

April 28, 2006

**Introduction of Countermeasures to Large-Scale Acquisitions of
the Company's Shares (Takeover Defense Measure)**

TOKYO--Toshiba Corporation (the "Company") announces that its Board of Directors has today decided to introduce a plan for countermeasures to any large-scale acquisitions of the Company's shares (the "Plan"), for the purpose of protection and enhancement of the corporate value of the Company and the common interests of shareholders. The Plan will be introduced upon the shareholders granting their approval for the basic concept of the Plan at the Ordinary General Shareholders Meeting scheduled to be held in June 2006.

A comprehensive examination of the measures taken by the Company subsequent to the May 2005 announcement of its "Policy Toward Proposals of Acquisitions of Toshiba Shares" has been conducted by an in-house committee and the Company's Board of Directors, which includes four outside directors. Consequently, the Board has decided that a more transparent plan is appropriate for protecting against acquisitions that are detrimental to the Company's corporate value and the common interests of shareholders. The specific details of the Plan, which has greater transparency than the previous plan, as it expressly sets forth specific procedures and requires prompt disclosure of the details of the Special Committee's decisions, as well as reference materials for the Company's shareholders, have been unanimously adopted by the Board, including the four outside directors.

A summary of the Plan and its features are set out below.

1. Summary of the Plan

The Plan was introduced for the purpose of protecting and enhancing the corporate value of the Company and the common interests of its shareholders by explicitly setting forth the procedures to be followed when a large-scale acquisition of the Company's shares is made, ensuring that shareholders are provided with necessary and adequate information and sufficient time to make appropriate decisions, and securing the opportunity for the Company to negotiate with the acquirer.

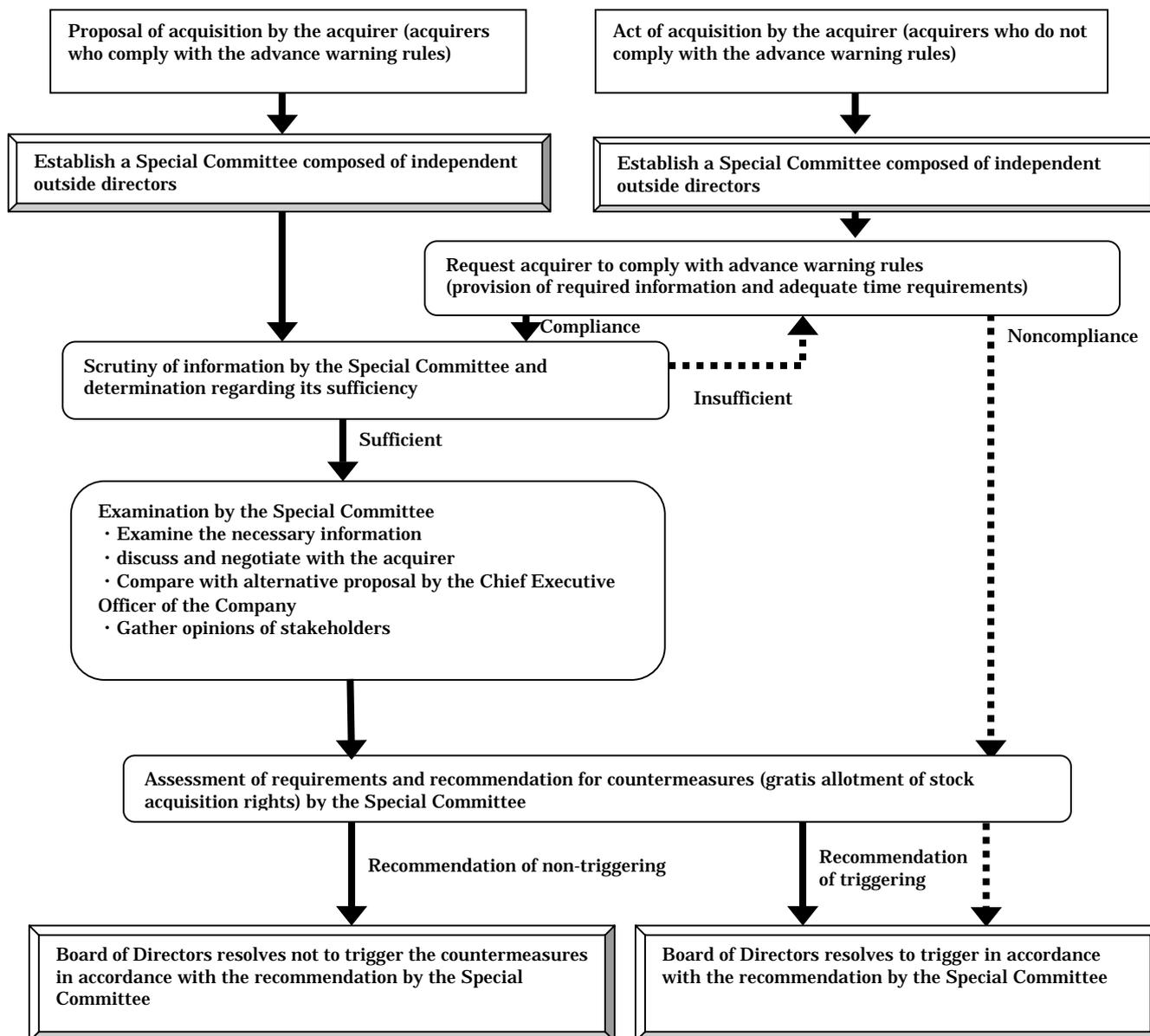
Specifically, if an acquirer starts or plans to start an acquisition or a takeover bid that would result in the acquirer holding 20% or more of the Company's total outstanding shares, the Company will require the acquirer to provide the necessary information in advance to its Board of Directors. The Board of Directors will then establish a Special Committee that will, at its discretion, obtain advice from outside experts, evaluate and consider the details of the acquisition, disclose to the Company's shareholders the necessary information regarding the acquisition, as well as the alternative proposal prepared by the Company's Chief Executive Officer, and then negotiate with the acquirer. If the acquirer does not comply with the procedures under the Plan, or the Special Committee decides that the acquisition would damage the corporate value of the Company or the common interests of shareholders, the Special Committee will recommend to the Board of Directors that the Company implement countermeasures (a gratis allotment of stock acquisition rights (*shinkabu yoyakuden no mushou wariate*), a condition of which will be that they cannot be exercised by acquirers or the like) and protect the corporate value of the Company and the common interests of shareholders. (For an illustration of this process, please see the diagram on page 4; for further details, please read from page 5.)

2. Features of the Plan (Reasonableness)

The Plan represents a scheme that is reasonable and transparent as set forth below. In particular, compared with the previous "Policy Toward Proposals of Acquisitions of Toshiba Shares" announced in May 2005, the Plan makes the decision-making process more objective and clear, stipulates the terms of the countermeasures in more detail, and is designed to better reflect the intent of the shareholders.

- The Plan will be introduced upon the shareholders granting approval of the basic concept of the Plan at the General Shareholders' Meeting scheduled to be held in June 2006.
- The countermeasures based on the Plan will only be implemented if an acquirer starts or plans to start an acquisition or a takeover bid that would result in the acquirer holding 20% or more of the Company's total outstanding shares.
- A recommendation from the Special Committee established by the Board of Directors is required before countermeasures based on the Plan can be implemented.
- The members of the Special Committee will be three or more independent outside directors. Executive officers that are part of the Company's management may not participate in the resolutions of the Special Committee.
- The details of decisions and reference materials will be promptly disclosed in order to maximize the transparency of the Special Committee's decision making.
- The specific details of the gratis allotment of stock acquisition rights, which constitutes the countermeasures based on the Plan, are set forth in Exhibit 2.
- The Company's Board of Directors may terminate the Plan at any time.
- The effective term of the Plan will be for three years.

Diagram of Countermeasure Process for Large-Scale Acquisitions of Company Shares



- : Acts by the acquirer
- : Acts and decisions by the Special Committee
- : Acts by the Board of Directors

Pages 1 through to this page are a summary of the Plan for convenience only. For the details of the Plan, please refer to the following text.

Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defenses Measure)

1. Basic Policy in Reference to the Persons Who Control Decisions on the Company's Financial and Business Policies

The management vision of the Toshiba Group ("Group") stresses the provision of products and services attuned to people's aspirations and beneficial to society. Through this vision, we believe we will enhance our corporate value and achieve the common interests of our shareholders. In line with this philosophy, we make best efforts to enhance the efficiency and transparency of management and maximize corporate value from the viewpoints of our shareholders.

We create an environment in which individual employees can act and do well and work with enthusiasm, inheriting the passion and spirit of enquiry that inspired the inventiveness of Hisashige Tanaka, Toshiba's founder. This is Toshiba's corporate DNA, and it increases the overall strength of our organization. We believe that adherence to our vision is the very essence of the Company's value. Further, in order for the Group to earn appropriate profit for return to our shareholders, and to achieve sustainable, continuous growth in the corporate value and common interests of shareholders over the medium-to long-term, we believe it is essential to maintain and develop a proper and good relationship with our shareholders and with other stakeholders, such as customers, business partners, vendors, employees and regional communities, and to give adequately consider the interests of these stakeholders.

The Group is one of Japan's largest companies, with consolidated sales for FY 2005 exceeding 6.3 trillion yen. The scope of the Group's businesses is highly diversified, extending to Digital Products, Electronic Devices, Social Infrastructure, Home Appliances and others. Therefore, when we receive a proposal for acquisition for the Company's shares, in order to make a suitable determination regarding the effect that such acquisition would have on the value of the company and the common interests of our shareholders, we believe it is necessary to gain an adequate understanding of the feasibility and legality of the business plan being proposed by the acquirer, the impact on the Company's tangible and intangible management resources and its stakeholders, as well as the effect it would have on corporate value, the latent effect on future policies, the synergies that could potentially be achieved through a combination of business fields, the current business condition of the Group, and other factors that contribute to the corporate value of the Company.

In light of the required considerations described above, the Company's Board of Directors believes that any party acquiring a large amount of the Company's shares,

or making a proposal to do so, that does not contribute to protecting and enhancing the corporate value of the Company and the common interests of shareholders, is an inappropriate party to be in control of decisions about the financial and business policy of the Company.

In particular, the following acquisitions will not be regarded as contributing to the corporate value of the Company or the interests of shareholders: (i) acquisitions that will clearly result in damage to the Company's value or shareholder interest; (ii) acquisitions that, as a matter of fact, involve coercion of the Company's shareholders to sell their shares, such as coercive two-tier tender offers; (iii) acquisitions that are to be carried out without granting the time reasonably necessary to provide an alternative proposal to the Company regarding the acquisition; (iv) acquisitions that are to be carried out without providing the Company's shareholders with adequate information to allow them to make a reasonable determination about the details of the acquisition; and (v) acquisitions that have inadequate or inappropriate terms and conditions (including the amount and type of consideration, the timeframe of the acquisition, and the legality of the acquisition method).

2. Undertakings to Contribute to Achieving the Company's Basic Policies

The Group will achieve sustainable growth by shifting the focus of management to "Growth" and boldly carry out strategy and promote operations, and continue the structural reforms it has been promoting to date.

The Group's business areas of Energy and Electronics face dramatic change and fierce competition on a global scale. In order to survive in the face of intense competition, the Group will further increase the speed of management decision-making and seek market leadership. Toward those ends, the Group will consistently create differentiated products and implement measures to strengthen Group businesses and generate profit.

The Group will drill down business challenges to each process of development, procurement and manufacturing, and marketing, and will strengthen a system that generates new ideas for breaking down barriers to business progress through a six-sigma program that applies data-driven approaches to overcoming problems. The Group intends to apply this system to all of its activities. The Group will strengthen its competitiveness significantly, to achieve sustained growth, through promotion of "i cube", the Group-wide program for maximizing the multiplier effect of process innovations by executing process innovations on a routine basis and reflecting each innovation to other processes.

The Company positions Digital Products, Electronic Devices and Social Infrastructure, as its main business domains. In Digital Products, the Group aims to

offer a constant stream of new products derived from the Group's technological expertise in key areas, including notebook PCs, hard disk drives and mobile phones, and to reinforce its business structure and to establish solid foundations for profitability through product differentiation and promotion of de-commoditization. The Group also aims for consistent growth through the cultivation of new businesses that will become next-generation core businesses, including SED (surface-conduction electron-emitter display) TVs and HD DVD products. In Electronic Devices, the Group continues proactive investment of resources in NAND flash memory, and seeks to grow the domain further as a pillar of profit through development of SED, high-value added LCD, direct methanol fuel cells for mobile applications, and other new technologies. In Social Infrastructure, the Group continues to reinforce its operations, and aims to assure further domain expansion and enhancement, as a basis for generating steady profit, through new business development. By bringing Westinghouse into the Group, Toshiba Group will also accelerate globalization of the domain's business operations, and maximize synergy by combining Westinghouse with the Group.

We will make use of the strengths that enable us to provide a wide range of solutions for the age of ubiquitous connectivity that will most likely be realized in the near future, through using our broad range of management resources. In addition, by sharing our base technology and fundamental activities such as development, procurement, production and sales activities among our main business areas, we will nurture our strengths to create a spillover effect throughout the entire the Group, while at the same time preserving the Group's business leadership.

In order to continue the sustained development of the Group, it is essential that we increase our social standing by positively contributing to the communities of the countries and regions around the world, and by discharging our corporate social responsibilities. The Group will promote activities for continuous compliance with laws and regulations, respect for human rights, protection of the environment, and contributions to society.

3. Plan Details (Measures to Prevent Persons Considered Inappropriate, in Light of the Company's Basic Policies, from Controlling the Company's Decisions on Financial and Business Policies)

3.1 Purpose of Introducing the Plan

The countermeasures to large-scale acquisitions of the Company's shares (the "Plan") make clear to acquirers or persons considering proposing acquisitions

(collectively “Acquirers”) the reasonable procedures that they must follow to make such proposals, thereby ensuring that the Company can receive the necessary and adequate information and time required for its shareholders to make proper judgments, and ensure an opportunity to negotiate with the Acquirer, if an acquisition or any other similar act or proposal thereof (collectively “Acquisitions”) is made for the Company’s shares. As a result, inappropriate persons, in light of the Company’s basic policies described hereinbefore, are prevented from controlling the Company’s decision on its financial and business policies, so that the Company can protect and enhance its corporate value and the common interests of its shareholders.

3.2 Procedures for Triggering or Non-Triggering the Plan

(a) Applicable Acquisitions

The Company will consider whether to implement a gratis allotment of stock acquisition rights (*shinkabu yoyakuken no musho wariate*) if an Acquirer proposes to conduct an Acquisition that falls under either of the following (“Applicable Acquisition”):

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

(b) Establishment of the Special Committee

The Company’s Board of Directors will promptly establish a Special Committee if an Applicable Acquisition is made or possibly will be made.

¹ Defined in Article 27-23(4) of the Securities and Exchange Act of Japan.

² Including persons described as a holder under Article 27-23(3) of the Securities and Exchange Act of Japan (including persons considered to fall under this provision by the Company’s Board of Directors).

³ Defined in Article 27-23(1) of the Securities and Exchange Act of Japan. Unless otherwise provided for in this document, this definition is applied throughout this document.

⁴ Defined in Article 27-2(6) of the Securities and Exchange Act of Japan.

⁵ Defined in Article 27-2(8) of the Securities and Exchange Act of Japan.

⁶ Defined in Article 27-2(1) of the Securities and Exchange Act of Japan. This definition is applied in 3.2(a)(ii).

⁷ Defined in Article 27-2(7) of the Securities and Exchange Act of Japan (including persons considered to fall under this provision by the Company’s Board of Directors); provided, however, that persons provided for in Article 3(1) 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 Securities and Exchange Act of Japan.

The Company's Board of Directors will, in order to secure the objectivity and fairness of the Special Committee, appoint outside directors as members of the Special Committee. All members of the Special Committee must be outside directors who are highly independent from the executive officers and the Acquirer. The chairman of the Special Committee will be appointed from within the members of the Special Committee. The Special Committee will be composed of three or more members.

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

Unless the Company's Board of Directors determines it to be unnecessary, the Company will require an Acquirer conducting an Applicable Acquisition to submit to the Company, before effecting the Acquisition, in a form prescribed by the Company, the information necessary for consideration of the terms of the Acquirer's Acquisition, as set forth in Exhibit 1 ("Essential Information"), and a written undertaking that, in conducting the Acquisition, the Acquirer will comply with the procedures established by the Plan ("Acquisition Statement").

If the Special Committee determines that the contents of the Acquisition Statement are insufficient as Essential Information, it may fix a reasonable deadline for response and request, directly or indirectly, that the Acquirer provide additional Essential Information.

(d) Consideration of Acquisition Terms and Negotiation with the Acquirer

(i) Request to the Company's Chief Executive Officer for the Provision of Information

If the Acquirer submits the Acquisition Statement and additionally submits the Essential Information, the Special Committee will request that the Company's Chief Executive Officer provide, within the period determined by the Special Committee, an opinion on the Acquirer's Acquisition terms and supporting materials, an alternative proposal, and any other information or materials that the Special Committee considers suitably necessary.

(ii) Special Committee Consideration

After receiving from the Acquirer an Acquisition Statement that contains sufficient Essential Information, the Special Committee should consider the Acquirer's Acquisition terms and any alternative proposal provided by the Company's Chief

Executive Officer, collect information on the business plans and other information of the Acquirer and the Company's Chief Executive Officer and make a comparison thereof for a maximum period of, in principle, sixty days (provided, however, that the Special Committee may extend this period (hereinafter, the "Special Committee Consideration Period")).

In addition, the Special Committee will make efforts to understand the opinions of the shareholders and, if necessary, obtain opinions from the customers, business partners, vendors, employees, regional communities and the like. On that basis, the Special Committee will consider the terms and conditions of the Acquisition from the point of view of protecting the Company's corporate value and the common interests of its shareholders.

Further, in order to improve the terms of the Acquisition from the standpoint of protecting and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee will, if necessary, hold direct or indirect discussions and negotiations with the Acquirer. If the Special Committee requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Special Committee, the Acquirer must promptly respond to that request.

In order that the Special Committee's decision protect and enhances 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 and any other experts).

(iii) Disclosure of Information

Except for information that the Special Committee finds it inappropriate to disclose, such as trade secrets, the Special Committee will, in order to increase the transparency of the Special Committee's decision, promptly disclose information to the shareholders, including a summary of the Acquisition Statement submitted by the Acquirer, summaries of the opinion submitted by the Chief Executive Officer with respect to the Acquirer's Acquisition terms and the alternative proposal submitted by the Company's Chief Executive Office, and any other matters that the Special Committee deems appropriate.

(e) The Special Committee's Decision-Making Process

If an Acquirer emerges, the Special Committee will conduct the following procedures. The Special Committee will disclose the details of the recommendation conducted in accordance with the following procedures and any other matters (if the Special Committee Consideration Period is extended in accordance with 3.2(e)(iii) below, the reason for the extension will also be included), promptly after the resolution.

(i) When the Special Committee recommends the triggering of the Plan

If the Special Committee determines that the Acquisition by the Acquirer meets any of the requirements set out at 3.3 ‘Requirements for the Gratis Allotment of Stock Acquisition Rights’ and that the implementation of the gratis allotment of stock acquisition rights is reasonable, the Special Committee will recommend⁸ the implementation of the gratis allotment of stock acquisition rights to the Company’s Board of Directors. The Special Committee may recommend that the Company’s Board of Directors directly confirms the intent of the shareholders with respect to the gratis allotment of stock acquisition rights, if the Special Committee determines that to be necessary.

(ii) The Special Committee recommends the non-triggering of the Plan

If, as a result of its consideration of the terms of the Acquirer’s Acquisition and negotiation with the Acquirer, the Special Committee determines that the Acquisition by the Acquirer will cease to meet any of the requirements set out at 3.3 ‘Requirements for the Gratis Allotment of Stock Acquisition Rights’, or that the implementation of the gratis allotment of stock acquisition rights is not reasonable even if the Acquisition by the Acquirer does meet one of the requirements set out in 3.3, the Special Committee will recommend the non-implementation of the gratis allotment of stock acquisition rights to the Company’s Board of Directors⁹.

(iii) The Special Committee defers triggering the Plan

If the Special Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of stock acquisition rights by the expiry of the initial Special Committee Consideration Period, the Special

⁸ Note for English Version: The Corporate law in Japan requires that the Board be responsible for the management of the affairs of the company. Therefore, the Board should keep its right to make the final decision as to the triggering of the countermeasures. However, given the potential liability as a director, the Board would generally have no practical alternative but to follow the recommendation of the Special Committee.

⁹ However, if there is a change in the facts, information or otherwise upon which a recommendation decision was made, and the Special Committee determines that the Acquisition by the Acquirer meets any of the requirements set out at 3.3, ‘Requirements for the Gratis Allotment of Stock Acquisition Rights’ and that the gratis allotment of stock acquisition rights is reasonable, the Special Committee may make a different decision including a recommendation on the implementation of the gratis allotment of stock acquisition rights, and recommend that decision to the Company’s Board of Directors.

Committee may, to the extent that it is considered reasonably necessary for actions such as consideration of the terms of the Acquirer's Acquisition and negotiation with the Acquirer, pass a resolution to extend the Special Committee Consideration Period.

(f) Resolutions of the Board of Directors

The Company's Board of Directors will pass a resolution regarding the implementation or non-implementation of a gratis allotment of stock acquisition rights in accordance with the recommendation of the Special Committee.

Promptly after passing such a resolution, the Company's Board of Directors will disclose the details of its resolution and any other matters.

3.3 Requirements for the Gratis Allotment of Stock Acquisition Rights

The Company will implement the gratis allotment of stock acquisition rights in accordance with the procedures set forth in 3.2 'Procedures for Triggering or Non-Triggering the Plan', if it is considered that any Acquisition by an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of stock acquisition rights.

- (a) An Acquisition not in compliance with the procedures prescribed in the Plan.
- (b) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and the common interests of its shareholders through any of the actions below:
 - (i) A buyout of shares to require such shares to be compulsorily purchased by the Company at an inflated price.
 - (ii) Management that achieves interests of the Acquirer at the expense 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 are currently not related to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.

- (c) Certain Acquisitions that threaten to have the effect of forcing the Company's shareholders into selling their 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 unfavorable acquisition terms for the second stage or do not set clear terms for the second stage).
- (d) Acquisitions that are conducted without providing the Company with the period of time reasonably necessary to offer an alternative proposal to the Acquisition.
- (e) Acquisitions in which the Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is not adequately provided to the Company's shareholders.
- (f) Acquisitions whose terms and conditions (including the amount and type of consideration, 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 customers, business partners, vendors, employees, regional communities and the like) are inadequate or inappropriate in light of the Company's corporate value.

3.4 Outline of the Stock Acquisition Rights

If the Plan is triggered, the Company will allot to all shareholders at that time, by means of a gratis allotment, stock acquisition rights that include (i) an exercise condition that does not allow the Acquirers to exercise them and (ii) an acquisition provision to the effect that the Company may acquire one stock acquisition right from persons other than the Acquirers in exchange for one share in the Company (the "Stock Acquisition Rights"). For particulars regarding the Stock Acquisition Rights, please see Exhibit 2, 'Terms and Conditions of the Stock Acquisition Rights.'

3.5 Effective Period, Termination and Revision of the Plan

The effective period of the Plan shall be a period of three years from the conclusion of the Ordinary General Shareholders Meeting relating to the fiscal year ending March 2006 up to the conclusion of the Ordinary General Shareholders Meeting relating to the fiscal year ending March 2009.

The Plan may be terminated by a resolution of the Board of Directors even if the effective period of the Plan has not expired. Further, the Plan may be revised, to the

extent the revision is not contrary to the basic concept of the Plan approved by the Ordinary General Shareholders Meeting, during the effective period of the Plan.

If the Plan is terminated or revised, the Company will promptly disclose the details thereof and any other matters.

4. Basic concept of the Plan and its approval by the Ordinary General Shareholders Meeting

The Plan will be introduced upon the shareholders granting their approval for the basic concept of the Plan at the Ordinary General Shareholders Meeting scheduled to be held in June 2006.

5. Reasonableness of the Plan

For the reasons set out below, the Company's Board of Directors believes that the Plan is based on the Company's basic policies and does not prejudice the corporate value or the common interests of shareholders of the Company, and it also believes that the introduction of the Plan is not for the purpose of maintaining the status held by the management of the Company.

5.1 Reflection of the intent of shareholders

The Plan will be introduced upon the shareholders granting their approval for the basic concept of the Plan at the Ordinary General Shareholders Meeting scheduled to be held in June 2006.

Further, the Plan may be terminated by a resolution of the Board of Directors even if the effective period of the Plan has not expired. As the term of office of directors of the Company is stipulated as one year, the intentions of the shareholders may also be reflected each year through the election of directors.

5.2 Disclosure of information and decision making based on the decisions of independent outside parties

The Company is a corporation with committees. Through establishing the Special Committee solely comprised of three or more independent outside directors who are in a position to monitor the executive officers of the Company, the Company may exclude arbitrary decisions by the management of the Company and thereby ensure the objectivity and reasonableness of the Special Committee's judgments. At the same time, the Company believes that the Special Committee, through its understanding of the current status of the Company and the essentials that comprise the Company's corporate value, will be able to appropriately judge the effect that an Acquisition may

have on the Company's corporate value and the common interests of its shareholders.

Furthermore, for the purpose of increasing transparency in judgments made by the Special Committee, the Company will promptly disclose outlines of the Acquisition Statement provided by the Acquirer, the opinion of the Company's Chief Executive Officer on the details of an Acquisition made by the Acquirer, outline of an alternative proposal, and any other matters that the Special Committee deems appropriate to disclose to its shareholders in accordance with the conditions set out in 3.2.(d)(iii).

5.3 Establishment of reasonably objective requirements for triggering the Plan

The Plan is so constituted that it will not be triggered unless previously determined reasonable and objective requirements have been satisfied, and the objective requirements are consistent with the Company's basic policy, providing that any party acquiring a large amount of the Company's shares or making a proposal to do so, which does not contribute to protecting and enhancing the corporate value of the Company and the common interests of shareholders, is an inappropriate party to control decisions on the Company's financial and business policies. Consequently, the Plan eliminates arbitrary triggering by the Company's corporate officers.

5.4 Obtaining the advice of third-party experts

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 mechanism will even more securely enhance the objectivity and fairness of the decisions made by the Special Committee.

6. Impact on shareholders

6.1 Impact on shareholders at the time of introduction

At the time of its introduction, as no actual gratis allotment of Stock Acquisition Rights will take place, the Plan will have no direct or material impact on the rights and interests of the shareholders and investors.

6.2 Impact on shareholders at the time of the gratis allotment of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights to all registered shareholders of the Company as of a record date that will separately be determined by the Company's Board of Directors in a Gratis Allotment Resolution, at a

ratio of one Stock Acquisition Right per one share held. All registered shareholders will automatically become Stock Acquisition Right holders on the effective date of the gratis allotment of Stock Acquisition Rights, and no procedures for entry of name change are required.

If the Company will, by the Company's Board of Directors' decision, acquire the Stock Acquisition Rights of all shareholders other than those parties who cannot exercise stock acquisition rights set out in II.4 of the Terms and Conditions of the Stock Acquisition Rights attached to this document as Attachment 2 ("Restricted Acquirer") and, in exchange, deliver shares in the Company, all shareholders other than the Restricted Acquirer will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and no dilution of the shares in the Company they hold will result.

Furthermore, if the Company implements a gratis allotment of Stock Acquisition Rights, the Company will first make public notice of the record date for the gratis allotment of Stock Acquisition Rights, and because the Company will make a gratis allotment of Stock Acquisition Rights only to the shareholders as of the record date, it will be necessary for shareholders to arrange for procedures for entry of name change as soon as possible. (No procedures for entry of name change are required for those shareholders using the services provided by the Japan Securities Depository Center, Inc.)

If the Company's Board of Directors decides to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with statutory procedures on a day separately determined by the Company's Board of Directors, and it will deliver shares in the Company to shareholders in exchange for the acquisition of Stock Acquisition Rights. Further, in such cases the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, a statement of representations and other documents regarding matters, such as the fact that they are not the Restricted Acquirer.

There is not plan for the Company to cancel the gratis allotment of Stock Acquisition Rights after the record date or acquires Stock Acquisition Rights that have been already allotted to the shareholders without consideration.

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

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The Japanese version is controlling if there is any discrepancy between the English version and the Japanese version.

Essential Information

- (i) Details of the Acquirer (specifically including name, capital structure and financial position) and its group (including joint holders¹⁰, persons having a special relationship and, in the case of funds, partners and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including the price and type of the 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 Acquisitions (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, and any expected synergetic value from any series of transactions relating to the Acquisition and the basis of the calculation thereof, including the synergetic value that is to be shared with minority shareholders and the basis of the calculation thereof).
- (iv) Financial support for the Acquisition (including the name, financing methods and the terms of any related transactions of the funds providers for the Acquisition (including all indirect funds providers)).
- (v) Post-Acquisition management policy, business plan, capital and dividend policies for the Group.
- (vi) Post-Acquisition handling policies of the Group's customers, business partners, vendors, employees and regional communities.
- (vii) Regulated matters under foreign and domestic laws and regulations that might apply with respect to acquisition proposals, and the possibility of obtaining the approvals and authorizations required under competition law or other laws and ordinances from foreign or domestic governments or third parties.
- (viii) Possibility of maintaining the foreign and domestic authorizations necessary for the business of the Group after the Acquisition, and the possibility of complying with various foreign and domestic laws and regulations after the Acquisition.
- (ix) Any other information that the Special Committee reasonably considers necessary.

¹⁰ Means joint holders as defined in Article 27-23(5) of the Securities and Exchange Act of Japan, including persons regarded as a joint holder under Article 27-23(6) of the Securities and Exchange Act of Japan.

Terms and Conditions of the Stock Acquisition Rights

- I. Determination on Gratis Allotment of Stock Acquisition Rights
 1. Terms and Number of the Stock Acquisition Rights

The Company will implement a gratis allotment of stock acquisition rights whose terms are set forth in II below (individually or collectively, the “Stock Acquisition Rights”) in the same number as the final and total number of issued and outstanding shares in the Company (excluding the number of treasury stock of the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is determined by the Company’s Board of Directors in a resolution relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).
 2. Shareholders Eligible for Allotment

The Company will implement a gratis allotment of Stock Acquisition Rights to those shareholders who appear or are recorded in the Company’s final register of shareholders or register of beneficial shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share held (excluding the treasury stock of the Company held by the Company at that time).
 3. Effective Date of Gratis Allotment of Stock Acquisition Rights

The Company’s Board of Directors will determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.
- II. Terms of the Stock Acquisition Rights
 1. Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of the Stock Acquisition Rights (the “Applicable Number of Shares”) shall be one share.
 2. 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 to be contributed upon exercise of the Stock Acquisition Rights will be an amount equal to the “Exercise Price” multiplied by the Applicable Number of Shares.

The “Exercise Price” will be an amount determined by the Company’s Board of Directors in the Gratis Allotment Resolution within the range between one yen and any amount equivalent to 50% of the fair market value. The “fair market value” means the average closing price of regular transactions of the Company’s common shares at the Tokyo Stock Exchange for the ninety (90) days (excluding any day on which transactions are not completed) before the date immediately prior to the date on which the Company’s Board of Directors resolved the Gratis Allotment Resolution, and any fraction of a yen shall be rounded up to the nearest whole yen.

3. Exercise Period of the Stock Acquisition Rights

The commencement date will be a date on which the gratis allotment of Stock Acquisition Rights becomes effective (or a date otherwise determined by the Company’s Board of Directors), and the period will be a period from one month to three months long as determined by the Company’s Board of Directors in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights in accordance with the provisions of section 7, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the 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 become 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:
 - (i) Specified Large Holders;
 - (ii) Joint Holders of Specified Large Holders;
 - (iii) Specific Large Purchasers;
 - (iv) Persons having a Special Relationship with Specific 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).

The terms used above shall have the following meanings:

- (a) “Specified Large Holder” means a party who is a holder (including any person who is described as a holder under Article 27-23(3) of the Securities and Exchange Act) of share certificates, etc. (as defined in Article 27-23(1) of the Securities and Exchange Act; 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(4) of the Securities and Exchange Act) in respect of such share certificates, etc. is at least 20% (including any party who is deemed to be a specified large holder by the Company’s Board of Directors).
- (b) “Joint Holder” means a joint holder defined in Article 27-23(5) of the Securities and Exchange Act, and includes any party who is deemed to be a joint holder in accordance with Article 27-23(6) of the Securities and Exchange Act (including any party who is deemed to be a joint holder by the Company’s Board of Directors).
- (c) “Specific Large Purchaser” means a person who makes a public announcement of purchase, etc. (as defined in Article 27-2(1) of the Securities and Exchange Act; the same applies hereinafter) of share certificates, etc. (as defined in Article 27-2(1) of the Securities and Exchange Act; the same applies hereinafter in this subparagraph (c)) issued by the Company through tender offer (as defined in Article 27-2(6) of the Securities and Exchange Act) and whose ratio of ownership of share certificates, etc. (as defined in Article 27-2(8) of the Securities and Exchange Act; 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(3) of the Order of the Enforcement of the Securities and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a Person having

a Special Relationship.

- (d) “Person having a Special Relationship” means a person as defined in Article 27-2(7) of the Securities and Exchange Act (including any party who is deemed to be a person having a special relationship by the Company’s Board of Directors); provided, however, that those parties provided for in Article 3(1) of the Cabinet Ordinance concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from those parties set out in Article 27-2(7)(i) of the Securities and Exchange Act.
 - (e) An “Affiliated Party” of a given party means a person deemed by the Company’s Board of Directors to substantially control, be controlled by, or be 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 of the Enforcement Regulations of the Corporation Act) of other corporations or entities.
- (2) Notwithstanding (1) above, the following parties are not Specified Large Holders or Specific Large Purchasers:
- (a) the Company, its subsidiaries (as defined in Article 8(3) of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.) or its affiliates (as defined in Article 8(5) of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.);
 - (b) a party that the Company’s Board of Directors recognizes as a party that became a Specified Large Holder as set forth in (1)(i) above with no intention to control the Company and that ceased to be a Specified Large Holder as set forth in (1)(i) above due to a disposal of the share certificates, etc. of the Company held within ten (10) days after becoming a Specified Large Holder as set forth in (1)(i) above (provided, however, that the ten (10)

day period may be extended by the Company's Board of Directors);

- (c) a party that the Company's Board of Directors recognizes as a party that involuntarily became a Specified Large Holder as set forth in (1)(i) above by the Company 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
 - (d) a party that the Company's Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders. (The Company's Board of Directors may recognize that a party that it has recognized as a party as set forth in (1)(i) through (1)(vi) is not contrary to the Company's corporate value or the common interests of shareholders. If the Company's Board of Directors determines that an acquisition or holding is not contrary to the Company's corporate value or common interests of shareholders under certain conditions, such recognition is effective to the extent that these conditions are satisfied.)
- (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 certain procedures, (ii) satisfy certain 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 Company's Board of Directors recognizes that it fully performs or satisfies the Governing Law Exercise Procedures and Conditions, and such party may not exercise the Stock Acquisition Rights if the Company's Board of Directors does not recognize that it satisfies the Governing Law Exercise Procedures and Conditions. 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 such laws and ordinances (the “Governing Law Prohibited Exercise”), such person who locates in such jurisdiction shall not exercise the Stock Acquisition Rights.

- (4) Notwithstanding (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 common stock 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 Company’s Board of Directors 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 (i) and (ii) above.
- (5) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights only if the holder submits to the Company a written statement specifying representations and warranties, including, but not limited to, the fact that the holder is not a party as set forth in (1)(i) through (1)(vi) above, nor a party that has any intention to exercise the Stock Acquisition Rights on behalf of a party as set forth in (1)(i) through (1)(vi) above and that the holder satisfies the conditions for the exercise of the Stock Acquisition Rights, provisions for indemnification and other matters prescribed by the Company and any written statement required under the 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 section 4, the Company shall not be liable to the holder of the Stock Acquisition Rights for damages or any other obligations.

5. Capital and Capital Reserve to be Increased upon Issuance of Shares by Exercise of the Stock Acquisition Rights

The Company's Board of Directors will determine the capital and capital reserve to be increased upon issuance of shares by exercise of the Stock Acquisition Rights 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 approval of the Company's Board of Directors.

- (2) If a party who intends to assign the Stock Acquisition Rights is located outside Japan and is unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(3) and 4(4) (excluding a person who is unable to exercise the Stock Acquisition Rights in accordance with the provision of section 4(1)), then the Company's Board of Directors shall determine if it gives such approval as described in section (1) above considering the following matters:

- (a) whether or not a written undertaking prepared and signed or sealed by the transferor and transferee (including provisions for representations and warranties, provisions for indemnification and other provisions as provided by the Company with respect to the matters described in (b), (c) and (d) below) is submitted with respect to the acquisition by assignment of all or part of the Stock Acquisition Rights by a person who locates in such jurisdiction;
- (b) whether or not it is clear that the transferor and transferee do not fall under section 4(1)(i) through 4(1)(vi);
- (c) 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;

- (d) whether or not it is clear that the transferee does not intend to accept the Stock Acquisition Rights for a party who is unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(1).

7. Acquisition of the Stock Acquisition Rights by the Company

On a day that falls on a date specified by the Company's Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to the date specified by the Company's Board of Directors, that are held by parties other than those parties who are unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(1) above and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right.

Further, if, after the date upon which the acquisition takes place, the Company's Board of Directors recognizes the existence of a party other than parties who are unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(1), 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 a date determined by the Company's Board of Directors (if any) and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

8. Delivery of the Stock Acquisition Rights and the Conditions thereof in the case of Merger, Corporate Division, Share Exchange or Share Transfer

The Company's Board of Directors will determine the delivery of the Stock Acquisition Rights and the conditions thereof in the case of merger, corporate division, share exchange or share transfer in the Gratis Allotment Resolution.

9. Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

10. Revision due to Amendment to Laws and Ordinances

The provisions of the laws and ordinances referred to above are subject to the provisions that will come into effect as of May 1, 2006. If the meanings of the provisions or terms as set forth in each item above require revision due to the enactment, amendment or abolishment of laws and ordinances after May 1, 2006, the Company's Board of Directors may differently read the meanings of the provisions or terms as set forth in each item above to the reasonable extent as required, taking into consideration the purposes of such enactment, amendment or abolishment.

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