meeting in advance in accordance with section (d)1) above.

(g) Information Disclosure

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

laws and ordinances or the regulations of the financial instruments exchange.

#### (4) Requirements for Gratis Allotment of the Stock Acquisition Rights

If the Acquisition by the Acquirer corresponds to any of the following conditions (a) through (g) and it is reasonable to implement the gratis allotment of the Stock Acquisition Rights, the Company intends to implement the gratis allotment of the Stock Acquisition Rights by a resolution of the Board of Directors, as stated above in section (e) of (3) 'Procedures for Triggering the Plan'. In accordance with section (d) of (3) 'Procedures for Triggering the Plan', the determination as to whether the Acquisition corresponds to the following requirements will always be made through the Independent Committee.

(a) The Acquisition is not in compliance with the procedures prescribed in the Plan such as provision of information or ensuring the Independent Committee Consideration Period set out at section (b) of (3) 'Procedures for Triggering the Plan'.

(b) The Acquisition threatens to cause obvious harm to the Company's corporate value and the common interests of its shareholders through actions similar to and including:

- 1) A buyout of share certificates, etc. to require such share certificates, etc. to be compulsorily purchased by the Company and its affiliated party at a high price;
- 2) 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 its material assets;
- 3) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company; or
- 4) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share

prices created by the temporarily high dividends.

(c) The Acquisition threatens 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).

(d) The Acquisition does not provide the Company with the period of time reasonably necessary to present an alternative to the Acquisition.

(e) The Acquisition does not adequately provide the Company's shareholders with the Necessary Information or any other information considered reasonably necessary to assess the Acquisition terms.

(f) The Acquisition terms (including the type and amount of compensation, timeframe, legality of methods, feasibility of execution, and post-acquisition policies dealing with the Company's employees, business partners, customers and other stakeholders) are conspicuously inadequate or inappropriate in light of the Company's intrinsic value.

(g) The Acquisition materially threatens to oppose the Company's corporate value and, in turn, the common interests of its shareholders by destroying relationships with the Company's employees, business partners, customers and other parties that are indispensable to the Company in generating corporate value.

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

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

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

The number of the Stock Acquisition Rights to be allotted is the most recent total number of issued the shares in the Company (excluding the number of the 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 Board of Directors relating to the gratis allotment of



the Stock Acquisition Rights (the “Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights for no consideration to those shareholders, other than the Company, who are recorded in the Company’s final shareholder register on the Allotment Date, at a ratio of one Stock Acquisition Right for each share in the Company held.

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

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

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

The class of shares to be acquired upon exercise of each Stock Acquisition Right is to be common stock of the Company, and the number of shares to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall be one share except as separately adjusted.

(e) The Amount of Property to be Contributed upon Exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share of property 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 of the Company. “Fair market value” means the amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the 90 day period prior to the Gratis Allotment Resolution (excluding the days on which there is no closing price), 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 of the exercise period will be either the effective date of the gratis allotment of the Stock Acquisition Rights or a date separately determined in the Gratis Allotment Resolution, and the exercise period will be a period of one to two months as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of section (i)2) 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 acquisition date. Further, if the final day of the exercise period falls on a non-business day for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

(g) Conditions for 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 “Specified Acquirers”):

- i) Specified Large Holders;<sup>9</sup>
- ii) Joint holders of Specified Large Holders;
- iii) Specified Large Purchasers;<sup>10</sup>
- iv) Persons having a Special Relationship with Specified Large Purchasers;

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<sup>9</sup> “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 regarded as at least 20% by the Board of Directors; provided, however, that a person that the Board of Directors recognizes as a person 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 and a person determined by the Board of Directors in the Gratis Allotment Resolution is not a Specified Large Holder. The same applies throughout this document.

<sup>10</sup> “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 applies in this footnote) of share certificates, etc. (as defined in Article 27-2(1) of the Financial Instruments and Exchange Law; the same applies in this footnote) issued by the Company through 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 regarded by the Board of Directors as at least 20% when combined with the ratio of ownership of share certificates, etc. of a person having a Special Relationship; provided, however, that a person that the Board of Directors recognizes as a person 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 and a person determined by the Board of Directors in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same applies throughout this document.

- v) Any transferee of or successor to the Stock Acquisition Rights of any person falling under i) through iv) without the approval of the Board of Directors; or
- vi) Any Affiliated Party<sup>11</sup> of any person falling under i) through v).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that certain nonresidents, such as those who may use any exemption provision under the applicable laws and regulations in such foreign country, will be able to exercise the Stock Acquisition Rights and the Stock Acquisition Rights held by such nonresidents will be subject to acquisition by the Company in exchange for the shares of the Company as set out in (i) below).

#### (h) Assignment of the Stock Acquisition Rights

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

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

1) At any time on or before the date immediately prior to the commencement date of the exercise period, if the 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 Board of Directors, acquire all the Stock Acquisition Rights for no consideration.

2) On a date separately determined by the Board of Directors, the Company may acquire all the Stock Acquisition Rights that have not been exercised before or on the business day immediately prior to such date determined by the Board of Directors and that are held by parties other than Specified Acquirers, and, in exchange, deliver the shares in the Company to the number equivalent to the Applicable Number of

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<sup>11</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 person who is deemed by the Board of Directors to fall under the above), or a person deemed by the Board of Directors to act in concert with such given party. ‘Control’ is defined as a situation in which a company controls decisions on financial and business policies of another company (Article 3- 3 of Rules for the Enforcement of the Corporation Law).

Shares for each Stock Acquisition Right. The Company may implement such acquisition more than once.

(j) Other

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

(6) Effective Period of the Plan

The effective period of the Plan will be from the conclusion of this General Meeting of Shareholders until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending March 2013. If a gratis allotment of the Stock Acquisition Rights is implemented based on the Plan, the Gratis Allotment Resolution will be made during the effective period of the Plan.

(7) Abolition, Revision and Amendment of the Plan

If, after the implementation of the Plan, even before the expiration of the effective period, there is 1) a resolution for abolishing the Plan made at the Company's general meeting of shareholders or 2) a resolution for abolishing the Plan made at a meeting of the Board of Directors composed of the Directors chosen at the Company's general meeting of shareholders, the Plan shall be abolished at that time. Accordingly, the Plan may be abolished in accordance with the intent of the Company's shareholders.

Further, even during the effective period of the Plan, the Board of Directors may revise or amend the Plan if such revision or amendment is not against the intention of the resolution of the ordinary general meeting of shareholders for the Renewal and subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company shall promptly disclose the fact of such abolishment, revision or amendment, the details of the revisions or amendments (in such cases), and other matters deemed appropriate by the Board of Directors or the Independent Committee.

The provisions of laws and regulations referred to in the Plan are subject

to the prevailing provisions effective as of March 31, 2010. If necessary due to the formulation, amendment or abolishment of laws or regulations, the provisions or definitions set out in the Plan may be read accordingly as required to a reasonable extent, taking into consideration the purpose of such formulation, amendment or abolishment.

#### **4. The Plan Complies with the Basic Policy and is not Designed to Harm the Common Interests of the Company 's Shareholders nor to Preserve the Position of the Company's Executives, and Supporting Reasons**

(1) The Plan is Designed to Fully Satisfy the Requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles (principle of ensuring and enhancing corporate value and shareholders' common interests, principle of advance disclosure and shareholders' will, and principle of ensuring the necessity and reasonableness) established in the Guidelines Regarding Takeover Defense Measures for the Purpose of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released on May 27, 2005 by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

(2) The Plan is Renewed for the Purpose of Ensuring and Enhancing Shareholders' Common Interests

As stated in section 3.(1) 'Purpose of the Plan', the Plan is to be introduced and renewed for the purpose of ensuring and enhancing the Company's corporate value and the common interests of its shareholders by introducing a mechanism that makes it possible, in the case where an Acquisition of the shares in the Company is conducted, to ensure necessary time and information for the shareholders to decide whether or not to accept the Acquisition and for the Board of Directors to make an alternative proposal, and enables the Board of Directors to negotiate with the Acquirer for the benefit of the shareholders.

(3) The Plan Prioritizes the Intent of Shareholders

As stated in section 3.(1) 'Purpose of the Plan', the Renewal is subject to the shareholder's approval at this General Meeting of Shareholders. The

Board of Directors will confirm the shareholders' intent at the Shareholders Meeting as to whether or not to trigger the Plan in certain cases.

Also, as stated in section 3.(7) 'Abolition, Revision and Amendment of the Plan', if, even before the end of the effective period for the Plan, a resolution is made at a general meeting of shareholders to abolish the Plan, the Plan shall be abolished at that time. In this sense, the existence of the Plan reflects the intent of the shareholders.

#### (4) The Plan Prioritizes the Decisions of Highly Independent Outside Parties and Provides for Information Disclosure

The Company has established the Independent Committee as an organization that will eliminate arbitrary decisions by the Board of Directors and objectively make the substantive decisions as to the triggering or other operation of the Plan for the benefit of the shareholders.

The Independent Committee is composed of three or more members who are independent of the management team involved in business execution for the Company and who are either (i) the Company's Outside Directors, (ii) the Company's Outside Corporate Auditors, or (iii) distinguished professionals from outside the Company. (As stated in section (b) of 3.(2) 'Plan Outline', the names and career summaries of the people slated to make up the Independent Committee at the time of the Renewal are provided in Material No.2.)

When an Acquisition is effected for the shares in the Company, as stated in 3.(3) 'Procedures for Triggering the Plan', the Independent Committee, in accordance with the Independent Committee Rules, makes the substantive decisions as to whether or not the Acquisition will harm the Company's corporate value and the common interests of its shareholders, and the Board of Directors, in exercising their role as an organization under the Corporation Law, shall make the resolution respecting those decisions to the maximum extent.

In this way the Independent Committee will strictly monitor the operation

of the Plan so that it is not arbitrarily triggered by the Board of Directors. Summaries of the decisions by the Independent Committee are also disclosed to all shareholders. These mechanisms ensure the Plan will be transparently operated to contribute to the Company's corporate value and the common interests of its shareholders.

(5) **The Plan Establishes Rational, Objective Requirements for Triggering**  
As stated in section (d) of 3.(3) 'Procedures for Triggering the Plan' and in section 3.(4) 'Requirements for Gratis Allotment of the Stock Acquisition Rights', the Plan is established so that it will not be triggered unless rational and detailed objective requirements set out in advance have been satisfied. These requirements constitute a mechanism for preventing the Board of Directors from arbitrarily triggering the Plan.

(6) **The Plan Provides for the Acquisition of Opinions from Third-Party Experts**

As stated in section (c) of 3.(3) 'Procedures for Triggering the Plan', when an Acquirer emerges, the Independent Committee is allowed to seek the advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) at the expense of the Company. This provides a mechanism to better ensure the fairness and objectivity of the decisions made by the Independent Committee.

(7) **The Term of Office of Directors is to be One Year**

The term of office of the Company's Directors is one year, and it enables the intent of shareholders to be reflected in matters concerning the Plan through the election of Directors every year.

(8) **The Plan Does Not Constitute a Dead-Hand Takeover Defense Measure or Slow-Hand Takeover Defense Measure**

As stated above in 3.(7) 'Abolition, Revision and Amendment of the Plan', the Plan can be abolished at a meeting of the Board of Directors composed of Directors appointed by the Company's general meeting of shareholders, so it would be possible for a party that made a large-scale acquisition of the shares in the Company to appoint Directors at the Company's general shareholder meeting and have the Plan abolished by

the Board of Directors composed of the so-appointed Directors.

Accordingly, the Plan does not constitute a dead-hand takeover defense measure (a takeover defense measure in which even if the majority of the board members are replaced, the triggering of the measure cannot be stopped).

Also, because the Company has not adopted a staggered board system, the Plan does not constitute a slow-hand takeover defense measure (a takeover defense measure that extends the amount of time required to stop the triggering due to the impossibility of replacing all board members at once).

## **5. Impact on Shareholders**

### **(1) Impact on Shareholders at the Time of the Renewal**

At the time of the Renewal, the Plan will have no specific or direct impact on the rights or interests of shareholders or investors. This is because, at that time, no actual gratis allotment of the Stock Acquisition Rights will be implemented.

### **(2) Impact on Shareholders at the Time of the Gratis Allotment of the Stock Acquisition Rights**

#### **(a) Procedures for the Gratis Allotment of the Stock Acquisition Rights**

If the Gratis Allotment Resolution is made, the Company will decide the Allotment Date in the same resolution and give public notice of the Allotment Date. In this case, the Company will make a gratis allotment of the Stock Acquisition Rights to the shareholders who are recorded in the final shareholder register as of the Allotment Date (“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 the Stock Acquisition Rights, and no further procedures, such as application for such gratis allotment, will be necessary.

Even if the Gratis Allotment Resolution has already been made, the Company may cancel the gratis allotment of the Stock Acquisition



Rights up to the second business day prior to the ex-rights date with respect to the gratis allotment, or acquire the Stock Acquisition Rights for no consideration up to the day prior to the first day of the exercise period for the Stock Acquisition Rights following the effective date for the gratis allotment of the Stock Acquisition Rights, respecting any recommendation by the Independent Committee as described above in section (d)1) of 3.(3) 'Procedures for Triggering the Plan' to the maximum extent. In such cases, the per-share value of the Company's stock will not be diluted, which may, by changes in the price of the stock, result in unforeseen loss for investors who have traded shares based on the presumption that dilution will occur.

(b) Procedures for Exercising the Stock Acquisition Rights

In principle, the Company will send the Entitled Shareholders the request form for exercise of the Stock Acquisition Rights (in a form prescribed by the Company that includes the 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 conditions for the exercise of the Stock Acquisition Rights, indemnity clauses and other covenants, and information necessary to allocate the shares in the Company to the account of the Entitled Shareholders) and other documents necessary for exercise of the Stock Acquisition Rights. Following the gratis allotment of the Stock Acquisition Rights, the shareholders will be issued one share in the Company per one Stock Acquisition Right, in principle, upon submitting the necessary documents and making a cash payment to the payment handling office in the amount equivalent to the exercise price determined in the Gratis Allotment Resolution during the exercise period of the Stock Acquisition Rights. The exercise price per Stock Acquisition Right will be 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.

If the 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 the Stock Acquisition Rights

by other shareholders.

However, in accordance with the provisions stated in (c) below, the Company may acquire the Stock Acquisition Rights from all shareholders other than Specified Acquirers and, in exchange, deliver the shares in the Company to them. If the Company carries out these acquisition procedures, all shareholders other than Specified Acquirers will receive the shares in the Company without exercising the Stock Acquisition Rights or paying the amount equivalent to the exercise price, and, in principle, the shares in the Company they hold will not be diluted.

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

If the Board of Directors determines to acquire the Stock Acquisition Rights, the Company may acquire the Stock Acquisition Rights from all shareholders other than Specified Acquirers on the date separately determined by the Board of Directors in accordance with the statutory procedures, and, in exchange, deliver the shares in the Company to these shareholders. In this case, the applicable shareholders will receive one share in the Company, in principle, for each Stock Acquisition Right as compensation for the acquisition of the Stock Acquisition Rights by the Company without paying the amount equivalent to the exercise price. Further, in this case, applicable shareholders may be separately requested to submit a written pledge in a format prescribed by the Company that includes representations and warranties regarding matters such as the fact that they are not Specified Acquirers, indemnity clauses and other covenants, and information necessary to allocate the shares in the Company to the account of the Entitled Shareholders.

In addition to the above, details on allotment methods, exercise methods and methods of acquisition by the Company for the Stock Acquisition Rights will be released or notified to shareholders after the Gratis Allotment Resolution. Shareholders are requested to check these details at that time.

-End-

### Summary of the Independent Committee Rules

- The Independent Committee will be established by resolution of the Board of Directors.
- There will be at least three members of the Independent Committee, and the Board of Directors shall elect the members from (i) the Company's Outside Directors, (ii) the Company's Outside Corporate Auditors, or (iii) distinguished outside professionals, who are independent of the management involved in the Company's business execution. However, such distinguished outside professionals must be experienced corporate managers, former government officials, people with substantial experience in investment banking, attorneys, certified public accountants, academic experts, or have equivalent qualifications, and must have executed an agreement separately specified by the Board of Directors with the Company that includes a provision obligating the professionals to exercise their duty of care to the Company or a similar provision.
- Unless otherwise determined in a resolution by the 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 one year from the appointment. The term of office of any Independent Committee member who is also an outside Director or an Outside Corporate Auditor will end at the same time they cease to be a Director or a Corporate Auditor. However, if such committee member satisfies the requirements for distinguished outside professionals, the Board of Directors may reappoint that person as a committee member through the prescribed procedures.
- The Independent Committee will make decisions regarding the matters listed below and provide recommendations to the Board of Directors containing the details of and reasons for the decisions. Respecting such recommendations by the Independent Committee to the maximum extent, the Board of Directors shall resolve implementation or non-implementation of gratis allotment of the

Stock Acquisition Rights as an organization under the Corporation Law (provided, however, if the Shareholders Meeting resolves otherwise in respect to the implementation of the gratis allotment of the Stock Acquisition Rights as set out in 1) below, the Board of Directors shall follow such resolution). Each member of the Independent Committee and each Director of the Company must make decisions from the perspective of whether or not it contributes to the interests of the Company, and must not seek to pursue individual profit for themselves or the Company's management.

- 1) Implementation or non-implementation of the gratis allotment of the Stock Acquisition Rights
  - 2) Cancellation of the gratis allotment of the Stock Acquisition Rights, or the Company's acquisition of the Stock Acquisition Rights for no consideration
  - 3) Other matters that are for determination by the Board of Directors in respect to which the Board of Directors has consulted the Independent Committee
- In addition to the matters described above, the Independent Committee will also conduct the matters listed below.
    - 1) Determination whether the Acquisition should be made subject to the Plan
    - 2) Determination of the information that the Acquirer and Board of Directors should provide to the Independent Committee, and response deadlines
    - 3) Establishment and extension of the Independent Committee Consideration Period
    - 4) Examination and consideration of the terms of the Acquirer's Acquisition
    - 5) Negotiations or discussions with Acquirers, directly or through the Board of Directors
    - 6) Requests to the Board of Directors for alternative proposals, consideration of alternative proposals formulated by the Board of Directors, and presentation of alternative proposals to shareholders
    - 7) Determination whether a general meeting of shareholders should be convened regarding the implementation of the gratis

allotment of the Stock Acquisition Rights

8) Approval of revisions or amendments to the Plan

9) Any other matters prescribed in the Plan that the Independent Committee may conduct

10) Any matters that the Board of Directors separately determines that the Independent Committee may conduct

- If the Independent Committee decides that the information contained in the Acquisition Documents is not adequate as Necessary Information, it will request that the Acquirer provide additional Necessary Information. If the Acquirer submits the Acquisition Documents and Necessary Information that the Independent Committee has additionally requested, the Independent Committee may also request that the Board of Directors provide within a reasonable prescribed period an opinion regarding the terms of the Acquirer's Acquisition, supporting documentation, alternative proposals (if any), and other information or documents deemed appropriate and necessary by the Independent Committee.
- If it is necessary, the Independent Committee will directly or through the Board of Directors discuss or negotiate with the Acquirer, in order to improve the terms of the Acquirer's Acquisition from the perspective of ensuring and enhancing the Company's corporate value and the common interests of shareholders, and will present alternative proposals to shareholders.
- In order to collect necessary information, the Independent Committee may request the attendance of the Company's Directors, Corporate Auditors, executive officers, employees or other people that the Independent Committee considers necessary, and may require explanation of any matters it requests.
- The Independent Committee may, at the Company's expense, obtain advice from independent third parties (including financial advisors, certified public accountants, attorneys, 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 is effected or at any other time.

- Resolutions by the Independent Committee will pass with a majority vote with all members of the Independent Committee present, in principle. However, if any member is unable to attend the meeting due to an accident or any other unavoidable reason, resolutions may be adopted by a majority vote when a majority of the members of the Independent Committee are present.

Candidates for the Independent Committee

**Isao Ijuin**

April 1964	Registered as an attorney
February 1975	Partner at Nagashima & Ohno law firm (Currently, Nagashima Ohno & Tsunematsu)
January 2005	Advisor for Nagashima Ohno & Tsunematsu
June 2005	Corporate Auditor at the Company (to present)
December 2009	Retired as advisor for Nagashima Ohno & Tsunematsu

\* Mr. Isao Ijuin is an Outside Corporate Auditor of the Company, as set out in Article 2, Item 16 of the Corporation Law.

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

**Yoshio Suzuki**

April 1970	Appointed as public prosecutor
April 1983	Professor at the Legal Training and Research Institute
March 1987	Manager in Tax Litigation Division of Litigation Bureau at Ministry of Justice
June 1997	General manager in Criminal Division of Tokyo High Public Prosecutors Office
April 1999	Chief prosecutor at Otsu District Public Prosecutors Office
February 2003	General manager of General Affairs at Supreme Public Prosecutors Office
December 2006	Superintending prosecutor at Hiroshima High Public Prosecutors Office
January 2008	Retired as public prosecutor
April 2008	Professor at the Chuo Law School (to present) Registered as an attorney Joined Ichibancho Sogo Law Offices (to present)
June 2010	Scheduled to be appointed as a Director of the Company

\* Mr. Yoshio Suzuki is to be appointed as an Outside Director of the Company, as set out in Article 2, Item 15 of the Corporation Law subject to approval at this General Meeting of Shareholders.

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

### **Tetsuji Tanaka**

April 1967	Joined Bank of Japan
May 1993	Counselor in International Office at Bank of Japan
October 1993	Dispatched from Bank of Japan to the Kyrgyz Republic (Supreme Advisor to the National Bank of the Kyrgyz Republic; Special Economic Adviser to the President of the Kyrgyz Republic)
April 1995	Director of the Central Asia/Kyrgyz and Japan Center
November 1995	Assessor at Bank of Japan
December 1995	Overseas economics advisor to the President of the Kyrgyz Republic and the overseas advisory to the governor of the National Bank of the Kyrgyz Republic (to present)
June 1997	Special advisor to the Republic of Uzbekistan Bank Association (to present)
February 1998	Full-time advisor to Toshiba Corporation
December 2002	Advisor to the Minister of the Economy and Budgetary Planning of the Republic of Kazakhstan
February 2003	Senior advisor to the President of the United Nations University (to present)
June 2005	Deputy vice president and head of the Central Asia and Caucasus Research Institute (to present)
September 2005	Guest professor in the Faculty of International Studies at Takushoku University (to present)
May 2007	Advisor to the Minister of Education and Science of the Republic of Kazakhstan (to present)
June 2007	Director of the Company (to present)
November 2007	President of the Japan – Kyrgyz Association (to present)
April 2009	Guest professor in the Graduate School of Globalising Asia at Kokushikan University (to present)



\* Mr. Tetsuji Tanaka is an Outside Director of the Company, as set out in Article 2, Item 15 of the Corporation Law, and is to be reappointed as an Outside Director subject to approval at this General Meeting of Shareholders.

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

### **Atsuko Toyama**

April 1962	Joined the Ministry of Education
June 1991	Director-general of the Local Education Support Bureau at the Ministry of Education
July 1992	Director-General of the Higher Education Bureau at the Ministry of Education
July 1994	Commissioner of the Agency for Cultural Affairs
June 1996	Ambassador extraordinary and plenipotentiary at the Embassy of Japan in Turkey
April 2000	Director-general of the National Museum of Western Art in Tokyo
April 2001	Minister of Education, Culture, Sports, Science and Technology
April 2004	President of Panasonic Education Foundation (to present)
April 2005	President of the New National Theater Foundation (to present)
March 2007	President of the Toyota Foundation (to present)
June 2008	Outside Corporate Auditor of Dentsu Inc. (to present)

\* Ms. Atsuko Toyama does not have any special interests in the Company.

### **Taeko Nagai**

April 1960	Joined NHK Japan Broadcasting Corporation
August 1990	Manager of Urawa (now Saitama) Station of NHK Japan Broadcasting Corporation
June 1993	Executive editor of NHK Japan Broadcasting Corporation (specializing in culture and education)
April 1997	Director of Setagaya Culture and Life Information Center
January 2005	Vice president of NHK Japan Broadcasting

Corporation  
June 2009 Vice President of Setagaya Arts Foundation (to  
present)  
June 2010 To be appointed as a Director of the Company

\* Ms. Taeko Nagai is to be appointed as an Outside Director of the Company, as set out in Article 2, Item 15 of the Corporation Law subject to approval at this General Meeting of Shareholders.

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

## **Guidance for the Exercise of Voting Rights via the Internet, etc.**

### **1. Exercise of Voting Rights via the Internet**

Voting rights can be exercised via the Internet only on the website designated for exercising voting rights (<http://www.web54.net>), which can be accessed on a personal computer. When using this website, please read and confirm the following.

In exercising voting rights via the Internet, enter the voting right exercise code and the password shown on the right of the Voting Rights Exercise Form, and follow the instructions on the display.

#### **(1) Handling the exercise of voting rights**

- a. Voting rights shall be exercised via the Internet by no later than 5:40 p.m. on the day before the General Meeting of Shareholders.
- b. When voting rights are exercised in duplicate, both in writing and via the Internet, the vote that is cast last shall be deemed effective. However, if votes arrive on the same day, the vote cast via the Internet shall be deemed effective.
- c. When voting rights are exercised via the Internet more than once, the last vote shall be deemed effective.

#### **(2) Handling passwords**

- a. The password is used as a means to confirm that the person exercising his or her voting rights is the shareholder in question. You are advised to keep your password carefully, the same as you would a registered seal or personal ID code. We cannot accept inquiries about passwords over the telephone or by other means.
- b. If you enter the wrong password more than a specified number of times, you will be locked out and unable to use your password. To have a new password issued to you after you are locked out, please follow the instructions on the display.

#### **(3) System environment**

To exercise voting rights via the Internet, the following system environment is required.

- a. The display resolution shall be 800 × 600 pixels (SVGA) or more.
  - b. The following applications shall be installed:
    - (a) Microsoft® Internet Explorer Ver. 5.01 SP2 or later
    - (b) Adobe® Acrobat® Reader™ Ver. 4.0 or later, or Adobe® Reader® Ver. 6.0 or later (when referring to reference documents and such like on the display)
- \* Microsoft® and Internet Explorer are either registered trademarks or trademarks of Microsoft Corporation in the U.S. and other countries.
- \* Adobe® Acrobat® Reader™ and Adobe® Reader® are either registered trademarks or trademarks of Adobe Systems Incorporates in the U.S. and other countries.
- \* These pieces of software are available free of charge on the website of the relevant

company.

c. The aforementioned website uses a pop-up function. Hence, if your computer has a function to automatically block pop-ups, please switch that function off (or temporarily disable it) before accessing the website.

d. Communications via the Internet may be restricted if you have a firewall or such like in place. In this case, please contact the system administrator for assistance.

**(4) Inquiries about the operation of personal computers, etc.**

a. For inquiries regarding the operation of personal computers to exercise voting rights through the website above, contact the following.

Dedicated line for Transfer Agent Web Support, The Chuo Mitsui Trust & Banking Company, Limited:

Tel: 0120-65-2031 (Toll free)

(9 a.m. to 9 p.m., weekdays)

b. For other inquiries regarding your registered address, number of shares held or such like, contact the following.

Transfer Agent Business Center, The Chuo Mitsui Trust & Banking Company, Limited:

Tel: 0120-78-2031 (Toll free)

(9 a.m. to 5 p.m., weekdays)

**2. Use of the electronic voting rights exercise platform (for institutional investors)**

Institutional investors may use the electronic voting rights exercise platform operated by Investor Communications Japan Inc., as a means to exercise voting rights electronically, if they have made an application to use it in advance.