

**Renewal of Countermeasures to Large-Scale Acquisitions of Seiko Epson Shares
(Takeover Defense Measures)**

- TOKYO, Japan, April 30, 2014 -

Seiko Epson Corporation (the “Company”) introduced a plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) with the approval of shareholders at the 66th ordinary general meeting of shareholders of the Company held on June 25, 2008, for the purpose of ensuring and enhancing the Company’s corporate value and the common interests of its shareholders. At the 69th ordinary general meeting of shareholders of the Company held on June 20, 2011, when the effective period of the plan for countermeasures was to expire, the Company received approval from shareholders for the renewal of the plan for countermeasures with certain changes (the renewed plan for countermeasures: the “Existing Plan”).

As the Existing Plan is effective until the conclusion of the 72nd ordinary general meeting of shareholders of the Company to be scheduled on June 24, 2014 (the “Annual Shareholders Meeting”), the Company has considered the Existing Plan, including whether to continue the Existing Plan, from the viewpoint of maintaining and enhancing the common interests of shareholders and the Company’s corporate value. As a result, the Company hereby announces the decision at the meeting of its board of directors held today to renew its plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) (the renewed plan for countermeasures: the “Plan”), subject to shareholder approval at the Annual Shareholders Meeting, as a measure (Article 118, Item (3)(b)(ii) of the Enforcement Regulations of the Companies Act) to prevent decisions on the Company’s financial and business policies from being controlled by persons viewed as inappropriate under the basic policy regarding the persons who control decisions on the Company’s financial and business policies (defined in the main text of Article 118, Item (3) of the Enforcement Regulations of the Companies Act: the “Basic Policy”).

All five of the Company’s statutory auditors including the three outside auditors were in attendance at the meeting of the Company’s board of directors to fix the Plan, and the implementation of the Plan was approved subject to the specific operation of the Plan being carried out appropriately.

In formulating the Plan, formal wording changes were made to the Existing Plan, but with no substantial change made.

Major shareholders of the Company as of March 31, 2014 are listed in the exhibit.

This English translation has been prepared for general reference purposes. The Company is not responsible for any consequence resulting from the use of the English translation in place of the original Japanese text. In any legal matter, readers should refer to and rely upon the original Japanese text of the press release dated as of April 28, 2011.

Please note that the Company has not received any notice or proposal of a large-scale acquisition of shares in the Company from a specific third party to date.

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

The Company believes that its shareholders should be decided through free trade in the market. Accordingly, the Company believes that the determination to respond to an acquisition proposal to purchase a portion of shares that would make it possible to control decisions on the Company's financial and business policies should ultimately be referred to a decision by the shareholders.

The Company believes that it is essential for the Company to have executives and employees work together to create corporate value, to continue to create and take on challenges whilst embracing its established business culture, and to preserve and acquire the customers' trust in order to ensure and enhance the Company's corporate value and the common interests of its shareholders.

However, there are some forms of large-scale acquisitions of shares that benefit neither the target company's corporate value nor the common interests of its shareholders to be ensured and enhanced: (i) those that, in light of the purpose of the acquisition and the management policy and other factors after the acquisition, are likely to harm the corporate value of the target company and, in turn, the common interests of its shareholders, (ii) those with a potential to substantially coerce shareholders into selling their shares, and (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the terms and conditions of the acquisition, or for the target company's board of directors to make an alternative proposal. The Company believes that any person who would make an inappropriate large-scale acquisition of shares in the Company in this manner would be unsuitable to become a person who would control decisions on the Company's financial and business policies, and it is therefore necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition by such person.

II. Effective Use of the Company's Property, Appropriate Formation of Corporate Group and Other Special Measures Contributing to Realizing the Basic Policy

1. Sources of the Company's Corporate Value

The Company started out in 1942 as Daiwa Kogyo, Ltd., with the corporate purpose of manufacturing parts for watches, and it has brought numerous breakthrough products into the world since then. The Company has in particular developed and expanded its precision and micro-processing technologies, which it cultivated in developing quartz wristwatches, as well as its development of core components, into technologies relating to printers and electronic devices, thereby creating the current foundation for the business of the Epson Group (“Epson”).

Each company in Epson shares the following management policy, and by developing our corporate activity in line with this policy, we believe we will increase our corporate value and, in turn, the common interests of our shareholders:

Epson is a progressive company,
trusted throughout the world
because of our commitment to customer satisfaction,
environmental conservation, individuality, and teamwork.
We are confident of our collective skills
and meet challenges with innovative and creative solutions.

Ever since establishing its first overseas affiliate in Singapore in 1968, Epson has been growing into a company that has a global presence, and it is considered essential for enhancing Epson’s corporate value that each and every director works by the Epson management philosophy and that together everyone at Epson works as one toward creating value for all of our stakeholders.

In working toward growing its corporate value, Epson has dedicated itself, using its impressive skills in producing independently developed technologies, to creating unique products, such as our photo-quality inkjet printers and our energy-saving electronic devices, that are highly efficient and, most importantly, increase convenience for our customers.

At the same time, in developing its products Epson continues to engage in activities that show its awareness of the need to preserve the global environment. For example, when concerns first arose over the harmful effects chlorofluorocarbons have on the ozone layer in 1988, Epson promptly issued its “chlorofluorocarbon-free declaration” under which by 1993 it aimed to abolish the use of chlorofluorocarbons in manufacturing processes at all of its affiliates throughout the world. Epson has received high praise for adopting approaches that can only be expected of Epson as a company with a large presence in nature-abundant Nagano prefecture. Epson has also set itself high goals for cutting back on levels of emissions of carbon dioxide. We believe unique efforts of ours such as these constitute one of the sources

of our corporate value.

Two Epson traditions have also grown out of Epson's history of developing and manufacturing watches, one being its culture of making things smaller, the other being its practice of developing all essential major components internally. This has been Epson's globally unmatched corporate culture in making watches since its inception, and it forms the core to the Epson's corporate ethos of creativity and challenge. It has also become one of the Company's strengths of being able to see the production of its products through all stages from the key devices stage to the finished products stage, and it now represents one of the reasons the Company has received support from so many customers over a wide range of products, from imaging products to electronic devices.

Furthermore, Epson's unsurpassed ability in developing technologies that allows it to pursue and realize its own uniqueness, and the trust our customers place in us that we have earned because of that ability, define the Epson brand. We believe this, too, is another source of our corporate value.

2. Measures to Enhance the Company's Corporate Value

Epson formulated a new SE15 (Second Half) Mid-Range Business Plan (the "New Mid-Range Plan") in March 2013. Under the New Mid-Range Plan, a three-year plan (fiscal 2013-15), while upholding the basic direction of the strategies focused on in the SE15 Long-Range Corporate Vision, we are and will be conducting management that gives top priority to the creation of stable income and cash flow, with a basic policy of promoting the management that generates steady profit while avoiding the single-minded pursuit of revenue growth. To achieve this, we will readjust our product mixes and change business models in existing business segments. Meanwhile, we will aggressively develop markets in new business segments. During the next mid-range business plan that starts in fiscal 2016, Epson will aim to make the shift from a company that primarily provides image and video output devices for consumers to a company that can powerfully grow again by creating new information tools and equipment for consumers and professionals. Hence, during the three years of the New Mid-Range Plan, we will establish the foundation and make steady efforts for the above shift.

Reviewing the economic situation surrounding Epson, the global economy is projected to continuously grow on the back of economic recoveries in the U.S. and other developed countries, despite slow growth rate in emerging countries. With the progress of a shift toward sustainable industrial and economic activities, society is being increasingly transformed. We believe that this trend will likely alter the kind of customer value that Epson will need to provide.

Under this type of business environment, we will remake Epson into a company that

once again posts strong growth. We will achieve this by focusing our management resources on the following business segments where we can continue to leverage our unique strengths, by expanding our business segments, and by strengthening new businesses that will carry the future. Ultimately, we aim to achieve 10% ROS and 10% or better ROE on a sustained basis as early as possible during the next mid-range business plan that starts in fiscal 2016, by which time Epson will have established a stable profit-earning structure.

(Basic Strategies in Each Business)

Printing Systems Business

In the printing systems business, we will create an innovative printing environment through the use of inkjet technology. As for inkjet printers, we will realign product mixes and business models by introducing models that meet the needs of the office market and emerging markets, and boost competitiveness by successively launching models equipped with an advanced new piezo head. At the same time, we will further enhance service and support, including IT solutions. In the business systems business, we will achieve steady income growth by uncovering new demand while maintaining a grip on the top share in existing areas.

Visual Communications Business

In the visual communications business, we will create completely new forms of communication by using microdisplay technology. With regard to projectors, aiming to expand business segments and improve earnings power, we will strengthen Epson's position in existing product domains and in the product domains that we are bolstering, such as high-lumen and short-throw projectors, by enhancing our ability to provide solutions and reinforcing our sales structure. Smart glasses have the potential to change people's lifestyles. Making best use of its see-through and hands-free capabilities, we will open up new applications for smart glasses and generate new value in business areas other than those for consumers.

Microdevices and Precision Products Businesses

In these businesses we will use well-honed technology to continue creating unique products that rivals cannot replicate. The microdevices business has shored up its profit structure by revamping its product portfolio and cost structure. Going forward, we will secure steady income in this business by being a leader in miniaturization and performance and by creating products that provide customer value. The precision products business, undergirded by unique technology, will strive to improve profitability going forward by strengthening its lineup of high-added-value products such as solar GPS watches and by growing its small yet highly profitable metal powder and surface finishing businesses.

Industrial Solutions Business

In the industrial solutions business, we will employ advanced mechatronics to create robots and production systems that dramatically increase productivity. Epson's track record and a reputation for reliability have made us the market share leader in SCARA robots and compact 6-axis robots. Furthermore, Epson has steadily established an excellent track record in inkjet textile printing systems and digital label presses. While accelerating efforts in such areas, we will provide industrial robots and inkjet printers, which are expected to dramatically increase productivity, by using advanced mechatronics including unique inkjet and intelligent robot technologies, aiming to nurture these products as a business pillar for future growth.

Sensing Systems Business

The sensing systems business will use high-precision sensors to create new value to improve people's lives. Up until now, we have created new businesses around new sensing products, which use component and sensor systems technologies that Epson has accumulated, including wristwatch-type GPS running monitors and pulse monitors. Going forward, we will further develop products in such businesses. Furthermore, by integrating these products with cloud-computing technology, we will provide innovative tools, which visualize and use data relevant to people in their daily lives, in the fields of healthcare, sports, and medicine, as well as in industrial fields such as the management of facilities and infrastructure. We will make these tools into a new growth driver.

3. Strengthening Corporate Governance

Epson's basic approach to corporate governance is encapsulated in its commitment to sustaining trust-based management. Along with ongoing efforts to increase enterprise value, Epson has initiated a number of practices designed to reinforce management checks and balances and to assure corporate ethics compliance. In so doing, the Company seeks to ensure the transparency and soundness of management in the eyes of its customers, shareholders, employees and other stakeholders.

Epson has a board of directors and a board of statutory auditors. The board of directors, consisting of nine members including one outside director (as of March 31, 2014), meets once a month and convenes extraordinary meetings as necessary. The board of directors makes decisions regarding basic management policies, key business operations, earnings results, timely disclosures, and other important issues. Furthermore, Epson has established various management deliberative bodies as advisory organizations to directors and the president in order to strengthen business operations.

The Company has established the Standard of Outside Officers' Independence (details

are as described in Attachment 4) at a board of directors meeting. In accordance with the said standards, we select the candidates for outside directors and outside statutory auditors who are unlikely to cause potential conflicts of interest with general shareholders. The Company has reported all of its outside officers, namely one outside director and three outside statutory auditors, to the Tokyo Stock Exchange as independent officers stipulated by the exchange.

To further enhance its corporate governance, the Company plans to add one outside director, and it has been proposed that one outside director be elected. If this proposal is approved by shareholders at the Annual Shareholders Meeting, we will have two outside directors.

III. Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by Persons Viewed as Inappropriate Under the Basic Policy

1. Purpose of the Plan

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

The Company's board of directors has decided that, on occasions when it receives a large-scale acquisition proposal for the shares in the Company from an acquirer, it is still necessary and essential to introduce a mechanism that ensures the necessary time and information is made available for the shareholders to decide whether or not to accept such proposal or for the Company's board of directors to present an alternative proposal to the shareholders and that enables the board of directors to discuss and negotiate with the acquirer for the benefit of the shareholders, thus discouraging large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders.

Currently, the founding family of the Company, individual shareholders who are relatives of the founding family and companies whose major shareholders have a connection to the founding family hold enough shares that would allow them to considerably affect resolutions of general meeting of shareholders when they jointly exercise their voting rights. However, the shares in the Company have been widely dispersed amongst institutional investors, financial institutions, individuals and other parties since the Company was listed on the stock exchange, and we believe that it is possible for such diversity to continue.

Considering the possibility that decisions on the Company's financial and business policies could be controlled by persons viewed as inappropriate under the Basic Policy during the process of changes in shareholder composition in the future, the Company's board of directors has decided that it is necessary to renew the Plan as a measure to prevent such inappropriate control, conditional upon receiving the approval of shareholders at the Annual Shareholders Meeting.

2. Plan Details

2.1 Plan Outline

(a) Purpose

The aim of the Plan is to ensure and enhance the corporate value of the Company and the common interests of its shareholders by ensuring that all shareholders have the necessary and adequate information and time to make proper decisions in the case of large-scale acquisitions of the shares in the Company, and by securing the opportunity to discuss, negotiate or otherwise confer with the acquirer.

(b) Establishment of Procedures

The Plan sets out procedures necessary to achieve the purpose stated in (a) above, including the requirement for acquirers to provide information in advance in the case an acquirer intends to make an acquisition of shares in the Company or any similar action or proposes to make such action (that action, "Acquisition"; the party effecting the Acquisition, the "Acquirer") (for further details, see section 2.2, 'Procedures for the Plan' below).

(c) Implementation of the Gratis Allotment of Stock Acquisition Rights

In the event that an Acquirer conducts an Acquisition of shares in the Company without following the procedures set out in the Plan, or threatens to cause obvious harm to the corporate value of the Company and the common interests of its shareholders (see section 2.3 below, 'Requirements for the Implementation of the Gratis Allotment of Stock Acquisition Rights (no violation of procedures),' for details of these requirements), the Company will allot stock acquisition rights with (a) an exercise condition that does not allow the Acquirer to exercise the rights and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the Acquirer (see section 2.4 below, 'Outline of the Gratis Allotment of Stock Acquisition

Rights,' for the details of these stock acquisition rights; the "Stock Acquisition Rights"), by means of a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) to all shareholders, except the Company, at that time.

If a gratis allotment of Stock Acquisition Rights were to take place in accordance with the Plan and all shareholders other than the Acquirer received shares in the Company as a result of those shareholders exercising, or the Company acquiring, those Stock Acquisition Rights, the ratio of voting rights in the Company held by the Acquirer may be diluted by up to one half.

(d) Use of the Special Committee

In order to eliminate arbitrary decisions by the Company's board of directors, decisions with respect to the matters such as the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights under the Plan will be made through the objective judgment of a Special Committee (see section 2.5 below, 'Establishment of the Special Committee,' for details; the "Special Committee") which is composed of highly independent members such as outside parties. In addition, the Company's board of directors will convene a general meeting of shareholders and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the Stock Acquisition Rights, if the Special Committee recommends to do so. Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

2.2 Procedures for the Plan

(a) Targeted Acquisitions

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

- (i) An acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)¹ of a holder (*hoyuusha*)² amounting to 20% or more of

¹ Defined in Article 27-23.4 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

² Including persons described as a holder under Article 27-23.3 of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the board of directors of the Company). This definition is applied throughout this document.

the share certificates, etc. (*kabuken tou*)³ issued by the Company; or

- (ii) A tender offer (*koukai kaitsuke*)⁴ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariai*)⁵ for share certificates, etc. (*kabuken tou*)⁶ of the person carrying out the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁷ with the person carrying out the tender offer totaling at least 20% of the share certificates, etc. issued by the Company.

(b) Request to the Acquirer for the Provision of Information

Unless otherwise approved by the Company's board of directors, any Acquirer will be requested to submit to the Company's board of directors in a form prescribed by the Company, before effecting an Acquisition, a document written in Japanese which includes the name and address of the Acquirer, the governing law of the country in which the Acquirer is incorporated, the name of the Acquirer's representative, the Acquirer's contact details in Japan, an outline of the proposed Acquisition, and a written undertaking that the Acquirer will comply with the procedures set out in the Plan ("Expression of Intent"). The Company's board of directors will deliver the list of essential and sufficient information (the "Essential Information") to the Acquirer as soon as practicably possible after receiving the Expression of Intent in order for all of the Company's shareholders to make a determination on, and for the Special Committee to evaluate and consider, the Acquisition. An Acquirer who has received the list shall submit to the Company's board of directors the Essential Information in a document written in Japanese and in accordance with the list.

The Company's board of directors will promptly provide the Expression of Intent and the Essential Information submitted by the Acquirer to the Special Committee. If the Special Committee determines that the Essential Information submitted by the Acquirer does not contain sufficient details for the Company's shareholders to make a determination on, or for the Special Committee to evaluate and consider, the Acquisition, it may set a reply period and

³ Defined in Article 27-23.1 of the Financial Instruments and Exchange Law. This definition is applied throughout this document, unless otherwise provided for in this document.

⁴ Defined in Article 27-2.6 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

⁵ Defined in Article 27-2.8 of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

⁶ Defined in Article 27-2.1 of the Financial Instruments and Exchange Law. This definition is applied in (ii) above.

⁷ Defined in Article 27-2.7 of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the board of directors of the Company); provided, however, that persons provided for in Article 3.2 of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2.7(i) of the Financial Instruments and Exchange Law. This definition is applied throughout this document.

request, directly or through the Company's board of directors, that the Acquirer further provide Essential Information. In such case, the Acquirer should further provide such Essential Information within the relevant time limit.

Notwithstanding the details and manner of the Acquisition, the information in the following items shall generally be included in the Essential Information.

- (i) Details (including the exact name, capital structure, financial position, details and result of previous transactions by the Acquirer similar to the Acquisition, and the effect the previous transaction had on the corporate value of the target company) of the Acquirer and its group (including joint holders,⁸ persons having a special relationship and, in the case of funds, each partner and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including information on the amount and type of consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be effected).
- (iii) The basis for the calculation of the purchase price of the Acquisition (including the underlying facts and assumptions of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition including the details of such synergies to be shared with minority shareholders).
- (iv) Financial support for the Acquisition (specifically including the name of the fund providers (including all indirect fund providers), financing methods and the terms of any related transactions).
- (v) Post-Acquisition management policy, business plan, capital and dividend policies for the Company group.
- (vi) Post-Acquisition treatment of and policies for the Company's employees, business partners, customers, and any other stakeholders in the Company.
- (vii) Specific measures to avoid any conflict of interest with other shareholders in the Company (if any).
- (viii) Any other information that the Special Committee reasonably considers necessary.

⁸ "Joint holders" are as defined in Article 27-23.5 of the Financial Instruments and Exchange Law, including persons regarded as a joint holder under Article 27-23.6 of the Financial Instruments and Exchange Law (including persons who are deemed to fall under the above by the Company's board of directors). This definition is applied throughout this document.

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

(c) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal

(i) Request to the Company's Board of Directors for the Provision of Information

If the Acquirer submits the Essential Information and any additional Essential Information that the Special Committee requests (if any), the Special Committee may request that the Company's board of directors promptly present an opinion on the terms of the Acquirer's Acquisition (including an opinion to reserve giving such an opinion; hereinafter the same) and supporting materials, alternative proposals (if any), and any other information or materials that the Special Committee considers necessary as needed within a reasonable period determined by the Special Committee (up to 30 days as a general rule) for the Company's board of directors to collect information, examine corporate valuation, and consider alternative proposals (including consideration by outside experts, if necessary) in order to compare the information contained in the Essential Information with the business plan and corporate valuation made by the Company's board of directors as well as consider alternative proposals by the Company's board of directors in light of ensuring and enhancing the Company's corporate value and common interests of its shareholders.

(ii) Special Committee Consideration

If the Special Committee determines that the information and materials (including those additionally requested) have been sufficiently provided by the Acquirer and the Company's board of directors (if the Company's board of directors is so required as set out in (i) above), it may set a consideration period (up to sixty days as a general rule; the "Special Committee Consideration Period"; in this regard, however, the Special Committee may extend the period by its resolution in accordance with (d)(iii) of '2.2 Procedures for the Plan' below). The Special Committee will consider the Acquisition terms, collect information on the materials such as the management plans and business plans of the Acquirer and the Company's board of directors and conduct a comparison thereof, and consider any alternative plan presented by the Company's board of directors, and the like during the Special Committee Consideration Period. Further, if it is necessary in order to improve the terms of the Acquisition from the

standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee will directly or indirectly through the Company's board of directors discuss and negotiate with the Acquirer, or present the shareholders with the alternative proposal presented by the Company's board of directors, or conduct any similar action.

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

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

(iii) Disclosure of Information to Shareholders and Investors

The Company will promptly disclose to all shareholders and investors the fact that an Acquirer has emerged, the fact that it has received an Expression of Intent from the Acquirer, the fact that the Special Committee Consideration Period has commenced, the fact that the Company's board of directors has presented an alternative plan to the Special Committee, and any matters considered appropriate by the Special Committee from the Essential Information or other information.

(d) Judgment by the Special Committee

If an Acquirer emerges, the Special Committee will make recommendations to the Company's board of directors as follows. If the Special Committee makes recommendations or otherwise as listed in (i) through (iii) below to the Company's board of directors, or otherwise believes it to be appropriate, the Company will promptly disclose to all shareholders and investors the fact that recommendations or a resolution was made and an outline thereof and any other matters that the Special Committee considers appropriate (in the case of extending the Special Committee Consideration Period, including the period of and a summary of the reason for such extension).

(i) Non-Compliance by the Acquirer with Procedures set out in the Plan

If the Acquirer fails to comply with the procedures set out in the Plan and the

implementation of the gratis allotment of Stock Acquisition Rights is determined to be reasonable, the Special Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company's board of directors, regardless of whether the Special Committee Consideration Period has commenced or ended.

However, even after the Special Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after such recommendation, until the date prior to the Stock Acquisition Rights Exercise Period Commencement Date (defined in (f) of 2.4, 'Outline of the Gratis Allotment of Stock Acquisition Rights' below; hereinafter the same), the Special Committee may make a new recommendation (i) that (before gratis allotment has taken effect) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (ii) that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights without consideration.

(ii) Compliance by the Acquirer with Procedures set out in the Plan

If the Acquirer complies with the procedures set out in the Plan, the Special Committee will, as a general rule, recommend to the Company's board of directors the non-implementation of the gratis allotment of Stock Acquisition Rights.

However, even if the Acquirer complies with the procedures set out in the Plan, if as a result of considering the terms of the Acquirer's Acquisition and discussions, negotiations or the like with the Acquirer, the Special Committee determines that the Acquisition by the Acquirer meets any of the requirements set out below at 2.3, 'Requirements for the Implementation of the Gratis Allotment of Stock Acquisition Rights (no violation of procedures),' and it is reasonable to implement a gratis allotment of Stock Acquisition Rights, the Special Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights as an exceptional measure. Even after the Special Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if (i) the Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after such recommendation, or (ii) there is a change in the facts or otherwise upon which the recommendation decision was made and the Special Committee determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at 2.3, 'Requirements for the Implementation of the Gratis Allotment of Stock Acquisition Rights (no violation of procedures),' or the Acquisition meets the requirement(s) but it is not reasonable to implement the gratis allotment of Stock Acquisition Rights or allow shareholders to exercise the Stock Acquisition Rights, until the date prior to the Stock Acquisition Rights Exercise Period Commencement Date, the Special Committee may make a new recommendation (i) that (before gratis allotment has taken effect) the Company should cancel the gratis allotment of Stock Acquisition Rights, or (ii) that (after the gratis allotment has

taken effect) the Company should acquire the Stock Acquisition Rights without consideration.

Even if the Special Committee considers the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, it will recommend that the Company's board of directors convenes a general meeting of shareholders and submits a proposal of the implementation of the gratis allotment of Stock Acquisition Rights if the Special Committee deems it appropriate to obtain a resolution at a general meeting of shareholders on the implementation of the gratis allotment of Stock Acquisition Rights.

(iii) Extension of the Special Committee Consideration Period

If the Special Committee does not reach a decision to recommend either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including a recommendation to convene a general meeting of shareholders and submit a proposal of the implementation of the gratis allotment of Stock Acquisition Rights) by the expiry of the initial Special Committee Consideration Period, the Special Committee will pass a resolution to extend the Special Committee Consideration Period to the reasonable extent considered necessary (however, no more than thirty days) for actions such as consideration of the terms of the Acquirer's Acquisition, discussion or negotiation with the Acquirer and consideration of an alternative proposal.

If the Special Committee Consideration Period is extended as a result of the resolution described above, the Special Committee will continue with its information collection, consideration process and like activities, and use best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including a recommendation to convene a general meeting of shareholders and submit a proposal of the implementation of the gratis allotment of Stock Acquisition Rights) within the extended period.

(e) Resolutions of the Board of Directors and Convocation of the Shareholders Meeting

The Company's board of directors will promptly pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights (including cancellation of gratis allotment of Stock Acquisition Rights) respecting any recommendation of the Special Committee described above to the maximum extent.

If the Special Committee recommends the Company's board of directors convenes a general meeting of shareholders and submits a proposal for the implementation of the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly

convene the general meeting of shareholders so that the meeting is held as soon as practicably possible and submit a proposal for the implementation of the gratis allotment of Stock Acquisition Rights, unless it is practicably and significantly difficult to convene a general meeting of shareholders. If the general meeting of shareholders resolves to implement the gratis allotment of the Stock Acquisition Rights, the Company's board of directors will promptly resolve to implement the gratis allotment of the Stock Acquisition Rights. However, if the proposal at the general meeting of shareholders to implement the gratis allotment of Stock Acquisition Rights is not approved as proposed, the Company's board of directors will make a resolution for the non-implementation of the gratis allotment of Stock Acquisition Rights.

The Acquirer must not effect an Acquisition after the commencement of procedures for the Plan until the Company's board of directors passes a resolution for implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.

If the Company's board of directors passes a resolution for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or the Company's board of directors resolves to convene the above general meeting of shareholders, or the general meeting of shareholders resolves to implement the gratis allotment of Stock Acquisition Rights, the Company's board of directors will promptly disclose to all shareholders and investors an outline of the resolution, and any other matters that the Company's board of directors considers appropriate.

2.3 Requirements for the Implementation of the Gratis Allotment of Stock Acquisition Rights (no violation of procedures)

Even if the Acquirer has complied with the procedures set out in the Plan, the Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's board of directors as described above at (e) of 2.2, 'Procedures for the Plan,' if it is considered that an Acquisition by an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Company's board of directors will, without fail, make its determination as to whether an Acquisition of an Acquirer falls under a requirement below and if it is reasonable or not to implement the gratis allotment of Stock Acquisition Rights following the judgment of the Special Committee in accordance with (d) of section 2.2 above, 'Procedures for the Plan.'

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions such as those described below or any similar action:

- (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company at an inflated price.
 - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price and taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
 - (v) Acquisition made with no intention of truly participating in corporate management and for the sole purpose of increasing the share price of the Company and having the Company's affiliates purchase shares in the Company at an inflated price.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set acquisition terms for the second stage that are unfavorable to shareholders or do not set clear terms for the second stage).
- (c) Acquisitions whose terms (including amount and type of consideration for the Acquisition, the Acquisition schedule, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's other shareholders, employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to be against the corporate value of the Company or the common interests of shareholders, by destroying relationships with the Company's employees, customers, business partners and the like, technical development strength, social credit or brand value which are indispensable to the generation of the Company's corporate value.

2.4 Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights scheduled to be implemented under the Plan is described below (please see Attachment 1, ‘Terms and Conditions of Gratis Allotment of Stock Acquisition Rights’ for details of Stock Acquisition Rights).

(a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the number equivalent to the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on an allotment date (the “Allotment Date”) that is separately determined in a resolution by the Company’s board of directors relating to the implementation of the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

(b) Shareholders Eligible for Allotment

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

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

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

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

The number of shares in the Company⁹ to be acquired upon exercise of each Stock Acquisition Right (which shall be book-entry stock prescribed in Article 128, Paragraph 1 of the Act on Book-Entry Transfer of Company Bonds, Shares, Etc. (Act No. 75 of 2001)) (the “Applicable Number of Shares”) shall be one share unless otherwise adjusted.

⁹ Even if the Company becomes a corporation with class shares (defined Article 2(13) of the Companies Act) in the future, both (i) shares in the Company issued upon exercising the Stock Acquisition Rights and (ii) shares in the Company to be delivered in exchange for acquisition of the Stock Acquisition Rights are the same as the outstanding shares (common stock) at the time of the Shareholders Meeting.

(e) The Amount 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 in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means the average closing price (including quotations) for regular transactions of the stock of the Company on the Tokyo Stock Exchange on each day during the ninety day period prior to the Gratis Allotment Resolution (excluding the days on which the closing price is not available), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

(f) Exercise Period of the Stock Acquisition Rights

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

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

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

- (I) Specified Large Holders;¹⁰
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers;¹¹

¹⁰ “Specified Large Holder” means, as a general rule, a party the Company’s board of directors deems is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20%.

¹¹ “Specified Large Purchaser” means, as a general rule, a person the Company’s board of directors deems

- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company's board of directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).¹²

Further, nonresidents of Japan who are required to follow certain procedures under 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 to whom the exemption provision under the applicable law applies may exercise the Stock Acquisition Rights and the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, 'Acquisition of the Stock Acquisition Rights by the Company.' (Please see Attachment 1, 'Terms and Conditions of Gratis Allotment of Stock Acquisition Rights' for details)).

(h) Assignment of the Stock Acquisition Rights

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

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

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day separately determined by the Company's board of

makes a public announcement of purchase, etc., (as defined in Article 27-2.1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note 11) of share certificates, etc., (as defined in Article 27-2.1 of the Financial Instruments and Exchange Law; the same is applied throughout this Note 11) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7.1 of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Company's board of directors).

¹² An "Affiliated Party" of a given party means a person the Company's board of directors deems substantially controls, is controlled by, or is under common control with such given party, or a party deemed by the Company's board of directors to act in concert with such given party. "Control" means to "control the determination of the financial and business policies" (as defined in Article 3.3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

directors, acquire all of the Stock Acquisition Rights without consideration.

- (ii) On a day separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the business day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. Further, if, on or after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's board of directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.
- (iii) In addition to the above, the Company may, in the Gratis Allotment Resolution, determine matters relating to acquisition of Stock Acquisition Rights including separate Stock Acquisition Rights acquisition events.

For definitions and details of the words and expressions above, please see Attachment 1, 'Terms and Conditions of Gratis Allotment of Stock Acquisition Rights'.

2.5 Establishment of the Special Committee

The Company will establish the Special Committee as an organization that will eliminate arbitrary decisions by the Company's board of directors in relation to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights under the Plan and objectively carry out the substantial decisions on behalf of the shareholders in the event of operating the Plan. The Special Committee will have three or more members, consisting of outside directors of the Company, outside statutory auditors of the Company, or outside experts, who are highly independent from the management of the Company. (Standards for appointing members, requirements for resolution, resolution matters, and other matters concerning the Special Committee are as described in Attachment 2

‘Outline of the Rules of the Special Committee’ and the brief histories of the Special Committee’s members expected to assume office at the time of renewing the Plan will be as described in Attachment 3 ‘Profiles of the Members of the Special Committee.’)

If an Acquisition is to be actuated, the Special Committee shall make substantial determination whether or not that Acquisition could harm the corporate value of the Company and the common interests of its shareholders, and the Company’s board of directors shall pass a resolution on the implementation or non-implementation of a gratis allotment of Stock Acquisitions Rights respecting such decision of the Special Committee to the maximum extent, in accordance with section 2.2, ‘Procedures for the Plan’ above.

2.6 Effective Period, Abolition and Amendment of the Plan

The effective period of the Plan (the “Effective Period”) shall be the period until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Annual Shareholders Meeting.

However, if, before the expiration of the Effective Period, (i) a general meeting of shareholders of the Company, or (ii) the Company’s board of directors consisting of directors elected at a general meeting of shareholders passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

Further, the Company’s board of directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of a resolution of the Annual Shareholders Meeting such as cases where any law, regulation, financial instrument exchange rule or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, cases where such revision or amendment is not detrimental to the Company’s shareholders, or any similar cases, and subject to the approval of the Special Committee.

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

3. Impact on Shareholders and Investors

3.1 Impact on Shareholders and Investors at the Time of Renewing the Plan

At the time of renewing the Plan, no actual gratis allotment of Stock Acquisition Rights will be implemented, resulting in no direct or material impact on shareholders and investors.

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

If the Company's board of directors passes a resolution for a gratis allotment of Stock Acquisition Rights, the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders on the Allotment Date provided separately in the Gratis Allotment Resolution of one Stock Acquisition Right per share in the Company held by the Entitled Shareholders. If the shareholders do not pay the exercise price or perform other procedures for exercise of Stock Acquisition Rights described in (b) of 3.3, 'Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights' below during the exercise period of Stock Acquisition Rights, the value of all shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders. However, it is also possible for the Company to acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) of 3.3, 'Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights' below. If the Company carries out that acquisition procedure, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the prescribed exercise price and, in this case, dilution of the value per share in the Company held by the shareholder may result but, as a general rule, no financial dilution of the overall value of shares in the Company held will result.

In addition, even after the Company's board of directors passes a resolution for gratis allotment of Stock Acquisition Rights, the Company may, by respecting any recommendation of the Special Committee described above at section (d) of 2.2, 'Procedures for the Plan,' to the maximum extent, (i) (on or before the effective date of the gratis allotment of Stock Acquisition Rights), cancel the gratis allotment of Stock Acquisition Rights, or (ii) (after the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) acquire the Stock Acquisition Rights without consideration. In such cases, no dilution of the value per share in the Company held by the shareholders will result, and it is possible that any shareholders or investors who have sold or bought the shares in the Company expecting to see a dilution of the value per share in the Company may commensurately incur damage as a result of a fluctuation in the share price.

3.3 Procedures for Shareholders upon the Gratis Allotment of Stock Acquisition Rights

(a) Procedures for Allotment of Stock Acquisition Rights

If the Company's board of directors passes the Gratis Allotment Resolution, the Company will give public notice of the Allotment Date with respect to the gratis allotment of the Stock Acquisition Rights. In this case, shareholders who are recorded in the Company's final register of shareholders on the Allotment Date will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights, and no further procedures, such as applying for such gratis allotment, will be necessary.

(b) Procedures for Exercising Stock Acquisition Rights

The Company will, as a general rule, deliver an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise, the exercise date for the Stock Acquisition Rights and the account for the transfer of book-entry stock, as well as representations and warranties regarding matters such as that the shareholders themselves are not Non-Qualified Parties, indemnity clauses and other covenants) and other documents necessary for the exercise of the Stock Acquisition Rights to the shareholders who are recorded in the Company's final register of shareholders on the Allotment Date. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per Stock Acquisition Right, as a general rule, upon submitting the exercise request form and these necessary documents as instructed by the Company during the exercise period of Stock Acquisition Rights and until acquisition of the Stock Acquisition Rights by the Company becomes effective by ensuring that the exercise request form and these necessary documents reach the place receiving exercise requests for Stock Acquisition Rights and paying to the place receiving exercise requests an amount equivalent to the exercise price determined in the Gratis Allotment Resolution, which will be an amount within the range of one yen and one-half of the fair market value of the Company's stock per Stock Acquisition Right.

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

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures on the day separately determined by the Company's board of directors.

If the Company acquires the Stock Acquisition Rights from the shareholders other than Non-Qualified Parties, and in exchange, delivers shares in the Company, the shareholders concerned will, as a general rule, come to receive one share in the Company for every one Stock Acquisition Right as consideration for the acquisition by the Company of those Stock Acquisition Rights, without paying an amount equivalent to the exercise price. However, in such case, the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, a document including necessary matters such as the account for the transfer of book-entry stock, representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other covenants.

The Gratis Allotment Resolution may separately provide for the matters relating to acquisition of the Stock Acquisition Rights including Stock Acquisition Rights acquisition events.

In addition to the above, the Company will disclose information to or notify all of its shareholders with respect to the particulars of the allotment method for Stock Acquisition Rights, exercise method and method for acquisition by the Company after the Gratis Allotment Resolution, so we request that shareholders check these details at that time.

IV. Decisions and Reasoning of the Company's Board of Directors regarding Above Measures

1. Effective Use of the Company's Property, Appropriate Formation of Corporate Group and Other Special Measures Contributing to Realizing the Basic Policy (measures set out in II. above)

The Company has implemented measures for enhancing the corporate value set out in section II. above and policies such as strengthening its corporate governance practices as specific measures to continually and persistently enhance the Company's corporate value and the common interests of the Company's shareholders. These measures contribute to the realization of the Basic Policy.

Therefore, these measures comply with the Basic Policy and do not impair the common interests of the Company's shareholders, and are not implemented for the purpose of maintaining the positions of the directors and the statutory auditors of the Company.

2. Decisions and Reasoning regarding the Measures to Prevent Decisions on the Company's Financial and Business Policies from being Controlled by a Person Viewed as Inappropriate under the Basic Policy (measures set out in III. above)

2.1 The Plan Fully Satisfies the Basic Policy

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

2.2 The Plan Is Not Detrimental to the Common Interests of the Shareholders and Does Not Aim to Maintain the Positions of Directors and Statutory Auditors of the Company

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

(a) Satisfying the Requirements of the Guidelines for Takeover Defense Measures

The Plan satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and has been designed taking into account the report on Takeover Defense Measures in Light of Recent Environmental Changes published on June 30, 2008 by the Corporate Value Study Group.

(b) Placing High Value on the Intent of Shareholders (Resolution of General Meeting of Shareholders and Sunset Clause)

The Plan will be renewed upon approval at the Annual Shareholders Meeting.

As set out above in section III.2.6, 'Effective Period, Abolition and Amendment of the Plan,' the Plan is subject to a so-called sunset clause setting the Effective Period to approximately three years and if, even before the expiration of the Effective Period of the Plan, (i) the general meeting of shareholders of the Company or (ii) the Company's board of

directors consisting of directors elected at a general meeting of shareholders of the Company passes a resolution to abolish the Plan, the Plan will be abolished at that time. In this regard, the decision of whether to maintain the Plan depends on the intent of the Company's shareholders.

(c) Disclosure of information and emphasis on the decisions of highly independent parties

In renewing the Plan, the Company will continue to have the Special Committee to eliminate arbitrary decisions by the Company's board of directors and make substantial decisions on behalf of the shareholders in relation to operations such as implementation of the gratis allotment of the Stock Acquisition Rights.

If an Acquisition of shares in the Company is actuated, the Special Committee would, as set out above in III.2.2, 'Procedures for the Plan,' and in accordance with the Rules of the Special Committee, make substantial determinations as to whether or not the Acquisition would harm the Company's corporate value and the common interests of its shareholders. Then, the Company's board of directors would pass a resolution on the implementation or non-implementation of a gratis allotment of Stock Acquisitions Rights respecting those determinations to the maximum extent.

The Special Committee strictly monitors the Company's board of directors so that a gratis allotment of Stock Acquisition Rights is not arbitrarily implemented, and outlines of the Special Committee's decisions are required to be disclosed to all shareholders and investors. The Company will ensure a structure under which the Plan is operated in a transparent way that conforms with the corporate value of the Company and, in turn, the common interests of its shareholders.

The Special Committee at the time of renewing the Plan is expected to consist of two outside directors of the Company and three outside statutory auditors of the Company, who are highly independent from the management of the Company. (Standards for appointing members, requirements for resolution, resolution matters, and other matters concerning the Special Committee are described in Attachment 2, and the names and brief histories of members of the Special Committee expected to assume office at the time of renewing the Plan are described in Attachment 3.)

(d) Establishment of Reasonably Objective Requirements

As set out above at section (d) 'Judgment by the Special Committee,' of III.2.2, and section III.2.3, 'Requirements for the Implementation of the Gratis Allotment of Stock

Acquisition Rights (no violation of procedures),’ the Company believes that the Plan is established so that a gratis allotment of Stock Acquisition Rights will not be implemented unless reasonable, detailed and objective requirements have been satisfied, and ensures a structure to eliminate arbitrary implementation by the Company’s board of directors.

(e) One Year Term of Office of Directors of the Company

The term of office of directors of the Company is one year, which allows shareholders to reflect their intent with respect to the Plan through election of directors each year even during the Effective Period.

(f) Obtaining the Advice of Outside Experts

As set out above at item (ii) of III.2.2 (c), ‘Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal,’ if an Acquirer emerges, the Special Committee may obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the Special Committee.

(g) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated above in section III.2.6, ‘Effective Period, Abolition and Amendment of the Plan,’ the Plan has been designed so that it may be abolished by a board of directors made up of directors nominated by a person acquiring a large number of shares in the Company and elected at the Company’s general meeting of shareholders. Therefore, the Plan is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the board of directors cannot be replaced all at once).

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Attachment 1

Terms and Conditions of Gratis Allotment of Stock Acquisition Rights

I. Determination of Matters relating to Gratis Allotment of Stock Acquisition Rights

1. Details and Number of Stock Acquisition Rights

The details of the stock acquisition rights (individually or collectively, the “Stock Acquisition Rights”) to be allotted to the shareholders shall be as set out in II below, and the number of the Stock Acquisition Rights is equivalent to the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on an allotment date (the “Allotment Date”) that is separately determined in a resolution by the Company’s board of directors relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

2. Shareholders Eligible for Allotment

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

3. Effective Date of Gratis Allotment of Stock Acquisition Rights

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

II. Details of Stock Acquisition Rights

1. Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

- (1) The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall be one share. However, in the case of a stock split or stock consolidation by the Company, the Applicable Number of Shares shall be adjusted using the formula set out below. Fractions less than one fractional share shall be disregarded and no cash adjustment shall be made.

Applicable Number of Shares after adjustment = Applicable Number of Shares before adjustment × Ratio of stock split or consolidation

- (2) The Applicable Number of Shares after adjustment shall be effective, in the case of a stock split, as of the date immediately after the record date of the stock split, and in the case of a stock consolidation, after the effective date of the stock consolidation.
- (3) In addition to Item (1) above, in the case of an act that changes or is likely to change the total number of issued and outstanding shares of the Company

(excluding the number of shares of the Company held by the Company) such as a gratis allotment of shares, merger, and corporate division, if the Applicable Number of Shares must be adjusted, the Applicable Number of Shares shall be reasonably adjusted taking into consideration the terms and conditions of that act.

2. The Amount to be Contributed upon Exercise of the Stock Acquisition Rights

- (1) Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the total amount of contributions shall be the Exercise Price (as defined in Item (2) below) multiplied by the Applicable Number of Shares.
- (2) The amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights (the “Exercise Price”) will be an amount separately determined in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means the average closing price (including quotations) for regular transactions of the stock of the Company on the Tokyo Stock Exchange on each day during the ninety day period prior to the Gratis Allotment Resolution (excluding the days on which closing price is not available), with any fraction of a yen after such calculation to be rounded up to the nearest whole yen.

3. Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution, and the period will be a period from one month to three months long as separately determined in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provision of item (2) of paragraph 7 below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the business day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

4. Conditions for the Exercise of the Stock Acquisition Rights

- (1) The following parties may not exercise the Stock Acquisition Rights (the parties falling under (i) through (vi) below shall collectively be referred to as “Non-Qualified Parties”):
 - (i) Specified Large Holders;
 - (ii) Joint Holders of Specified Large Holders;
 - (iii) Specified Large Purchasers;
 - (iv) Persons having a Special Relationship with Specified Large Purchasers;
 - (v) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (i) through (iv) without the approval of the Company’s board of directors; or
 - (iv) Any Affiliated Party of any party falling under (i) through (v).

The terms used above shall have the following meanings:

- (i) “Specified Large Holder” means a party the Company’s board of directors deems is a holder (including any person who is described as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Law) of share certificates, etc. (as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies hereinafter unless otherwise provided for) issued by the Company and whose holding ratio of share certificates, etc. (as defined in Article 27-23, Paragraph 4 of the Securities Exchange Law) in respect of such share certificates, etc. is at least 20%.
- (ii) “Joint Holder” is defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law, and includes any party who is deemed to be a joint holder by the board of directors of the Company in accordance with Article 27-23, Paragraph 6 of the Financial Instruments and Exchange Law.
- (iii) “Specified Large Purchaser” means a person the Company’s board of directors deems makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies in this item (iii)) of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies in this item (iii)) issued by the Company through a tender offer (as defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Law) and whose ratio of ownership of share certificates, etc. (as defined in Article 27-2, Paragraph 8 of the Securities Exchange Law; the same applies hereinafter) in respect of such share certificates, etc. owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7, Paragraph 1 of the Order of the Enforcement of the Financial Instruments and Exchange Law) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a person having a special relationship.
- (iv) “Person having a Special Relationship” is defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law (including any party who is deemed to be a person having a special relationship by the board of directors of the Company); however, those parties provided for in Article 3, Paragraph 2 of the Cabinet Ordinance concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from those parties prescribed in Article 27-2, Paragraph 7, Item (1) of the Financial Instruments and Exchange Law.
- (v) An “Affiliated Party” of a given party means a person the Company’s board of directors deems substantially controls, is controlled by, or is under common control with such given party, or a party deemed by the Company’s board of directors to act in concert with such given party. “Control” means to “control the determination of the financial and business policies” (as defined in

Article 3, Paragraph 3 of the Enforcement Regulations of the Companies Act) of other corporations or entities.

- (2) Notwithstanding paragraph 4(1), the parties set out in (i) through (iv) below do not fall under the Specified Large Holders or the Specified Large Purchasers:
- (i) the Company, its subsidiaries (as defined in Article 8, Paragraph 3 of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.) or its affiliates (as defined in Article 8, Paragraph 5 of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.);
 - (ii) a party that the board of directors of the Company recognizes as a party that will fall under a Specified Large Holder set out in (i) of paragraph (1) above and has no intention to control the Company and that will not fall under a Specified Large Holder set out in (i) of paragraph (1) above due to a disposal of the share certificates, etc. of the Company held within ten days after falling under a Specified Large Holder set out in (i) of paragraph (1) above (provided, however, that the ten day period may be extended by the board of directors of the Company);
 - (iii) a party that the board of directors of the Company recognizes as a party that involuntarily fell under a Specified Large Holder set out in (i) of paragraph (1) above by acquiring treasury stock or for any other reason (excluding cases where the party thereafter newly acquires the Company's share certificates, etc. at its own discretion); or
 - (iv) a party that the board of directors of the Company recognizes as a party whose acquisition or holding of share certificates, etc. of the Company (an "Acquisition") is not contrary to the Company's corporate value or the common interests of shareholders. (The Company may separately determine that an Acquisition by a party who is deemed to fall under a Non-Qualified Party by the board of directors of the Company is not contrary to the Company's corporate value or the common interests of shareholders. If the board of directors of the Company determines that an Acquisition will not be contrary to the Company's corporate value or common interests of shareholders under fixed conditions, these conditions must be satisfied for such determination to be made.)
- (3) Under the applicable foreign laws and ordinances, if a party located under a jurisdiction of such laws and ordinances is required for the purposes of exercising the Stock Acquisition Rights to (i) perform specified procedures, (ii) satisfy specified conditions (including prohibition of exercise for a certain period of time or submission of specified documents), or (iii) both perform such procedures and satisfy such conditions (collectively, the "Governing Law Exercise Procedures and Conditions"), such party may exercise the Stock Acquisition Rights only if the board of directors of the Company determines

that it fully performs or satisfies the Governing Law Exercise Procedures and Conditions, and such party shall not exercise the Stock Acquisition Rights only if the board of directors of the Company determines that it fails to fully perform or satisfy the Governing Law Exercise Procedures and Conditions; provided, however, that the board of directors of the Company shall bear no obligation to implement or satisfy any Governing Law Exercise Procedures and Conditions which are required in order for the party under such jurisdiction to exercise the Stock Acquisition Rights. In addition, if a party located under such jurisdiction is not permitted to exercise the Stock Acquisition Rights under laws and ordinances of such jurisdiction, such person who resides in such jurisdiction shall not exercise the Stock Acquisition Rights.

- (4) Notwithstanding paragraph (3) above, a party located in the United States may exercise the Stock Acquisition Rights, only if (i) such party represents and warrants that it is an accredited investor as defined in Rule 501(a) of the U.S. Securities Act of 1933, and (ii) such party covenants to resell the shares of the Company to be acquired upon exercise of the Stock Acquisition Rights held by such party only through a regular transaction at the Tokyo Stock Exchange (not on the basis of any previous arrangements and without previous solicitation). In such case only, the Company shall perform or satisfy the Governing Law Exercise Procedures and Conditions under Regulation D of the U.S. Securities Act of 1933 and U.S. state laws that are required to be performed or satisfied by the Company for exercise of the Stock Acquisition Rights by a party located in the United States. A party located in the United States shall not exercise the Stock Acquisition Rights if the board of directors of the Company determines that such party is not permitted to legally exercise the Stock Acquisition Rights under the U.S. Securities Act due to a change in the law of the United States or some other reason, even though such party satisfies the conditions as described in Items (i) and (ii) above.
 - (5) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights only if such holder submits to the Company (i) the documents certifying the provisions for representations and warranties under which such holder does not correspond to a Non-Qualified Party where such holder has no intention to exercise the Stock Acquisition Rights on behalf of a person who does correspond to a Non-Qualified Party and such holder satisfies the conditions for the exercise of the Stock Acquisition Rights, the provisions for indemnification and other provisions determined by the Company, and (ii) other documents required under laws and ordinances.
 - (6) Even if a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights in accordance with the provisions of this paragraph 4, the Company shall not be liable to such holder of the Stock Acquisition Rights for damages or any other obligations.
5. Capital and capital reserve increased upon the issue of shares upon exercise of the Stock Acquisition Rights

The amount of capital and capital reserve of the Company's shares to be issued upon exercise of the Stock Acquisition Rights shall be separately determined in the Gratis Allotment Resolution.

6. Restrictions on transfers of the Stock Acquisition Rights

- (1) Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company's board of directors.
- (2) If a party who intends to exercise the Stock Acquisition Rights is located outside Japan and is unable to exercise the Stock Acquisition Rights in accordance with the provisions of paragraphs 4(3) and 4(4) (excluding a Non-Qualified Party), then the board of directors of the Company shall determine if it gives an approval set out in paragraph (1) above considering the following events:
 - (i) whether or not a written pledge prepared and signed or sealed by the transferor and transferee (including provisions for representations and warranties, provisions for indemnification and provisions for penalties with respect to the matters described in (ii) through (iv) below) is submitted with respect to the transfer of all or part of the Stock Acquisition Rights by a person who resides in such jurisdiction;
 - (ii) whether or not it is clear that the transferor and transferee do not correspond to a Non-Qualified Party;
 - (iii) whether or not it is clear that the transferee is not located in such jurisdiction and does not intend to accept the Stock Acquisition Rights for a party located in such jurisdiction;
 - (iv) whether or not it is clear that the transferee does not intend to accept the Stock Acquisition Rights for a Non-Qualified Party.

7. Acquisition of the Stock Acquisition Rights by the Company

- (1) At any time on or before the date immediately prior to the first day of the exercise period of the Stock Acquisition Rights, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day separately determined by the Company's board of directors, acquire all of the Stock Acquisition Rights without consideration.
- (2) On a day separately determined by the Company's board of directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the business day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. Further, if, on or after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's

board of directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

(3) In addition to the above, the Company may, in the Gratis Allotment Resolution, determine matters relating to acquisition of Stock Acquisition Rights including separate Stock Acquisition Rights acquisition events.

8. Delivery of the Stock Acquisition Rights and the conditions thereof in the event of amalgamation (limited to the amalgamation under which the Company becomes a dissolved company), merger, consolidation, share exchange and share transfer shall be separately determined in the Gratis Allotment Resolution.

9. Issuance of the Stock Acquisition Right Certificates

No Stock Acquisition Right Certificate of the Stock Acquisition Rights shall be issued.

10. Revision due to amendments to laws and ordinances

The provisions of laws and ordinances referred to above are subject to the provisions enforced as of April 30, 2014. If after such date the meanings of the provisions or terminology set forth above are required to be revised due to establishment, amendment or abolishment of laws and ordinances, the Company's board of directors may as a matter of course impute the meanings of the provisions or words set forth above differently to a reasonable extent taking into consideration the intention of such establishment, amendment or abolishment.

Attachment 2

Outline of the Rules of the Special Committee

- The Special Committee shall be established by resolution of the Company's board of directors.
- There shall be no less than three members of the Special Committee who are independent from the management that executes the business of the Company. The Special Committee will consist of (i) outside directors of the Company, (ii) outside statutory auditors of the Company, or (iii) outside experts elected by the Company's board of directors. However, those outside experts must be experienced corporate managers, parties with knowledge of the investment banking industry or the Company's business field, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
- Unless otherwise determined by resolution of the Company's board of directors, the term of office of members of the Special Committee shall be until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the Annual Shareholders Meeting.
- The Special Committee shall make decisions on the matters listed below and make recommendations to the Company's board of directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Special Committee to the maximum extent, the Company's board of directors shall make resolutions on implementation or non-implementation of a gratis allotment of the Stock Acquisition Rights (or, if the Company submits a proposal for the implementation of the gratis allotment of Stock Acquisition Rights to a general meeting of shareholders of the Company, in accordance with the resolution of such meeting of shareholders of the Company). Each member of the Special Committee and each director of the Company must make such decisions solely from the perspective of whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the purpose of their own interests or those of the management of the Company.
 - (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (including convening a general meeting of shareholders and submitting a proposal for the implementation of the gratis allotment of Stock Acquisition Rights to a general meeting of shareholders of the Company).
 - (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the

gratis acquisition of Stock Acquisition Rights.

- (c) Any other matters to be determined by the Company's board of directors in respect to which it has consulted the Special Committee.
- In addition to the matters prescribed above, the Special Committee shall conduct the matters listed below.
 - (a) Determining whether the Acquisitions should be made subject to the Plan.
 - (b) Determining the information that the Acquirer and the Company's board of directors should provide to the Special Committee, and the deadline for the provision of that information.
 - (c) Examination and consideration of the terms of the Acquirer's Acquisitions.
 - (d) Negotiation and discussion with the Acquirer.
 - (e) Request for an alternative proposal from, consideration of the alternative proposal by and presentation of the alternative proposal to the Company's board of directors.
 - (f) Determining the extension of the Special Committee Consideration Period.
 - (g) Approval of modification or amendment of the Plan.
 - (h) Any other matters prescribed under the Plan that the Special Committee may conduct.
 - (i) Any matters that the Company's board of directors separately determines that the Special Committee may conduct.
- If the Special Committee decides that the details stated in the Acquisition Document and the information provided are inadequate as Essential Information, it shall request that the Acquirer provide additional information. Further, if the Special Committee receives from the Acquirer the Acquisition Document and any additional information that it requests, it may request that the Company's board of directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information and materials that the Special Committee may consider necessary from time to time.
- If it is necessary in order to have the terms of the Acquirer's Acquisition revised from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee shall either directly or indirectly through the Company's board of directors discuss and negotiate with the Acquirer, or present to shareholders the alternative plan presented by the Company's board of directors or conduct any similar action.
- In order to collect the necessary information, the Special Committee may request the attendance of a director, statutory auditor or employee of the Company, or any other party that the Special Committee considers necessary, and may require explanation of any matter it requests.
- The Special Committee may, at the Company's expense, obtain the advice of an

independent third party (including financial advisers, certified public accountants, lawyers, consultants and other experts) or similarly obtain advice.

- Any member of the Special Committee may convene a meeting of the Special Committee when an Acquisition arises, or at any other time.
- A resolution of the Special Committee may pass with a majority of voting rights when a majority of the members of the Special Committee are in attendance.

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Attachment 3

Profiles of the Members of the Special Committee

The following five persons have been nominated as members of the Special Committee at the time of renewing the Plan.

Toshiharu Aoki

Business Background

Jun. 1997	Vice President and Director of Nippon Telegraph and Telephone Corporation
Jun. 1999	President and CEO of NTT Data Corporation
Jun. 2003	Executive Advisor and Director of NTT Data Corporation
Jun. 2005	Executive Advisor of NTT Data Corporation
Jun. 2009	Senior Advisor of NTT Data Corporation (current position)
Jun. 2012	Director of the Company (current position)

* Mr. Aoki is an outside director as prescribed in Article 2, Item (15) of the Companies Act, and has been registered as an independent director under the rules of the Tokyo Stock Exchange.

* Mr. Aoki does not have any business relations with or special interest in the Company.

Hideaki Omiya

Business Background

Apr. 2007	Director, Senior Executive Vice President of Mitsubishi Heavy Industries, Ltd.
Apr. 2008	President and CEO of Mitsubishi Heavy Industries, Ltd.
Apr. 2013	Chairman of the Board of Mitsubishi Heavy Industries, Ltd. (current position)

* Mr. Omiya is a candidate for outside director as prescribed in Article 2, Item (15) of the Companies Act. If Mr. Omiya is elected as an outside director, the Company will apply to the Tokyo Stock Exchange for the registration of Mr. Omiya as an independent director.

* Mr. Omiya does not have any business relations with or special interest in the Company.

Yoshiro Yamamoto

Business Background

Jun. 1996	President and CEO of the Fuji Bank, Ltd.
Sep. 2000	President and CEO of the Fuji Bank, Ltd. and Chairman of the Board of Directors of Mizuho Holdings, Inc.
Jun. 2002	Honorary advisor of Mizuho Financial Group, Inc. (current position)
	Statutory Auditor of the Company (current position)

* Mr. Yamamoto is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been registered as an independent auditor under the rules of the Tokyo Stock Exchange.

* Mr. Yamamoto does not have any business relations with or special interest in the Company.

Kenji Miyahara

Business Background

Jun. 1996	President and CEO of Sumitomo Corporation
Jun. 2001	Chairman of the Board of Directors of Sumitomo Corporation
Jun. 2007	Senior Advisor of Sumitomo Corporation
Jun. 2008	Statutory Auditor of the Company (current position)
Jun. 2010	Honorary Advisor of Sumitomo Corporation (current position)

* Mr. Miyahara is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been registered as an independent auditor under the rules of the Tokyo Stock Exchange.

* Mr. Miyahara does not have any business relations with or special interest in the Company.

Michihiro Nara

Business Background

Apr. 1974	Admitted to the bar
Jul. 1988	Member of the Tokyo District Mental Health Council
Apr. 1995	Managing Director of Japan Federation of Bar Associations Vice-Chairman of Daiichi Tokyo Bar Association
Apr. 2006	Vice-Chairman of Japan Federation of Bar Associations Chairman of Daiichi Tokyo Bar Association
Jun. 2007	Member of the Third-Party Committee to Check Pension Records of Ministry of Internal Affairs and Communications (current position)
Mar. 2011	Member of Legislative Council of the Ministry of Justice
Jun. 2013	Statutory Auditor of the Company (current position)

* Mr. Nara is an outside statutory auditor as prescribed in Article 2, Item (16) of the Companies Act, and has been registered as an independent auditor under the rules of the Tokyo Stock Exchange.

* Mr. Nara does not have any business relations with or special interest in the Company.

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Attachment 4

Standard of Outside Officers' Independence

Seiko Epson Corporation (the Company) shall not nominate a person who has interests listed below as an outside officer candidate.

a) A contractor (mainly supplier) which depends largely on the Company ^{*Note 1}.

In the case where the person has been an executing person ^{*Note 2} of a contractor in the past five years.

b) A major customer of the Company ^{*Note 3}.

In the case where the person has been an executing person of a customer in the past five years.

c) A business consultant, certified public accountant or lawyer who has received monies, etc. (meaning a large sum of money and other properties ^{*Note 4}) other than officers' remuneration from the Company in the past three years.

In the case where the person has been a quasi-executing person who has belonged to the payee's group in the past three years.

d) A major shareholder ^{*Note 5} of the Company.

In the case where the shareholder is a corporation and the person has been an executing person or corporate auditor of the shareholder in the past five years.

e) An executing person or corporate auditor in a corporation of which the major shareholder is the Company.

f) A person who has belonged to an auditing firm which has conducted a legal accounting audit of the Company in the past ten years.

g) A person who has belonged to a leading managing underwriter of the Company in the past ten years.

h) A payee of a large donation ^{*Note 6}.

In the case where the person has been a judicial partner, general partner, or quasi-executing person who has belonged to the payee group at any time.

i) A person coming from a corporation which has a relationship of exchanging outside officers ^{*Note 7} with the Company.

j) A spouse or close relative (sibling, parent, child, grandparent, grandchild) of a person having the interests listed above.

Note 1: "Contractor which depends largely on the Company" means a contractor who has received payment not less than 2% of its consolidated net sales from the Company in any fiscal year of the past three years.

Note 2: "Executing person" means an executive officer, executive director or operating officer, employee occupying a senior management position higher than general manager.

Note 3: "Major customer of the Company" means a customer who has made payment not less than 2% of the Company's consolidated net sales to the Company in any fiscal year of the past three years.

Note 4: "A large sum of money and other properties" means average compensation (other than officers' remuneration) of the past three years exceeds;

- i) not less than 10 million yen in case where the payee is a person or*
- ii) not less than 2% of the annual revenues at any fiscal year in case where the payee is a group.*

Note 5: "Major shareholder" means a shareholder who holds directly or indirectly not less than 10% of the voting power.

Note 6: "Large sum of donation" means a donation whose annual average in the past three years exceeds either;

- i) 10 million yen or*
- ii) 30% of the annual expense of the group,*

whichever is higher.

Note 7: "Exchanging outside officers" means mutual dispatch of outside officers between the Company and another corporation.

End

Exhibit**Major Shareholders of the Company (as of March 31, 2014)**

1. Major shareholders of the Company

Name of Shareholders	Number of Shares Held	Shareholding ratio (%)
Sanko Kigyo Kabushiki Kaisha	15,447,200	8.63
Japan Trustee Services Bank, Ltd.(Trust Account)	10,684,100	5.97
The Master Trust Bank of Japan, Ltd.(Trust Account)	8,729,800	4.88
Seiko Holdings Corporation	7,948,800	4.44
Yasuo Hattori	5,966,306	3.33
Seiko Epson Corporation Employees' Shareholding Association	5,824,991	3.25
Noboru Hattori	5,599,968	3.13
The Dai-ichi Life Insurance Company, Limited	4,368,000	2.44
Mizuho Trust & Banking Co., Ltd., Retirement benefit trust, Mizuho Bank, Ltd. account, Beneficiary of the retrust, Trust & Custody Services Bank, Ltd.	4,076,900	2.27
NGK Insulators, Ltd.	3,450,000	1.92
Total	72,096,065	40.30

(Note 1)

Although the Company holds 20,927,083 shares of treasury stock, the Company is excluded from the above list of major shareholders. And Shareholding ratio is calculated without this treasury stock.

(Note 2)

Mizuho Corporate Bank, Ltd. and its joint holders submitted a Change Report of Major Shareholding dated April 7, 2014 to the Director General of the Kanto Local Finance Bureau, stating that as of March 31, 2014, they hold the Company's shares as follows. However, the Company cannot confirm the number of shares beneficially owned at the end of the fiscal year under review. Therefore, the above Major Shareholders list is based on the register of shareholders.

Submitter and its joint holders	Number of Shares Held	Shareholding ratio (%)
Mizuho Bank, Ltd.	6,947,000	3.48
Mizuho Trust & Banking Co., Ltd.	2,729,400	1.37
Mizuho Asset Management Co., Ltd	674,200	0.34
Total	10,350,600	5.18

(Note 3)

Sumitomo Mitsui Trust Bank, Limited and its joint holders submitted a Change Report of Major Shareholding dated June 20, 2013 to the Director General of the Kanto Local Finance Bureau, stating that as of June 14, 2013, they hold the Company's shares as follows. However, the Company cannot confirm the number of shares beneficially owned at the end of the fiscal year under review. Therefore, the above Major Shareholders list is based on the register of shareholders.

Submitter and its joint holders	Number of Shares Held	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	8,635,000	4.32
Sumitomo Mitsui Trust Asset Management Co., Ltd.	251,600	0.13
Nikko Asset Management Co., Ltd.	402,400	0.20
Total	9,289,000	4.65

(Note 4)

JPMorgan Asset Management (Japan) Limited and its joint holders submitted a Change Report of Major Shareholding dated December 6, 2013 to the Director General of the Kanto Local Finance Bureau, stating that as of November 29, 2013, they hold the Company's shares as follows. However, the Company cannot confirm the number of shares beneficially owned at the end of the fiscal year under review. Therefore, the above Major Shareholders list is based on the register of shareholders.

Submitter and its joint holders	Number of Shares Held	Shareholding ratio (%)
JP Morgan Asset Management (Japan) Limited	5,133,500	2.57
JPMorgan Chase Bank, National Association	248,923	0.12
J.P. Morgan Securities Plc	780,569	0.39
Total	6,162,992	3.08

---End---