



May 21, 2009

To Whom It May Concern

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## Notification of Continuation of Handling Policy (Anti-takeover Defensive Plan) Toward Large-scale Purchase of Our Company's Shares and Other Securities

In accordance with the resolution of the board of directors' meeting held on May 19, 2008, and upon the approval of the 131st annual meeting of stockholders held on June 27, 2008, Shin-Etsu Chemical Co., Ltd. ("our company") has introduced the handling policy toward a Large-scale Purchase of our company's shares and other securities (the "Handling Policy").

Now, with the effective period of the Handling Policy expiring at the conclusion of the 132nd annual meeting of stockholders to be held on June 26, 2009 (the "Annual Meeting of Stockholders"), in order to continuously secure and improve our corporate value and/or the common interests of the stockholders, this is to give notice that, at the board of directors' meeting held today, conditional upon authorization with the approval of a majority of voting rights of the stockholders present at the Annual Meeting of Stockholders, our company has decided to continue with the Handling Policy as set forth below.

Regarding the Handling Policy, our company's five (5) corporate auditors have expressed the intention to agree to the Handling Policy, provided that the specific operation of the Handling Policy will be performed appropriately.

The effective period of the Handling Policy shall be up to the time of the conclusion of our company's 133rd annual stockholders' meeting to be held in June 2010.

Also, at the present moment, our company is not aware of any signs of a specific Large-scale Purchase of our company's shares and other securities.

Note: In the case of amendment to the statutes, clauses and the like cited in this news release, the statutes, clauses and the like prior to amendment shall respectively mean the corresponding statutes, clauses and the like after amendment.

1. Basic Policy for Introduction of the Handling Policy (“Basic policy as to Who and How the Person(s) Controlling Decisions on Financial and Business Policies of our Company Shall Be”; hereinafter called “Basic Policy”)

Our company’s group operates an “organic and inorganic chemicals business” which mainly produces and sells vinyl chloride, silicone and cellulose derivatives, etc., an “electronic materials business” which mainly produces and sells semiconductor silicon, organic materials for the electronics industry, rare earth magnets for the electronics industry, and photoresist products, etc., and “functional materials and other business” which provides various services such as the production and sales of synthetic quartz products and rare earth magnets for general purposes, etc., and construction and repair, and our company and our company’s affiliates share the roles of production, sales and other roles, and work together in development of the business activities. Extensive knowledge of and rich experience in these businesses, as well as sufficient understanding of the relationships built with stakeholders such as customers, employees, and business partners of nations around the world, are indispensable to the management of our company’s group.

While our company believes that a person or persons who contribute(s) to the maximization of our corporate value should control decisions on our company’s financial and business policies, in the event of an intended Large-scale Purchase of our company’s shares, our company understands that the final judgment as to whether or not to sell our company’s shares in response thereto should be left to our company’s stockholders. Still, in order for the stockholders to make accurate judgments as to whether or not the purchasing value presented in the event of such Large-scale Purchase is appropriate, our company considers it essential that sufficient information regarding such Large-scale Purchase is provided by both the Large-scale Purchaser and our company. Also, for those persons intending to continuously hold our company’s shares, the effect of a Large-scale Purchase upon our company’s group as well as the management style and business plan for our company’s group as contemplated by a Large-scale Purchaser are extremely important criteria in making decisions upon reviewing such continued holding.

Meanwhile, because some Large-scale Purchases may be judged to be significantly damaging our corporate value and/or the common interests of our company’s stockholders (please refer to Attachment 1 for details), our company considers it necessary for the board of directors, based on the duty of care of a good manager, to take measures against such Large-scale Purchases as the board of directors deems appropriate.

2. Measures to Improve the Corporate Value of Our Company's Group (Special Measures Which Contribute to the Realization of Basic Policy, such as the Effective Utilization of Assets of our Company, Formation of Appropriate Corporate Group, and Others)

(1) Management Policies

Our company's group makes safety its utmost priority in each and every instance, conducts fair corporate activities, enhances its corporate value by contributing to people's daily lives, industry and society through materials and technologies, and thus aims to meet the expectations of all stockholders. For such purposes, our company's group, while establishing the world's best technologies and product quality and continuously striving to improve productivity, is building stable business relationships with our customers around the world, and striving for management which is able to respond appropriately to changes in economic conditions and the market.

(2) Specific Measures

In the PVC business, Shintec Inc. (USA) has been constructing integrated manufacturing factories that cover all processes from electrolysis to the manufacture of PVC resin. Furthermore, the first-phase of construction of said factories has been completed, and said factories have started to operate. In Europe, in order to strengthen the business base of Shin-Etsu PVC in the Netherlands, we have also initiated procedures for making CIRES, S.A. in Portugal our fully-owned subsidiary. We will continue to make full use of the tripolar system that includes Japan, the United States and Europe so as to secure our position as the world's largest manufacture of PVC resin.

In the silicone business, we will promote the development of new products and new applications of existing products by taking advantage of the characteristics of our products, which are in demand in a wide range of areas. We will also step up our efforts to improve the productivity of our factories in Japan, Thailand, the United States and other countries in order to expand our business not only in Japan but overseas as well.

In the semiconductor silicon business, we will maintain a steady supply of high-quality products as the world's largest manufacturer, based on accurate information on market demand for 300-mm wafers. We will strive to strengthen our competitiveness in the market for wafers of 200 mm or smaller by adding value to and by developing special applications for our products in order to differentiate them from those of other companies.

In the rare earth magnet business, we will make efficient use of our newly constructed rare earth separation and refinement facilities in order to further improve productivity. At the same time, we will work to expand our business, focusing on products for hybrid cars, which are likely to be in greater demand in the future.

In the cellulose business, we will provide a steady supply of products used for pharmaceutical purposes. To that end, we will construct manufacturing facilities in Germany to be managed by SE Tylose, in addition to our company's Naoetsu Plant in Japan and in this way will continue to strengthen our business base.

For our future business expansion, we will step up our efforts to develop new businesses, including the research, development and commercialization of new products, and M&A.

We will also fulfill our corporate social responsibilities, such as implementing proper safety measures, preserving the environment and ensuring compliance with the law, in order to maximize the value of our group companies.

Our company considers that, because it is believed that the above-mentioned measures will improve the corporate value of our company's group and reduce the risk that Large-scale Purchasers who significantly damage the common interests of the stockholders will appear, such measures will contribute to the realization of the Basic Policy stated in Article 1 above. In addition, the board of directors decided to introduce the Handling Policy as further measures to ensure the realization of the Basic Policy.

### 3. Details of Handling Policy (Measures in Light of the Basic Policy to Prevent Inappropriate Persons from Controlling Decisions on Financial and Business Policies of our Company)

The Handling Policy provides for the situation of (i) the purchase of our company's shares and other securities (Note 1) by a specific group of stockholders (Note 2), which is aimed at making the ratio of voting rights (Note 3) of the specific group of stockholders twenty percent (20%) or more, or (ii) the purchase of our company's shares and other securities by a specific group of stockholders in which, as a consequence, the ratio of voting rights of the specific group of stockholders becomes twenty percent (20%) or more (the purchases set out in (i) or (ii) above do not include any purchase to which the board of directors has given consent in advance; the purchases set out in (i) or (ii) above are not limited to any specific type of purchase, such as market transactions or tender offers; herein, such a purchase is called a "Large-scale Purchase," and the person making such a purchase is called a "Large-scale Purchaser"). In the event of a Large-Scale Purchase, the Handling Policy requires the Large-Scale Purchaser to comply with Large-scale Purchase Rules that prescribe the prior provision of information and the establishment of a period of review by the board of directors, and, where the Large-scale Purchaser fails to comply with these Rules or where the Large-scale Purchase is judged as significantly damaging our corporate value and/or the common interests of our company's stockholders, countermeasures against the Large-scale Purchaser can be made after consulting an Independent Committee that includes outside directors for advice. The details of the Handling Policy are described below.

Note 1: Shares and other securities mean the shares and other securities as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law (the "FIEL").

Note 2: A specific group of stockholders means:

- (i) A holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the FIEL; hereinafter the same) of our company's shares and other securities (defined in Paragraph 1, Article 27-23 of the FIEL) and any joint holders (defined in Paragraph 5, Article 27-23 of the FIEL, including a person deemed as a joint holder pursuant to the provision of Paragraph 6, Article 27-23 of the FIEL; hereinafter the same); or
- (ii) A person making a purchase and the like (defined in Paragraph 1, Article 27-2 of the FIEL, and includes any purchase made in a security exchange market) of our company's shares and other securities (defined in Paragraph 1, Article 27-2 of the FIEL) and any specially related parties (defined in Paragraph 7, Article 27-2 of the FIEL).

Note 3: A ratio of voting rights means:

- (i) If the specific group of stockholders falls under (i) of Note 2, the share holding ratio (defined in Paragraph 4, Article 27-23 of the FIEL; the number of shares and other securities held by any joint holders (defined in the same paragraph) shall also be added); or

- (ii) If the specific group of stockholders falls under (ii) of Note 2, the sum of the share holding ratio (defined in Paragraph 8, Article 27-2 of the FIEL) of such Large-scale Purchaser and any specially related parties. For calculation of the ratio of each voting right, the financial report, the quarterly report, or the treasury stock purchase report, whichever is submitted at a later date, may be referred to in deciding the total voting rights (defined in Paragraph 8, Article 27-2 of the FIEL) or the total number of outstanding shares (defined in Paragraph 4, Article 27-23 of the FIEL).

## (1) Details of Large-scale Purchase Rules

### (a) Provision of Necessary Information

The essential features of the “Large-scale Purchase Rules” as established by our company are: (i) a Large-scale Purchaser shall provide the board of directors in advance with necessary and sufficient information for judgment by stockholders and forming of opinions by the board of directors (the “Necessary Information”); and (ii) a Large-scale Purchase can be commenced only after a certain period for assessment and review by the board of directors has elapsed.

Specifically, our company will firstly have the Large-scale Purchaser submit to our company’s representative director, prior to a commencement of a Large-scale Purchase, a written document clearly specifying the name, address, governing law of incorporation of the Large-scale Purchaser, name of the representative, domestic contact information, and details of the Large-scale Purchase to start, as well as the intention to follow the Large-scale Purchase Rules. Within ten (10) business days after receipt of such written document, our company will issue to the Large-scale Purchaser a list of Necessary Information to be initially provided. If, upon reviewing in detail the information initially provided, such information is recognized as insufficient, the board of directors will request additional provision of information from the Large-scale Purchaser until the provision of Necessary Information is complete. The fact of a proposal of a Large-scale Purchase as well as the Necessary Information provided with the board of directors will, if deemed necessary for stockholders in making their judgment, be made public in whole or in part at the time the board of directors judges appropriate.

Specific details of Necessary Information vary depending on the attributes of the Large-scale Purchaser and the contents of a Large-scale Purchase, but information related to the following items shall be, as a general rule, included in the Necessary Information:

- (i) Brief overview of the Large-scale Purchaser and its group (including the specific name of the Large-scale Purchaser, contents of business, information

on experience, etc. of the same type of business as our company's group, capital structure, and composition of finances);

- (ii) The purpose, method, and details of the Large-scale Purchase (including the amount and type of purchasing value, time of purchase, and legality of purchasing method);
- (iii) Whether or not there is any communication with a third party regarding the Large-scale Purchase, and if there is, the details thereof;
- (iv) Basis for calculation of the purchasing value of our company's shares and the proof of the purchasing fund (including the specific name and the method of financing by the provider of the purchasing fund (including the substantial provider));
- (v) Management policy, business plan, financial plan, capital policy, dividend policy and asset-utilization policy, etc. scheduled after completion of the Large-scale Purchase;
- (vi) Existence or nonexistence of any change scheduled after the completion of the Large-scale Purchase concerning the relationship between our company's group and our company's business partners, customers, clients, and employees as well as its contents; and
- (vii) If the Large-scale Purchaser operates the same type of business as our company's group, views on legality from the perspective of antimonopoly law of Japan and competition laws of other relevant countries.

**(b) Setting of the period of assessment and review**

Secondly, the board of directors considers that, upon completion of provision of the Necessary Information by the Large-scale Purchaser, sixty (60) days (in the case of the purchase of all of our shares by tender offer with cash-only (yen) consideration) or ninety (90) days (in the case of any other Large-scale Purchase), according to the degree of difficulty of assessment and review of the Large-scale Purchase, should be ensured as the period for assessment, review, negotiation, forming of opinions, and planning of alternative plans by the board of directors (the "Period of Assessment and Review by the Board of Directors"). Accordingly, a Large-scale Purchase shall commence only after the Period of Assessment and Review by the Board of Directors has elapsed.

During this Period of Assessment and Review by the Board of Directors, the board of directors will sufficiently assess and review the Necessary Information while listening to opinions of independent outside professionals (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants), and will form and announce its opinions. Also, as is necessary, the board of directors may negotiate with the Large-scale Purchaser over the terms of the Large-scale Purchase and/or propose alternative plans to our company's stockholders. As a result, stockholders will be able to review the proposals by the Large-scale Purchaser while referring to the opinions of the board of directors, and if alternative plans are proposed by the board of directors, a comparative review of such alternative plans and the proposals by the Large-scale Purchaser shall be possible, and an opportunity to make an appropriate decision in respect of eventual acceptance or non-acceptance will be provided.

## **(2) Establishment and Structure of the Independent Committee**

The Independent Committee shall be established as an organ for eliminating arbitrary judgments and guaranteeing fairness in judgments by the board of directors regarding the operation of the Handling Policy.

Whereas the Handling Policy stipulates objective requirements for taking countermeasures in Section (3)(a) and Section (3)(b) below, with respect to a significant judgment regarding the execution of the Handling Policy such as in the case of taking countermeasures described in Section (3)(a) below as well as in the case of taking exceptional responses described in Section (3)(b) below, in principle the board of directors shall consult with the Independent Committee, and the board of directors shall, to the maximum extent possible, respect the advice of the Independent Committee.

The consideration by the Independent Committee shall be made during the Period of Assessment and Review by the Board of Directors as described in Section (1)(b).

There shall be three (3) or more members of the Independent Committee, and to enable fair and neutral judgments, selection of the committee's members will be made from outside directors and outside auditors of our company who are independent of the managing directors, and outside professionals such as lawyers, certified public accountants, certified tax accountants, academic experts, and business experts having broad administrative experience. The brief overview of the Independent Committee is as described in Attachment 2. Also, four (4) persons described in Attachment 3 are going to be appointed or reappointed as the member of



the Independent Committee as from the conclusion of the Annual Meeting of Stockholders.

(3) Handling in the Case of Implementation of a Large-scale Purchase (Please see the Overview Chart in Attachment 4)

(a) In the case a Large-scale Purchaser does not comply with the Large-scale Purchase Rules

In the case a Large-scale Purchaser does not comply with the Large-scale Purchase Rules, the board of directors may, in order to protect our corporate value and/or the common interests of the stockholders, take countermeasures that are permitted under the Corporate Law and other laws and the articles of incorporation, such as the issuance of stock acquisition rights, so as to resist the Large-scale Purchase.

Specific countermeasures shall be chosen by the board of directors as it judges as the most appropriate at the time, but a brief outline of stock acquisition rights in the case of the issuance of stock acquisition rights by the method of gratuitous allotment to stockholders is shown in Attachment 5. Upon the issuance of stock acquisition rights, certain exercise conditions and exercise period may be set so that such issuance of stock acquisition rights shall have an effect as a countermeasure, such as a person who belongs to a specific group of stockholders whose ratio of voting rights is more than a certain level cannot exercise the stock acquisition rights held by such person. Also, as the terms of stock acquisition rights, such terms may be set that our company may acquire stock acquisition rights in exchange for our shares and other assets (acquisition terms), and our company may place a condition, as a condition for any person having stock acquisition rights of the stock acquisition rights to be affected, such as that such person cannot belong to a specific stockholder group whose ratio of voting rights is more than a certain level.

(b) In the case a Large-scale Purchaser complies with the Large-scale Purchase Rules

If a Large-scale Purchaser complies with the Large-scale Purchase Rules, as a general rule, countermeasures against the Large-scale Purchase will not be taken. Whether or not to accept the purchasing proposal made by the Large-scale Purchaser shall be judged by our company's stockholders in view of such purchasing proposal, opinions presented by our company regarding such purchasing proposal, and alternative plans, etc. Even if a Large-scale Purchaser complies with the Large-scale Purchase Rules, however, in the event that such Large-scale Purchase is judged to be significantly damaging our corporate value and/or the common interests of the stockholders, as described in Attachment 1, the board of directors may, based on the duty of care of a good manager, take measures as deemed appropriate for protecting our corporate value and/or the common interests of the stockholders. Such action by the board of directors against a Large-scale Purchase is to be made for exceptional cases.

In order to secure the objectivity and rational judgment, the board of directors will, based on the Necessary Information provided by the Large-scale Purchaser, make judgment upon reviewing such Large-scale Purchaser and the specific details of such Large-scale Purchase (such as the purpose, method, subject, amount and type of purchasing value) as well as the effects, etc. of such Large-scale Purchase upon our corporate value and/or the common interests of the stockholders, while listening to opinions of independent outside professionals (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants) and also, to the maximum extent possible, respecting the advice of the Independent Committee.

(4) Effects on our Company's Stockholders and Investors

(a) Effects on our company's stockholders and investors at the time of introduction of the Handling Policy

Upon introduction of the Handling Policy, no specific countermeasures such as the issuance of stock acquisition rights by the method of gratuitous allotment to stockholders will be taken, and there will be no direct and/or specific effects on the legal rights of or economic impact on our company's stockholders and investors.

(b) Effects on our company's stockholders and investors at the time of exercise of countermeasures

In the case a Large-scale Purchaser does not comply with the Large-scale Purchaser Rules, the board of directors may, for the purpose of protecting our corporate value and/or the common interests of the stockholders, take countermeasures that are permitted under the Corporate Law, other laws and the articles of incorporation, upon consultation with the Independent Committee. However, because of the function of such countermeasure itself, our company shall not assume the occurrence of a situation in which particular damage may be incurred by the stockholders (excluding any Large-scale Purchaser who does not comply with the Large-scale Purchase Rules) in either legal rights or economic impact; provided, however, that upon selecting the issue of stock acquisition rights as a countermeasure, in the case that, after the stockholders who will receive stock acquisition rights by the method of gratuitous allotment to stockholders are confirmed, the issuance of stock acquisition rights is canceled, or the stock acquisition rights issued are acquired by our company with no consideration, dilution of the value per stock will not take place, and damage may be incurred due to fluctuations in the value of shares by our company's stockholders who have traded shares based on the assumption of a dilution of value per stock.

Of the possible countermeasures, the procedures relating to our company's stockholders concerning the issuance of stock acquisition rights are as described in Section (5), but in the event that the board of directors decides to take specific countermeasures, such countermeasures will be disclosed appropriately from time to time according to the laws and regulations of the financial instruments exchange.

(5) Procedures to be Required by our Company's Stockholders upon the Issuance of Stock Acquisition Rights

(a) Issuance of stock acquisition rights

In the event of a resolution by the board of directors to issue stock acquisition rights according to the method of gratuitous allotment to stockholders as stipulated in Article 277 of the Corporate Law, our company will make a public notice to set the date of allotment of stock acquisition rights. In this event, stock acquisition rights will be issued to the stockholders who are recorded in the stockholders registry as of the end of the allotment date, and it is necessary that the stockholders shall be recorded in the stockholders registry as of the end of the allotment date in order to obtain stock acquisition rights. The stockholders recorded in the stockholders registry as of the end of the allotment date will become entitled to be granted the stock acquisition rights on the effective date of issuance of such stock acquisition

rights and will not need to take any procedures or otherwise apply for such gratuitous allotment of stock acquisition rights to stockholders.

(b) Procedures for exercising stock acquisition rights

After the issuance of stock acquisition rights, stockholders may receive the company's shares by submitting documents, etc. necessary for exercising the rights of stock acquisition rights and paying the exercise price to the payment handling place within the period for exercising rights (in this case, our company may have such stockholders separately submit our company's specified written document declaring that such stockholders are not Large-scale Purchasers, etc.).

If, however, as the terms of stock acquisition rights, a provision which allows the company to acquire stock acquisition rights in exchange for the shares and other assets (acquisition terms) is set, provided that our company goes through the acquisition procedures, the stockholders holding the stock acquisition rights that are decided by the board of directors as the subject of acquisition will, without paying the money equivalent to the exercise price, receive the shares and other assets as the compensation for acquisition of the stock acquisition rights (in this case, our company may have such stockholders separately submit our company's specified written document declaring that such stockholders are not Large-scale Purchasers, etc.).

(6) Effective Period of the Handling Policy, Etc.

The effective period of the Handling Policy will be up to the conclusion of our company's 133rd annual stockholders' meeting to be held in June 2010, and in the case the Handling Policy continues after such point of time, it will be conditional upon authorization with the approval of a majority of the voting rights of the stockholders present at our company's stockholders' meeting. Also, even before the expiration of the effective period of the Handling Policy, in the event of a resolution by the board of directors to end the Handling Policy from the viewpoint such as an improvement of the common interests of the stockholders, the Handling Policy will end at that point of time. In addition, the board of directors will review the Handling Policy as is necessary from the viewpoint such as an improvement of the common interests of the stockholders, in light of factors such as any amendment to related laws such as the Corporate Law, trends of legal judgment, and responses by the financial instruments exchange and other public institutions.

In the event of the end or a change to the Handling Policy, such matters and the details of any change (in the event of a change), as well as any other matters as acknowledged by the board of directors as appropriate will be promptly disclosed.

4. The Handling Policy is in Compliance with the Basic Policy and is not Damaging the Common Interests of our Company's Stockholders; the Purpose of the Handling Policy is not Maintenance of the Status of the Officers of our Company

- (1) The Handling Policy is in Compliance with the Basic Policy

The Handling Policy stipulates that, by setting the Large-scale Purchase Rules, a Large-scale Purchaser shall provide the board of directors with necessary and sufficient information regarding a Large-scale Purchase, in advance, and that a Large-scale Purchase can be commenced only after the Period of Assessment and Review by the Board of Directors has elapsed. The Handling Policy also stipulates that the board of directors may take any countermeasures deemed appropriate against a Large-scale Purchaser who does not comply with the above-mentioned provisions. Meanwhile, the Handling Policy provides that, even if a Large-scale Purchaser complies with the Large-scale Purchase Rules, in the event that a Large-scale Purchase is judged to be significantly damaging our corporate value and/or the common interests of the stockholders, the board of directors may, based on the duty of care of a good manager, take any countermeasures deemed appropriate.

As described in the above, the Handling Policy is to realize the Basic Policy, as described in Article 1, and is in compliance with the contents of the Basic Policy.

- (2) The Handling Policy is not Damaging the Common Interests of our Company's Stockholders

The Handling Policy provides that, based on the understanding that the final judgment as to whether or not to sell our company's shares in response to a Large-scale Purchase should be left to our company's stockholders and aiming for ensuring the opportunity to receive information that is necessary and sufficient for our company's stockholders to make an appropriate decision in respect of acceptance or non-acceptance of a Large-scale Purchase, the board of directors may take any countermeasures deemed appropriate in the event that a Large-scale Purchase is judged to be significantly damaging our corporate value and/or the common interests of the stockholders. Therefore, the purpose of the Handling Policy is securing and

improving the common interests of the stockholders of our company, and the Handling Policy is not damaging such common interests in any way.

Also, since introduction and continuance of the Handling Policy is conditional upon authorization with the approval of a majority of the voting rights of the stockholders present at the stockholders' meeting of our company, our company considers that the will of our company's stockholders may be fully reflected in the Handling Policy.

(3) The Purpose of the Handling Policy is not Maintenance of the Status of the Officers of our Company

As described in Article 4(2) above, the purpose of the Handling Policy is securing and improving the common interests of our company's stockholders, and the introduction and continuation of the Handling Policy may not be conducted solely upon the judgment of the board of directors, but shall require the approval of our company's stockholders.

Under the Handling Policy, the requirements for the taking of countermeasures by the board of directors are provided in an objective manner, and such requirements shall be announced in advance. Further, the Handling Policy provides that, upon assessment, review, negotiation and formation of the opinions, etc. by the board of directors regarding Large-scale Purchases, the board of directors shall listen to opinions of independent outside professionals (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants) and that, upon the exercise of countermeasures, the board of directors, to enable a fair and neutral judgment, shall consult with the Independent Committee consisting of members who are independent of the managing directors of our company, and the board of directors shall respect, to the maximum extent possible, the judgment of the Independent Committee.

As described in the above, since the Handling Policy includes an arrangement to eliminate any arbitrary judgment by the officers of our company, countermeasures would not be exercised for the purpose of maintenance of the status of the officers of our company.

(Reference) The status of our company's major stockholders is as described in Attachment 6.

[End of Notification]

Cases where a Large-scale Purchase is judged as significantly damaging our corporate value and/or the common interests of the stockholders

For example, if it is recognized that any of the following cases are applicable, then in principle it is considered that our corporate value and/or the common interests of the stockholders shall be significantly damaged.

1. In the case where it is judged that an acquisition of shares is being conducted for the purpose of only driving up the stock price to have those shares purchased by our company's group (and its related persons) at a high price, whereas there is no intention of truly participating in the management of our group (so-called "green mailer").
2. In the case where it is judged that an acquisition of our shares is being conducted for the purpose of so-called "scorched management" by, for example, temporarily controlling the management of our group and having the intellectual property, know-how, confidential business information, main clients and customers, etc., which are necessary for the management of our company or our company's related companies, transferred to the Large-scale Purchaser or its group companies, etc.
3. In the case where it is judged that an acquisition of our shares is being conducted after controlling the management of our company's group with the intention of taking our assets or the assets of our company's related companies to the Large-scale Purchaser and its group companies, etc. for provision of their collateral or repayment.
4. In the case where it is judged that an acquisition of our shares is being conducted for the purpose of temporarily controlling the management of our company's group and having our company or our company's related companies sell or otherwise dispose of expensive assets such as real property and valuable securities, and make temporary high dividends with the profit of disposal, or for the purpose of taking the opportunity of a rapid increase in stock prices due to temporary high dividends and selling our shares at a high price.
5. In the case where it is judged that the purchasing method of our shares as suggested by the Large-scale Purchaser may actually force the selling of our shares upon our company's stockholders by restricting the opportunity or freedom of judgment by stockholders, such as a coercive two-tier purchase (refers to the purchase of shares such

as a tender offer, in which the purchase of all the shares is not induced in the first stage of purchase, and the purchasing conditions in the second stage of purchase are set unfavorably, or not stated clearly) (provided, however, that a partial tender offer does not fall under this category by definition).

6. In the case where significant damage to our corporate value and/or the common interests of stockholders is expected with reasonable grounds, as a result of a possible degradation of technology and production capabilities essential with regard to generating our corporate value or relationships with our company's employees, business partners, customers, and people in the local community, or otherwise.



## Brief Overview of Independent Committee

### 1. Purpose

The Independent Committee has as its purposes the eliminating of any arbitrary judgment by the board of directors regarding the exercise, etc. of countermeasures against a Large-scale Purchase of our company's shares and other securities, and the guaranteeing of fairness in such judgments.

### 2. Establishment and Members, Etc.

- (1) The Independent Committee shall be established by a resolution of the board of directors.
- (2) There shall be three (3) or more members of the Independent Committee (the "Independent Members"), and such Independent Members shall be selected by the board of directors among the persons who satisfy any of the following conditions:
  - (i) Outside directors or outside auditors of our company, who are independent of the managing directors; or
  - (ii) Outside professionals such as lawyers, certified public accountants, certified tax accountants, academic experts, and business experts having broad administrative experience, and who are independent of the managing directors.
- (3) The term of the Independent Members shall expire upon the conclusion of the annual meeting of stockholders for the last fiscal year which concludes within one (1) year after the selection of such members; provided, however, the board of directors may reappoint such Independent Members.

### 3. Convocation and Resolutions, Etc. of the Independent Committee

- (1) The Independent Committee shall be convened by any Independent Member or the board of directors.

- (2) The chairman of the Independent Committee shall be elected by mutual election of each Independent Member.
- (3) In principle, resolutions of the Independent Committee shall be, with all the Independent Members attending, adopted by a majority of the Independent Members present; provided, however, that if there is any accident or other special circumstances affecting any of the Independent Members, such resolutions shall be, with a majority of all the Independent Members attending, adopted by a majority of the Independent Members present.

#### 4. Matters to be Resolved by the Independent Committee

In cases where consulted by the board of directors, the Independent Committee shall adopt resolutions for the matters described below, and advise the contents of such resolutions and the reasons therefor to the board of directors:

- (a) Exercise or non-exercise of gratuitous allotment of stock acquisition rights as a countermeasure against a Large-scale Purchase;
- (b) Cancellation of gratuitous allotment of stock acquisition rights as a countermeasure against a Large-scale Purchase or acquisition of the said stock acquisition rights by our company with no consideration;
- (c) Exercise or non-exercise of countermeasures other than gratuitous allotment of stock acquisition rights; and
- (d) Among other matters to be judged by the board of directors, the matters on which the board of directors consults the Independent Committee.

#### 5. Authority, Etc. of Independent Committee

- (1) The Independent Members shall adopt the resolutions set forth in Article 4 above in consideration of whether such resolutions contribute to our corporate value and/or the common interests of our company's stockholders. The Independent members who have special interests regarding an agenda of the Independent Committee may not participate in the said resolutions, and the number of such Independent members shall be deducted from the quorum;

- (2) In cases where the Independent Committee judges that information provided by the Large-scale Purchaser is insufficient as the Necessary Information, the Independent Committee may request for the provision of additional information by itself or through the board of directors;
- (3) Also, the Independent Committee may request from the board of directors for (i) opinions about the Large-scale Purchase and any material which provides grounds for such opinions, (ii) in cases where the board of directors determines alternative plans, such alternative plans, and (iii) any other information or materials, etc. which are deemed to be necessary by the Independent Committee from time to time;
- (4) In order to collect sufficient information, the Independent Committee may require that the board of directors ensures the attendance of directors, auditors, employees or any other person whose attendance is deemed to be necessary by the Independent Committee at Independent Committee meetings, and may request from such directors, auditors, employees or other necessary persons opinions or explanations regarding the matters required by the Independent Committee; and
- (5) The Independent Committee may, in performing its duties, obtain advice from an independent third party (professionals such as securities companies, investment banks, financial advisors, lawyers, certified public accountants and consultants, etc.) at the expense of our company, within a reasonable amount.

Names and Brief Personal Histories of Members of Independent Committee  
(Candidates)

Toshihiko Fukui

Date of Birth: September 7, 1935

April, 1958	Joined the Bank of Japan
December, 1994	Deputy Governor of the above
March, 2003	Governor of the above
November, 2008	Special Advisor of our company (to date)

Shunji Kono

Date of Birth: August 1, 1927

June, 1990	Representative Director and President of The Tokio Marine and Fire Insurance Company, Limited (present Tokio Marine & Nichido Fire Insurance Co., Ltd.)
June, 1996	Representative Director and Chairman of the above
June, 2001	Counselor of the above
June, 2003	External Director of our company (to date)
June, 2008	Honorary Advisor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (to date)

Masashi Kaneko

Date of Birth: March 2, 1939

Oct., 2001	Representative Director, Chairman and President of Nikko Cordial Corporation (present Nikko Citi Holdings Inc.)
June, 2005	Director and Chairman of the Board of Executive Officers of the above
June, 2006	External Director of our company (to date)

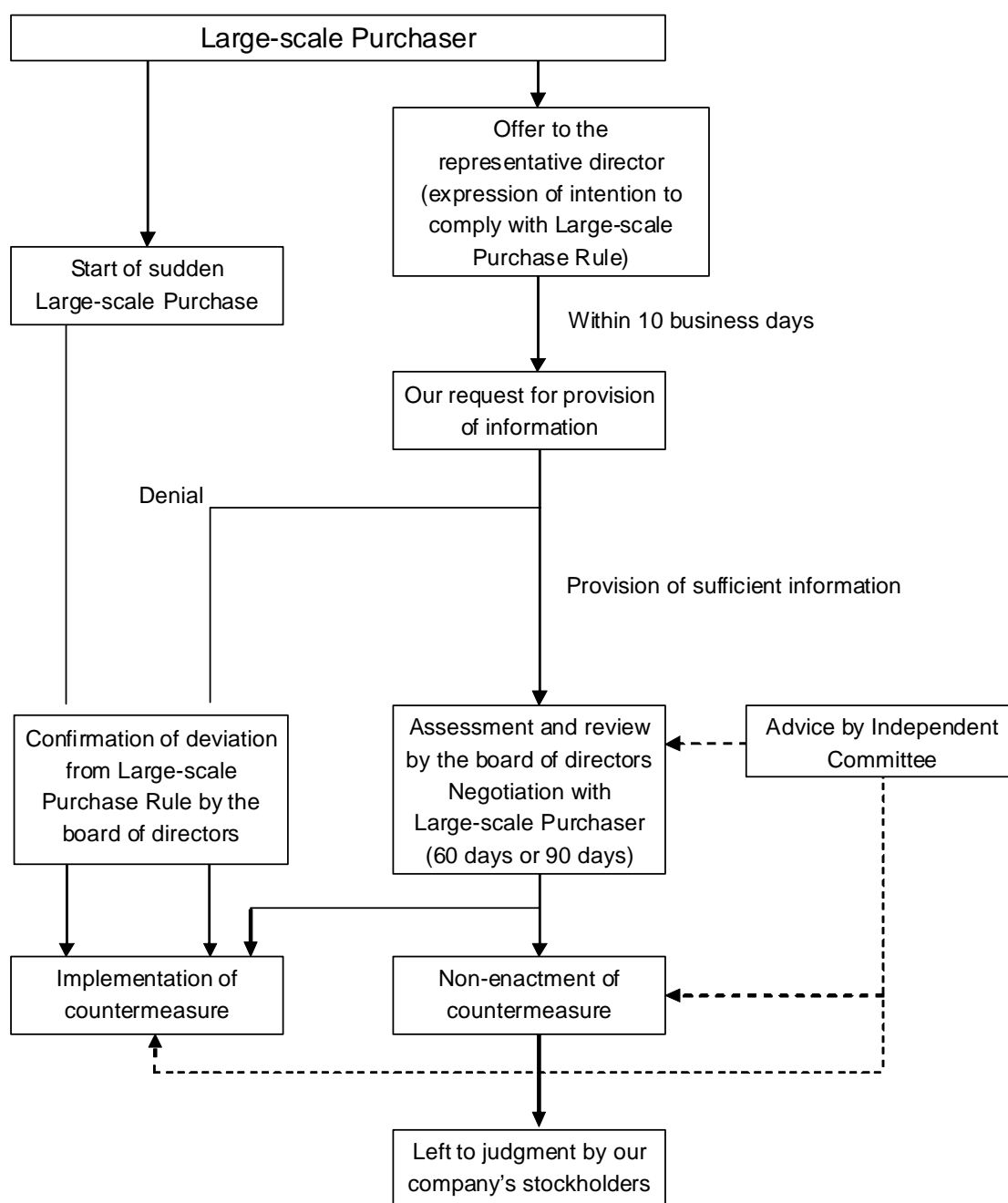
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Tsuyoshi Miyazaki

Date of Birth: December 16, 1931

March, 1990	Representative Director and President of Mitsubishi Logistics Corporation
June, 1998	Representative Director and Chairman of the above
June, 2003	Counselor of the above (to date)
June, 2007	External Director of our company (to date)

### Handling Policy for Large-scale Purchase: Overview Chart



(Note) The overview above is to facilitate the understanding of the contents of the Handling Policy. For details, please see the body of the text.

Brief Outline of Stock Acquisition Rights

1. Stockholders who are entitled to receive stock acquisition rights and the conditions for issuance

Stock acquisition rights will be issued to the stockholders recorded in the stockholders registry as of the end of the allotment date, at the ratio as separately determined by the board of directors per share of common stock held by such stockholders (provided, however, that common stock held by the company shall be excluded).

2. Type and number of shares that are the object of stock acquisition rights

The type of shares that are the object of stock acquisition rights shall be the common stock, and the total number of shares that are the object of stock acquisition rights will have an upper limit of 1,287 million shares; provided, however, that in the case the company conducts a stock split, an issuance of shares by the method of gratuitous allotment to stockholders and stock consolidation, etc., required adjustment will be made.

3. Total number of stock acquisition rights to be issued

The total number of the issue of stock acquisition rights will be the number as separately determined by the board of directors. The board of directors may issue stock acquisition rights not only once but for multiple times.

4. Method of issuance of stock acquisition rights

The method will be the method of gratuitous allotment to stockholders.

5. Amount to be paid upon exercise of each stock acquisition right

Amount to be paid upon exercise of each stock acquisition right will be one (1) yen or more and as determined by the board of directors.

6. Restriction on transfer of stock acquisition rights.

Transfer of stock acquisition rights will require approval by the board of directors.

7. Conditions for exercise of stock acquisition rights.

As the conditions for exercise of stock acquisition rights, a condition such as a person who belongs to a specific group of stockholders whose ratio of voting rights is twenty percent (20%) or more cannot exercise the stock acquisition rights, etc., shall be provided. The details shall be as separately determined by the board of directors.

8. Period of exercise and other

Period of exercise of stock acquisition rights and other necessary matters shall be as separately determined by the board of directors.

9. Stock acquisition rights with acquisition clause

As described in the Details of the Handling Policy above, the term that the company may acquire stock acquisition rights in exchange for the shares or other assets (acquisition term) may be established.



State of Our Major Stockholders

The state of our major stockholders as of March 31, 2009, is as shown below.

Name of Stockholder	State of Investment to Our Company	
	Number of Share Held	Investment Ratio
	Thousand Shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	41,662	9.8
Japan Trustee Services Bank, Ltd. (Trust account)	35,984	8.5
Nippon Life Insurance Company	24,370	5.7
Japan Trustee Services Bank, Ltd. (Trust account 4G)	20,718	4.9
Japan Trustee Services Bank, Ltd. (Trust account 4)	12,077	2.8
The Hachijuni Bank, Ltd.	11,790	2.8
Meiji Yasuda Life Insurance Company	11,529	2.7
NIPPONKOA Insurance Company, Limited	8,077	1.9
JPMorgan Chase Bank, N.A. 380055	7,424	1.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,095	1.7

(Note) Our company, which owns 7,636,973 shares of treasury stock, is not included in the above list of major stockholders. Investment ratios are calculated with shares of treasury stock excluded.