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For Immediate Release

Company name	Furukawa Electric Co., Ltd.
Representative	Masao Yoshida, President and Director
Code number	5801 (TSE, OSE, First Section)
Contact	Masahiko Fukumoto, Head of Investor and Public Unit, Management Planning Department
Tel	+81-3-3286-3050

Notice of Renewal of Countermeasures (Takeover Defense) Against Large-Scale Purchases of the Company's Shares

Furukawa Electric Co., Ltd. ("the Company") introduced countermeasures against large-scale purchases of the Company's shares (hereinafter referred to as "the Current Plan") based on the approval of shareholders at the 185th ordinary general meeting of shareholders held on June 26, 2007. The term of the Current Plan will expire at the conclusion of an ordinary general meeting of shareholders to be held in June 2010 (hereinafter referred to as "the General Meeting of Shareholders"). Since introducing the Current Plan, the Company has continued to consider how the best approach, including the propriety of its renewal, as part of the efforts to protect and increase the corporate value of the Company and ultimately the common interests of the shareholders, in light of social and economic changes as well as developments and progress in the discussions of takeover defense that took place following the introduction of the Current Plan.

The Company hereby announces that as a result of the above, its Board of Directors has decided at a meeting held today to revise certain elements of the Current Plan (the revised countermeasures are hereinafter referred to as "the Plan") and renew it subject to the approval of the shareholders at the General Meeting of Shareholders.

The Company has gained the approval of all the corporate auditors on the Plan on the condition that the specific operation of the Plan will be conducted properly.

In addition, there was no specific proposal, etc. of a large-scale purchase of the Company's shares as at the time of writing. The status of the Company's shares as of September 30, 2009 is as described in Appendix 1.

Main modifications in the Plan are as follows:

- (1) Some of the items of necessary information that a large-scale purchaser is required to provide in accordance with the Large-Scale Purchase Rules have been revised, and it has been stipulated that the necessary information will be limited to the necessary and sufficient extent. In addition, it has been decided to set a deadline for the provision of information by large-scale purchasers as necessary from the standpoint of promptly operating the Large-Scale Purchase Rules and making it possible to extend the deadline if a large-scale purchaser requests the extension on reasonable grounds.
- (2) It has been decided that when requesting the provision of additional necessary information under the rule of large-scale purchases, the Board of Directors of the Company may begin its evaluation and consideration by breaking off negotiations with the large-scale purchaser on the provision of the information even if all the information requested by the Board of Directors of the Company is not provided, if the large-scale purchaser provides a reasonable explanation to the effect that some of the said requested

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necessary information is difficult to provide.

- (3) It has been stipulated that if the Company takes action against a large-scale purchase as an exceptional move even if the Large-Scale Purchase Rules is complied with, it must be limited to a case in which the large-scale purchase falls under any of the exemplified cases and, as a result, is deemed likely to significantly damage the corporate value of the Company and ultimately the common interests of the shareholders.
- (4) Corrections have been made in the citations related to the revisions in (1) through (3) above, and required corrections and the arrangement of wordings have been made in association with the improvement of related laws and regulations, including the implementation of the so-called computerized stock certificates under the Act for Partial Revision of the Act on Transfer of Bonds, etc. for Achieving Rationalization of Settlements for Transactions of Shares, etc. and Other Acts (Act No. 88 of 2004) that was enforced on January 5, 2009 and the alteration of the Securities and Exchange Law into the Financial Instruments and Exchange Law.

I. Basic policy concerning persons who control the financial and operational policies of the Company

The Company believes that the control of the financial and operational policies of the Company should rest with those parties who contribute to the protection and enhancement of the corporate value of the Company and ultimately the common interests of the shareholders.

However, since the Company leaves its shares open to free transactions on the market by listing them on stock exchanges, we believe that persons who control the Company should ultimately be determined by the shareholders and that the judgment on whether the Company should accept a proposal to purchase its shares that will be accompanied by the transfer of the control of the Company should also ultimately be determined by the shareholders.

Nevertheless, large-scale purchases and proposals to purchase the Company's shares could include large-scale purchasers which may act counter to the common interests of shareholders, such as those who could effectively force shareholders to sell their shares, those that do not give enough time and information for shareholders to consider the purchase conditions, etc. or for the Board of Directors of the Company to offer an alternative proposal, and those that require negotiations with the purchaser to set conditions more advantageous than those originally proposed by the purchaser.

We believe that an exception should be made that disqualifies those who conduct such large-scale purchases or make such purchase proposals from controlling the financial and operational policies of the Company.

II. Activities that will contribute to the materialization of the basic policy

Based on its corporate philosophy of "Drawing on more than a century of expertise in the development and fabrication of advanced materials, the Company seeks to contribute to the realization of a sustainable society through continuous technological innovation," the Furukawa Electric Group has adopted a vision of "Toward a more profitable, innovative, and dynamic global presence."

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The businesses of the Furukawa Electric Group are extensive, and include Information and Telecommunications, Energy and Industrial Products, Metals, Electronics and Automotive Systems, and Light Metals. These business areas have been created based on the processing and application technologies which the Group has been developing over the years since its founding in 1884, in step with the development of industry. Throughout the process of creating these businesses, the Furukawa Electric Group has been developing its own technologies, experience and management know-how, among other assets, while striving to maintain and develop a favorable relationship with stakeholders such as customers, trading partners, local communities and employees. These are tangible and intangible assets of the Furukawa Electric Group, and we aim to leverage these assets to protect and expand our corporate value and the common interests of the shareholders over the medium and long terms.

The Company developed the Medium-Term Management Plan “Innovations 09” in March 2006, which calls for a focus on the development of overseas markets and four key areas: auto parts, electronic parts, photonics networks, and the environment. To enable proactive management strategies under the plan, we have sought to develop products that will have the largest share of their respective markets and improved asset efficiency. We also reviewed the Group management system. After the plan was developed, however, the management environment changed significantly, reflecting the global economic downturn and violent fluctuations in resources prices. We then reviewed the directions of some of our businesses in November 2008 and have endeavored to develop markets and products with growth potential in each business.

To bolster the overall strength of the Group and establish a medium-term vision, we have developed a new medium-term management plan named New Frontier 2012 through discussion based on past developments.

The vision for the Company in the next three years specified by New Frontier 2012 is to achieve growth in markets and businesses that are new to the Company and to realize the corporate philosophy and the Group vision through management that is responsive to change. The vision consists of three pillars: 1) reorganizing the business portfolio and cultivating new businesses, 2) reforming corporate culture, and 3) improving financial strength.

1) Reorganizing the business portfolio and cultivating new businesses

(i) Achieving global growth in the transmission infrastructure business

Given the impressive growth in emerging economies, including BRICs and ASEAN countries, opportunities for investing in infrastructure for power transmission and communications are expanding. Under these circumstances, we will aggressively develop businesses in the markets of optical fibers, ultra-high voltage cables, and high-speed railroads.

(ii) Bolstering high-performance materials business

We will bolster our high-performance materials business, handling copper and aluminum foils for lithium batteries for automobiles and substrates for hard discs, by enhancing facilities, establishing competitive technologies, stabilizing mass production, and improving productivity.

(iii) Cultivating new environmental businesses

Taking part in the ongoing environment and energy revolution, we will create new businesses in the fields of next-generation automobiles, smart grid energy, and large-capacity optical communications. To bolster research and development, we will increase research and development expenses and establish a 20 billion yen New Frontier Fund, funded by proceeds from the sale of assets and income from operations, and allocate funds for research and development. We will also use the New Frontier Fund to restructure our businesses and respond flexibly to changes in the management

environment, to accelerate changes in our business portfolio.

(iv) Restructuring traditional processing businesses

We classify the businesses of the Group into four categories: cultivation, growth, base, and restructuring. Based on this classification, we will reform less profitable businesses falling under the restructuring category, including copper products, electric wires, and commodity plastics, and will thereby improve the business portfolio. We plan to establish a Feasibility Assessment Committee in April 2010 that will classify the businesses of the Group into the four categories, review the classification, and then reform the businesses in the restructuring category.

2) Reforming corporate culture

Accepting sincerely the penalties imposed on it as a result of the violation of the Anti-Monopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade), the Company will take comprehensive action to prevent a recurrence and will strengthen its monitoring function and global risk management system to ensure and to enhance compliance. Meanwhile, as part of our activities to protect the environment, we are aiming to reduce CO₂ emissions. To develop effective human resources, we will operate a global human resources development program, promote recruitment by the Group, and bolster our capabilities in fields overseas. Through those initiatives, the Company seeks to bolster the Group-wide risk management system and reform its corporate culture.

3) Improving financial strength

The Company aims to increase operating income by strengthening the businesses of the Group, and to repay debt and increase equity capital by limiting the growth of total assets and generating profits. We will limit overall capital expenditure, while continuing to make capital investments in key areas such as copper foils, auto parts, and optical fibers.

The Company is carrying out the initiatives mentioned above for a large number of shareholders to continue to invest in the Company over the long term and increase its corporate value and ultimately the common interests of the shareholders. We believe that these efforts will contribute to the realization of the basic policy we have adopted this time, as described in I. above.

III. Measures to prevent inappropriate parties from controlling the financial and operational policies of the Company in light of the basic policy

1. Purpose of introducing the Plan

The Plan will be introduced as a means to prevent inappropriate parties from controlling the financial and operational policies of the Company in light of the basic policy described in I. above.

Even if a large-scale purchase, etc. of the Company's shares is conducted, the Board of Directors of the Company will not deem the purchaser inappropriate as a person who controls the financial and operational policies of the Company, if the purpose, etc. of the large-scale purchase, etc. will help protect and increase the corporate value of the Company and ultimately the common interests of its shareholders. The Company also believes that the judgment on whether the Company should accept a proposal to purchase its shares that will be accompanied by the transfer of the control of the Company should ultimately be determined by its shareholders.

However, there are some large-scales purchases, etc. of shares that do not contribute to the corporate value

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of the target company and ultimately the common interests of its shareholders, such as those that could clearly infringe on the corporate value and ultimately the common interests of the shareholders by its purpose, etc., those that could in effect force shareholders to sell their shares, and those that will not provide reasonably necessary and sufficient time or information for the Board of Directors and the shareholders to consider the details, etc. of the large-scales purchase, etc. of shares or for the Board of Directors to present an alternative proposal.

Therefore, based on the belief that when a large-scale purchase, etc. of the Company's shares is conducted, it will serve the corporate value and ultimately the common interests of the shareholders that the negotiation, etc. with the purchaser, etc. is conducted under certain reasonable rules by securing the information and time necessary for the shareholders to make an appropriate decision, the Company has decided to set up certain rules (hereinafter referred to "the Large-Scale Purchase Rules") for the provision of information and ensuring of time to consider when a large-scale purchase with the details described below is conducted and partially revise and renew the Current Plan, subject to the approval of the shareholders at the General Meeting of Shareholders as takeover defense that includes policies to deal with large-scale purchases conducted by inappropriate persons in light of the basic policy on the control of the Company.

2. Purchases of the Company's Shares to Be Covered by the Plan

Purchases of the Company's shares to be covered by the Plan shall be the purchase of stock certificates and other securities (Note 3) of the Company by a certain shareholders group (Note 1) for the purpose of increasing its ratio of voting rights (Note 2) to 20% or more, or actions to purchase stock certificates and other securities of the Company that will increase the ratio of voting rights of a certain shareholders group to 20% or more (for both actions, except for those actions already approved by the Board of Directors of the Company, irrespective of the specific method of purchase, such as a market transaction or tender offer. Such purchase action shall hereinafter be referred to as a "large-scale purchase," and a party conducting a large-scale purchase shall hereinafter be referred to as a "large-scale purchaser").

Note 1: "Certain shareholders group" means:

- (i) A holder (including those considered holders under Article 27-23, Paragraph 3 of the Securities and Exchange Law ("the Law"). The same shall apply hereinafter) of stock certificates and other securities (meaning the stock certificates and other securities provided in Article 27-23, Paragraph 1 of the Law) of the Company and its joint holder(s) (meaning the joint holder provided in Article 27-23, Paragraph 5 of the Law and including those who are deemed joint holders under Paragraph 6 thereof. The same shall apply hereinafter.) or
- (ii) A person who conducts the purchase, etc. (meaning the purchase, etc. provided in Article 27-2, Paragraph 1 of the Law and including purchases conducted in a securities market formed by a stock exchange) of stock certificates and other securities (meaning the stock certificates and other securities provided in Article 27-2, Paragraph 1 of the Law) of the Company and its special related party(s) (meaning the special related party provided in Article 27-2, Paragraph 7 of the Law).

Note 2: "Ratio of voting rights" means:

- (i) The ratio of stock certificates and other securities owned by the holder (meaning the ratio of stock certificates and other securities owned provided in Article 27-23, Paragraph 4 of the Law. In this case, the number of stock certificates and other securities (meaning the number of stock certificates and other securities stipulated in this Paragraph. The same shall apply hereinafter.)

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owned by joint holders of the holder shall be added.) when the certain shareholders group falls under (i) of Note 1, or

- (ii) The sum of the ratios of stock certificates owned by the purchaser and its special related parties (meaning the ratio of stock certificates owned provided in Article 27-2, Paragraph 8 of the Law) when the certain shareholders group falls under (ii) of Note 1.

With regard to the total number of voting rights (as stipulated in Article 27-2, Paragraph 8 of the Law) and the total number of shares issued (as provided in Article 27-23, Paragraph 4 of the Law) used for the calculation of each ratio of stock certificated, etc. owned, those written in a Annual Securities Report, a Quarterly report, or Status Report on Purchase of Company's Own Shares that was mostly recently submitted may be referred to.

Note 3: "Stock certificates and other securities" means the stock certificates and other securities defined in Article 27-23, Paragraph 1 or Article 27-2, Paragraph 1 of the Securities and Exchange Law.

3. Establishment of a Third-Party Panel

As in the Current Plan, the Company has established a Third-Party Panel in accordance with the Third-Party Panel Rules (for a summary, please see Appendix 2) to operate the Plan property, prevent the Board of Directors of the Company from making an arbitrary decision, and ensure that the judgment of the Board of Directors of the Company is objective and reasonable. The number of members of the Third-Party Panel shall be three or more, and they shall be elected from outside corporate auditors and outside experts (Note) who are independent of executive officers of the Company to ensure fair and neutral judgment. Tadashi Kudo, an outside corporate auditor, Masamoto Tazaki, an outside expert, and Kunihiko Matsuo, an outsider expert, who are currently the members of the Third-Party Panel are scheduled to assume the post of member of the Third-Party Panel even after renewing the Current Plan (for their career summaries, please see Appendix 3).

Note : "Outside experts" are elected from

Experienced corporate executives, persons who have a detailed knowledge of the investment banking business, lawyers, certified public accountants, and academic experts whose main area of study is the Company Law, etc. and any other similarly qualified persons.

4. Overview of the Large-Scale Purchase Rules

(1) Advance submission of an intention statement to the Company

When a large-scale purchaser intends to conduct a large-scale purchase, the purchaser shall first submit a statement of intention that writes in Japanese a pledge to comply with the Large-Scale Purchase Rules and the following items, etc. to the representative director of the Company before conducting the large-scale purchase or making a proposal of the large-scale purchase.

- (i) Name and address of the large-scale purchaser
- (ii) Controlling legal authority
- (iii) Name of representative
- (iv) Contact in Japan
- (v) Overview of the proposed large-scale purchase, etc.

When the Board of Directors of the Company receives the statement of intention from the large-scale

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purchaser, the Company will publish this fact immediately and the details thereof as necessary.

(2) Provision of necessary information by the large-scale purchaser

Within ten business days of receiving the intention statement mention in (1) above, the Company will deliver to the large-scale purchaser a list of necessary and sufficient items of information that the purchaser should submit to the Board of Directors of the Company (hereinafter referred to as “the necessary information”) to enable a decision by the shareholders and the formulation of opinions by the Board of Directors of the Company, and the large-scale purchaser shall submit in writing the necessary information to the Board of Directors of the Company, following the list of the necessary information. General items of the necessary information shall be as described below. Although the specific nature of the necessary information will vary depending on the attributes of the large-scale purchaser and the details of the large-scale purchase, they shall be limited in every case to the necessary and sufficient items for the decision by the shareholders and the formulation of opinions by the Board of Directors of the Company.

- (i) Details of the large-scale purchaser and its group (including joint holders, special related parties, partners (in case of funds) and other members) (including the name, lines of business, biography or history, capital structure, and financial position, etc.)
- (ii) Purpose, method and details of the large-scale purchase (including the amount and type of consideration of the large-scale purchase, the timing of the large-scale purchase, the scheme of related transactions, legality of the large-scale purchase method, feasibility of the large-scale purchase, etc.)
- (iii) Basis for calculation of the value of consideration of the large-scale purchase (including facts as the basis for the calculation, the calculation method, quantitative information used for the calculation, and the details of any synergy expected to arise as a result of a series of transactions related to the large-scale purchase)
- (iv) Information about the funds to be used for the large-scale purchase (including the name of the fund provider (including any substantial provider), the financing method, and the details of related transactions)
- (v) Candidates for executives (including information about their experiences, etc. in operations of the same sort as those of the Company and the Company Group) and the management policy, business plan, capital policy and dividend policy of the Company and the Company Group that the large-scale purchaser envisions after participating in the management of the Company and the Company Group
- (vi) Whether or not there will be any change in the relationship between the Company and the Company Group on the one hand and business partners, customers, employees and other stakeholders of the Company on the other hand that the large-scale purchaser anticipates after participating in the management of the Company and the Company Group, and the details of the change, if any.

The Board of Directors of the Company may set as necessary a deadline for the provision of information by the large-scale purchaser from the standpoint of promptly operating the Large-Scale Purchase Rules. However, the deadline may be extended when the large scale purchase makes a request to extend it on reasonable grounds.

If the information initially provided to the Company is deemed insufficient as a result of a close examination, the Board of Directors of the Company may ask the large-scale purchaser to provide additional information by setting a deadline as necessary until all the necessary information is provided.

If the Board of Directors of the Company makes the judgment that the necessary information has been provided by the large-scale purchaser, the notice of this fact shall be sent to the large-scale purchaser and

published.

Also, if the large-scale purchaser makes a reasonable explanation that some of the requested necessary information are difficult to provide even if the Board of Directors of the Company has requested to provide additional necessary information, the Board of Directors of the Company may break off the negotiations with the large-scale purchaser on the provision of the information, disclose this fact, and begin its evaluation and consideration as mentioned in (3) below, even though all the necessary information requested by the Board of Directors of the Company is not provided.

The necessary information provided to the Board of Directors of the Company shall be submitted to the Third-Party Panel, and if it is deemed necessary for the shareholders to make a decision, all or part of the necessary information provided to the Board of Directors of the Company shall be disclosed at a time deemed appropriate by the Board of Directors of the Company.

(3) Period for the evaluation, etc. of the Board of Directors

The Board of Directors of the Company shall set 60 days in the case of purchasing all shares of the Company by way of tender offer with the consideration being cash (yen) alone or 90 days in the case of other large-scale purchases as a period for the Board of Directors of the Company to evaluate and consider the proposal, negotiate with the purchaser, formulate opinions and prepare an alternative plan (hereinafter referred to as the “Board of Directors Evaluation Period”), given the complexity of evaluating the large-scale purchase, after the large-scale purchaser has completed the provision of the necessary information to the Board of Directors of the Company. Therefore, the large-scale purchase shall begin only after the Board of Directors Evaluation Period has elapsed.

During the Board of Directors Evaluation Period, the Board of Directors will fully evaluate and examine the necessary information provided while receiving recommendations from independent experts (investment banks, securities firms, lawyers, certified public accountants, consultants and other experts) and carefully organize and publish an opinion. The Board of Directors may negotiate with the large-scale purchaser to improve the terms of the large-scale purchase as necessary and present its own alternative plan to shareholders.

5. Policy of Responses when a large-scale purchase is conducted

(1) When the large-scale purchaser complies with the Large-Scale Purchase Rules

When the large-scale purchaser complies with the Large-Scale Purchase Rules, the Board of Directors will seek to persuade shareholders not to accept the large-scale purchase in such a way as expressing a counter opinion and presenting an alternative plan. However, even if the Board of Directors opposes the large-scale purchase, it will not take action against the large-scale purchase, in principle. Shareholders will be required to decide whether they should accept the purchase proposal of the large-scale purchaser, taking into consideration its proposal, the opinion of the Company and the alternative plan presented by the Company, etc.

However, even if the large-scale purchase complies with the Large-Scale Purchase Rules, the Company may take action authorized by the Company Law and other laws and the Articles of Incorporation of the Company, such as free allotment of stock subscription rights, as an exceptional move based on the duty of care of Directors to the necessary and reasonable extent for the purpose of protecting the corporate value of the Company and ultimately the common interests of the shareholders, if the large-scale purchase falls under any of (i) to (v) below for example and, as a result, the Board of Directors of the Company deems it likely to significantly damage the corporate value of the Company and ultimately the common interests of the

shareholders.

- (i) When purchasing shares solely for the purpose of driving up the share price of the Company to force related parties of the Company to purchase the shares at a higher price, even though the purchaser does not have a true intention of participating in the management of the Company (when the purchaser is a so-called “greenmailer”)
- (ii) When purchasing shares for the purpose of conducting the so-called “scorched-earth management” such as temporarily controlling the Company for the purpose of transferring intellectual property, know-how, corporate secret information, principal trading partners and customers, etc. necessary for the business of the Company to Large-Scale Purchaser or its group companies, etc.
- (iii) When purchasing shares with the intention of diverting the assets of the Company as collateral or as a source for the repayment of debt of Large-Scale Purchaser or its group companies, etc. after controlling the management of the Company
- (iv) When purchasing shares for the purpose of temporarily controlling the management of the Company to pay high dividends in the short-term using proceeds from as selling high-priced assets such as real estate and securities that are not presently related to the business of the Company or for the purpose of selling shares at a higher price, taking advantage of a sharp rise in the share price caused by the spike in dividends
- (v) When the method of purchasing the Company’s shares proposed by the large-scale purchaser is deemed to potentially limit the opportunities or freedom of shareholders to make a decision and effectively force the shareholders to sell stock certificates and other securities of the Company. This includes a so-called coercive two-tier takeover bid (meaning the purchase of stock certificates and other securities of the Company such as takeover bids that coerce shareholders into selling their shares by setting disadvantageous purchase terms or without clarifying purchase terms in the second stage, without soliciting the purchase of all stock certificates and other securities in the first stage).

When making a judgment on the launch of a countermeasure as an exceptional move as described above, the Board of Directors of the Company shall first consult with the Third-Party Panel on the propriety of taking the countermeasure before taking it to ensure the judgment is fair and reasonable, and the Third-Party Panel shall make recommendations of the countermeasure within the Board of Directors Evaluation Period mentioned in 4 (3) above after examining carefully the necessity and reasonability of taking the countermeasure. To make a judgment on whether the countermeasure should be taken or not, the Board of Directors of the Company shall respect the recommendations of the Third-Party Panel to the maximum extent.

The Board of Directors of the Company shall select a specific countermeasure that is deemed the most appropriate at that time. The overview of the countermeasure in the event that the Board of Directors of the Company conducts, for example, a free allotment of stock subscription rights as the specific countermeasure is as described in Appendix 4. However, when actually implementing the free allotment of stock subscription rights, the Board of Directors of the Company may set up an execution period and execution terms, taking the effect of the countermeasure into consideration. These measures include a method of making it a condition for the execution of the stock subscription rights that shareholders do not belong to a certain shareholders group with a ratio of voting rights exceeding a certain percentage.

- (2) When a large-scale purchaser does not comply with the Large-Scale Purchase Rules

When a large-scale purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors

of the Company may oppose the large-scale purchase by taking action as mentioned in (1) above for the purpose of protecting the corporate value of the Company and ultimately the common interests of the shareholders, irrespective of the specific purchase method. To make a judgment on whether a countermeasure should be taken, the Board of Directors of the Company shall make the judgment on the propriety of taking the countermeasure after examining carefully the necessity and reasonability, etc. of the countermeasure by respecting the recommendations of the Third-Party Panel to the maximum extent.

(3) Termination, etc. of the launch of countermeasures

When the Board of Directors deems the launch of a countermeasure inappropriate, for example when the large-scale purchaser withdraws or alters the nature of the large-scale purchase after the Board of Directors has decided to take a specific countermeasure as mentioned in (1) or (2) above, the Board of Directors may terminate or change the launch of the countermeasure by respecting the advice, opinions or recommendations of the Third-Party Panel. To make a judgment on whether the countermeasure should be taken, the Board of Directors of the Company shall make a judgment on the propriety of taking the countermeasure after examining carefully the necessity and reasonability, etc. of the countermeasure, respecting the recommendations of the Third-Party Panel to the maximum extent.

6. Impact, etc. on shareholders and investors

(1) Impact, etc. of the Large-Scale Purchase Rules on shareholders and investors

The purpose of the Large-Scale Purchase Rules is to provide information necessary for the shareholders to make a decision as to whether they should accept the purchase proposal of the large-scale purchaser and to provide the opinions of the Board of Directors of the Company that is actually responsible for the management of the Company to ensure opportunities for the shareholders to be presented with alternative plans. This enables the shareholders to make an appropriate decision on whether they should accept the purchase proposal of the large-scale purchaser with sufficient information, which we believe will protect the corporate value of the Company and ultimately the common interests of the shareholders. We therefore believe that the establishment of the Large-Scale Purchase Rules will be the basis for the shareholders and investors to make an appropriate investment decision and contribute to the interests of the shareholders and investors.

As we mentioned in 5. above, since the response of the Company to a large-scale purchase will vary depending on whether the large-scale purchaser complies with the Large-Scale Purchase Rules or not, the shareholders and investors should pay attention to the actions of the large-scale purchaser.

(2) Impact on shareholders and investors when countermeasures are launched

The Board of Directors of the Company may take a countermeasure as described in 5. above for the purpose of protecting the corporate value of the Company and ultimately the common interests of the shareholders. Once the Board of Directors has decided to take a specific countermeasure, it will publish the decision in a timely and appropriate way in accordance with all relevant laws, regulations and the listing rules, etc. of stock exchanges on which the Company lists its shares.

When the countermeasure is launched, we do not anticipate any situation in which shareholders other than the large-scale purchaser will suffer a significant loss, either legally or financially. When a free allotment of stock subscription rights is conducted as a countermeasure, the Company will take procedures

for the acquisition of the stock subscription rights, and shareholders other than the large-scale purchaser will neither need to pay cash corresponding to the exercise price of the stock subscription rights nor suffer any significant loss, given that they will receive the Company's shares as consideration for the acquisition of the stock subscription rights. However, those shareholders who will not submit a document pledging that they are not a large-scale purchaser, etc. in a form predetermined by the Company by the date the Company acquires the stock subscription rights (only when the Company asks for the submission of such a document) may be disadvantaged legally or financially in comparison with other shareholders who will receive the free allotment of the stock subscription rights and the Company's shares in exchange for the stock subscription rights.

Also, when the Board of Directors of the Company cancels the issue of stock subscription rights or acquires the issued stock subscription rights without charge (shareholders will lose their stock subscription rights as the Company acquires them for no consideration) following the recommendations of the Third-Party Panel, those shareholders or investors who have traded the Company's shares on the assumption that the value of the Company's shares will be diluted may experience an unexpected loss because of a fluctuation in the share price.

The large-scale purchaser, etc. may be placed at a disadvantage legally or financially as a result of the countermeasure taken if the purchaser does not comply with the Large-Scale Purchase Rules or if the large-scale purchase is deemed likely to significantly damage the corporate value of the Company and ultimately the common interests of shareholders even when the Large-Scale Purchase Rules are observed. The purpose of publishing the Plan is to warn the large-scale purchaser in advance not to violate the Large-Scale Purchase Rules.

(3) Procedures that shareholders need to take when countermeasures are launched

When a free allotment of stock subscription rights is conducted as a countermeasure, the shareholders will receive the allotment of stock subscription rights without the need to make an application and will receive the Company's shares as consideration for the acquisition of the stock subscription rights by the Company without paying cash corresponding to the exercise price of the stock subscription rights, as the Company takes the procedures for the acquisition of the stock subscription rights. Therefore, no procedures for the application and payment, etc. will be necessary for shareholders. In this case, however, the Company may ask those shareholders who will receive the allotment of stock subscription rights to separately submit a document pledging that they are not a large-scale purchaser, etc. in a form predetermined by the Company.

When the Company decides to actually conduct a free allotment of stock subscription rights, the Company will make a separate notification of the details of the procedures in accordance with all relevant laws, regulations and the listing rules, etc. of stock exchanges on which the Company lists its shares.

7. Date of application, term of validity and abolishment of the Plan

The Plan shall come into effect on the day of the General Meeting of Shareholders with the approval of the Meeting, and the term of the Plan shall expire at the time of the conclusion of an ordinary general meeting of shareholders to be held in June 2013.

Even after it is approved at the General Meeting of Shareholders, the Plan shall be abolished (1) with a resolution of a general meeting of shareholders, or (2) with the resolution of a meeting of the Board of Directors consisting of directors elected at a general meeting of shareholders. Even during the term of the Plan, the Board of Directors of the Company may review the Plan, as needed from the standpoint of increasing the corporate value of the Company and ultimately the common interests of the shareholders, and revise the Plan

subject to the approval at a general meeting of shareholders. When the Board of Directors of the Company renews, changes and abolishes the Plan as just described, the details thereof shall be disclosed immediately.

Also, even during the term of the Plan, the Board of Directors of the Company may revise or change the Plan with the approval of the Third-Party Panel as necessary, in the event that it does not place the shareholders at a disadvantage. These events include a case in which it is appropriate to reflect in the Plan the creation, improvement or elimination of laws and regulations related to the Plan or regulations, etc. of a financial instrument exchange if such creation, improvement or elimination is made, and a case in which it is appropriate to make corrections to words and phrases due to errors and omissions, etc.

IV. The Plan complies with the basic policy and corporate value of the Company and ultimately the common interests of the shareholders, and does not aim to maintain the position of executives of the Company

(1) Fulfillment of the requirements of the guidelines regarding takeover defense

The Plan fulfills the three principles stipulated in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

The Plan also takes into account the details of the report “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group in the Ministry of Economy, Trade and Industry on June 30, 2008.

(2) Emphasis on the intention of shareholders

Since the Plan shall come into effect with the approval of the General Meeting of Shareholders, confirming the opinions of shareholders at the ordinary general meeting of shareholders, the Plan is designed to incorporate the opinions of shareholders. Also, if a decision to abolish the Plan is made at a general meeting of shareholders even prior to the expiration of the term of the Plan after the Current Plan was renewed, the Plan shall be abolished at that point, so that the opinions of shareholders will be reflected.

(3) One-year term of office of directors of the Company

The Company sets the term of office of directors at one year to clearly define their obligation to manage the Company in the interests of shareholders. Also, since the Plan will be abolished by a resolution of a meeting of the Board of Directors consisting of directors elected at a general meeting of shareholders of the Company, the shareholders are able to reflect their opinions on the Plan by exercising their voting rights in the election of directors.

(4) Emphasis on the judgment of highly independent outsiders and information disclosure

The effective judgment on the operation of the Plan, such as the launch of countermeasures will be made by the Third-Party Panel, which consists only of highly independent outsiders.

Also, as a summary of the judgment will be disclosed to shareholders the Plan is ensured to be operated transparently to protect the corporate value of the Company and the common interests of the shareholders.

(5) Establishment of reasonable and objective requirements

Since countermeasures in the Plan will be launched only once reasonable and objective requirements are fulfilled as described in the III. 5. “Policy of responses when a large-scale purchase is conducted” above, it

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can be said that measures to prevent the Board of Directors of the Company from making an arbitrary launch are in place.

End

[Translation for Reference Purpose Only]

(Appendix 1)

Status of the Company's Shares (as of September 30, 2009)

1. Total number of shares able to be issued: 2,596,000,000 shares

2. Total number of shares issued: 706,669,179 shares

3. Number of shareholders: 70,412

Name of shareholder	Number of shares owned	Ratio to total number of shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,037,000 shares	4.39%
Japan Trustee Services Bank, Ltd. (Trust Account)	28,941,000 shares	4.10%
Mizuho Bank, Ltd. entrusted to Mizuho Trust & Banking Co., Ltd. as Retirement Benefit Trust and re-entrusted to Trust & Custody Services Bank, Ltd.	22,928,250 shares	3.24%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	22,094,000 shares	3.13%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	22,071,000 shares	3.12%
Asahi Mutual Life Insurance Company	16,060,500 shares	2.27%
Furukawa Co., Ltd.	13,290,455 shares	1.88%
Nippon Life Insurance Company	11,895,000 shares	1.68%
Fuji Electric Holdings Co., Ltd.	11,000,000 shares	1.56%
Furukawa Co., Ltd. entrusted to Mizuho Trust & Banking Co., Ltd. as Retirement Benefit Trust and re-entrusted to Trust & Custody Services Bank, Ltd.	10,919,000 shares	1.55%

(Notes) With respect to Asahi Mutual Life Insurance Company, apart from 16,060,500 shares above, there are 10,500,000 shares that are left in trust by the Company as a retirement benefit trust.

End

Summary of Rules of Third-Party Panel

- The Third-Party Panel shall be established by a resolution of the Board of Directors of the Company.
- The number of the members of the Third-Party Panel shall be three or more, and the Board of Directors of the Company shall appoint them from outside corporate auditors and outside experts who are independent of the management that executes the business operations of the Company, to enable the Third-Party Panel to make a fair and neutral judgment.
- In principle, the Third-Party Panel shall make recommendations to the Board of Directors on matters on which it has been consulted by the Board of Directors with the reasons and grounds for the recommendations attached. The members of the Third-Party Panel shall make such recommendations from the perspective of whether such matters contribute to the corporate value of the Company and ultimately the common interests of shareholders.
- The Third-Party Panel may ask investment banks, securities firms, lawyers, certified public accountants and other outside experts for advice at the Company's expense.
- The Third-Party Panel shall adopt resolutions with a majority vote of the majority of the members.

End

Career summaries of members of Third-Party Panel

Following the revision of the Current Plan, the Third-Party Panel will continue to consist of the following three persons.

Tadashi Kudo	
Apr. 1967	Joined the Dai-Ichi Bank,Ltd.
Jun. 1995	Director of The Dai-Ichi Kangyo Bank,Ltd.
May. 1997	Managing Director of The Dai-Ichi Kangyo Bank, Ltd.
May. 1998	Senior Managing Director of The Dai-Ichi Kangyo Bank, Ltd.
Apr. 1999	Deputy President of The Dai-Ichi Kangyo Bank,Ltd.
Jan. 2002	Deputy President of The Bank and Director of Mizuho Holdings, Inc.
Apr. 2002	President of Mizuho Bank, Ltd. and Director of Mizuho Holdings, Inc.
Jan. 2003	President of Mizuho Bank, Ltd., Director of Mizuho Financial Group, Inc. and Director of Mizuho Holdings, Inc.
Mar. 2004	Resigned from President of Mizuho Bank, Ltd., Director of Mizuho Financial Group, Inc. and Director of Mizuho Holdings, Inc.
Apr. 2004	Advisor of Mizuho Bank, Ltd.
Jun. 2005	Auditor of Furukawa Electric Co., Ltd. (present post)
Mar. 2009	Resigned from Advisor of Mizuho Bank, Ltd.
Apr. 2009	Adviser of CHUO Real ESTATE CO., LTD. (present post)

Masamoto Tazaki	
Apr. 1958	Joined Kawasaki Aircraft Co., Ltd. (now Kawasaki Heavy Industries, Ltd.)
Dec. 1989	President of Kawasaki Heavy Industries(U.S.A.) Inc.
Jun. 1992	Director of Kawasaki Heavy Industries, Ltd.
Jun. 1996	Senior Vice President of Kawasaki Heavy Industries, Ltd.
Jun. 1997	Senior Executive Vice President of Kawasaki Heavy Industries, Ltd.
Jun. 2000	President of Kawasaki Heavy Industries, Ltd.
Jun. 2005	Chairman of Kawasaki Heavy Industries, Ltd.
Jun. 2009	Advisor of Kawasaki Heavy Industries, Ltd. (present post)

Kunihiro Matsuo	
Apr. 1968	Public Prosecutor of the Tokyo Distret Public Prosecutors Office
Jan. 1996	Chief Prosecutor of the Matsuyama Distret Public Prosecutors Office
Dec. 1996	Deputy Chief Prosecutor of the Tokyo Distret Public Prosecutors Office
Apr. 1998	Public Prosecutor of the Supreme Public Prosecutors Office
Jun. 1998	Director-General of the Criminal Affairs Bureau of the Ministry of Justice
Dec. 1999	Vice-minister of Justice
Jan. 2002	Deputy Prosecutor-General of the Supreme Public Prosecutors Office
Sep. 2003	Superintending Prosecutor of the Tokyo High Public Prosecutors Office

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Jun. 2004	Prosecutor-General
Jun. 2006	Resigned from Prosecutor-General
Sep. 2006	Registered as practicing attorney (present post)

None of the members of the Third-Party Panel above have any special interest in the Company.

End

Overview of Free Allotment of Stock Subscription Rights

1. Eligibility for free allotment of stock subscription rights and method of allotment
Stock subscription rights will be allotted to those shareholders listed or recorded on the lately shareholders' register or the beneficial shareholders' register as of the date of allotment determined by the Board of Directors of the Company. One stock subscription right shall be allotted for one common share of the Company (excluding treasury shares), without any new payment obligation.
2. Class and number of shares issued on exercise of each stock subscription right
One common share of the Company shall be issued when one stock subscription right is exercised. However, if the Company conducts a stock split or a reverse stock split, the necessary adjustment shall be made.
3. Total number of stock subscription rights allotted to shareholders
The upper limit shall be the number of shares obtained by subtracting the total number of common shares of the Company issued (excluding common shares of the Company owned by the Company) from the total number of authorized common shares of the Company as of the date of allotment determined by the Board of Directors of the Company. The Board of Directors of the Company may make more than one allotment of stock subscription rights.
4. Asset to be invested on the exercise of each stock subscription right and its value
The asset to be invested on the exercise of each stock subscription right shall be cash, and its value shall be determined by the Board of Directors of the Company as one yen or more.
5. Restriction on the transfer of stock subscription rights
The acquisition of stock subscription rights by way of transfer of the stock subscription rights shall require the approval of the Board of Directors of the Company.
6. Conditions for the exercise of stock subscription rights
The Board of Directors of the Company shall determine conditions for the exercise of stock subscription rights such that a party eligible to exercise the stock subscription rights shall not be a member of a certain shareholders group with a ratio of voting rights of 20% or more (excluding those approved by the Board of Directors of the Company in advance). The details shall be separately determined by the Board of Directors of the Company.
7. Exercise period, etc. of stock subscription rights
The Board of Directors of the Company shall separately determine a date on which the allotment of stock subscription rights shall come into effect, an exercise period, an acquisition provision and other necessary matters. With respect to the acquisition provision, the Board of Directors of the Company may adopt a provision stating that the Company may acquire the stock subscription rights owned by persons other than those who are not allowed to exercise their stock subscription rights on the conditions for the exercise described in 6. above and issue one common share or more of the Company per one stock subscription right as separately determined by the Board of Directors.

End