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FOR IMMEDIATE RELEASE

Company name	Furukawa Electric Co., Ltd.
Representative	Mitsuyoshi Shibata, President
Code number	5801 (TSE, First Section)
Contact	Osamu Suzuki, Head of the Investor & Public Relations Department, Finance & Procurement Division
Tel	03-3286-3050

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

Furukawa Electric Co., Ltd. (“the Company”) announces that it decided to renew its Countermeasures (Takeover Defense) Against Large-Scale Purchases of the Company's Shares (the countermeasures after this renewal hereinafter shall be referred to as “the Plan”) at the meeting of its Board of Directors held today on the condition that shareholder approval be obtained at the General Meeting of Shareholders to be held in June 2013 (hereinafter referred to as “the Shareholders' Meeting”).

The Company introduced these countermeasures (takeover defense) against large-scale purchases of the Company's shares by a resolution at the 185th Ordinary General Meeting of Shareholders, held on June 26, 2007. At the 188th Ordinary General Meeting of Shareholders, held on June 29, 2010, a renewal of these countermeasures was approved (the countermeasures after this renewal hereinafter shall be referred to as “the Existing Plan”). The Existing Plan will expire at the end of the Shareholders' Meeting.

Since the introduction of the Existing Plan, the Company has considered how to defend against takeovers as one of its measures to protect and improve its corporate value and ultimately the common interests of shareholders, and whether the Existing Plan should be renewed or not, considering the changes in social and economic conditions and trends and arguments regarding takeover defense.

In formulating the Plan, the Company made some changes to the text of the Existing Plan, but the basic scheme has not changed.

All the Company's auditors have agreed to the renewal on the assumption that the Plan will be properly implemented.

As of today the Company has not received any concrete offers for large-scale purchases of the Company's shares. Please refer to Appendix 1 for the status of the Company's shares as of September 30, 2012.

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

The Furukawa Electric Group's corporate philosophy is "Drawing on more than a century of expertise in the development and fabrication of advanced materials, we will contribute to the realization of a sustainable society through continuous technological innovation." The businesses of the Furukawa Electric Group encompass a broad range of operations, including Information and Telecommunications, Energy and Industrial Products, Metals, and Electronics and Automotive Systems. These business areas have been created based on the processing and application technologies that the Group has been developing since its foundation in 1884, in step with the development of industry. Throughout the process of creating these businesses, the Furukawa Electric Group has been accumulating its own technologies, experience and management know-how, etc. and working to maintain and develop a favorable relationship with its stakeholders such as customers, trading partners, local communities and employees. These are tangible and intangible assets of the Furukawa Electric Group, and we endeavor to leverage these assets to protect and expand our corporate value and the common interests of the shareholders from a medium- to long-term perspective."

To develop business under the policy described above, the Company has formulated a three-year medium-term management plan up to FY2015: the Furukawa G Plan 2015–Group Global Growth. Under this plan, the Group will implement the following major initiatives:

(1) Growth strategies in the infrastructure and automobile markets

In the infrastructure business, including the power infrastructure business and the communications infrastructure business, the Group will make certain it attracts demand in growth markets, especially in emerging countries, making the most of its energy-saving and resource-saving technologies and information-transmission technologies, and enhancing collaboration with its business bases overseas. In the automobile business, the Group will expand its business bases, particularly in Asia, and will build local systems to integrate design, purchasing and manufacturing in response to local customers' needs. Meanwhile, it will promote the development and sale of new products, including high-efficiency magnet wires for next-generation automobiles.

(2) Building a foundation for sustainable growth

(i) Structural reform

The Group has begun the structural reform of those businesses that are facing challenging circumstances, such as a maturing market and rising energy costs. The Group will create business structures, especially in domestic businesses, that will continually make a profit by cutting fixed costs and improving production efficiency through the consolidation of production bases and business integration, and will enhance cost competitiveness by transferring manufacturing overseas. Meanwhile, the Group will enhance profitability through comprehensive cost cuts and by streamlining the administrative division.

(ii) Cultivating next-generation businesses

The Group will focus on large-capacity communications infrastructure, smart grids and environmentally friendly automobiles. Making the most of its strengths in dealing with raw materials, the Group will promote R&D for next-generation businesses while contributing to resource-saving and energy-saving society.

(iii) Bolstering the Group's global management

For sustainable Group development and growth, the Company needs to integrate the Group and improve its management. Based on this belief, the Company has introduced a strategic business unit (SBU) system, which encompasses the Company's businesses and the Group's companies. Under the SBU system, the Group will steadily carry out initiatives to enhance its strategic functions (e.g., reallocate the Group's resources) and collective strengths (e.g., its sales and marketing capabilities). Through these initiatives, the Group will accelerate the global development of the infrastructure business and automobile business and increase overseas sales, especially in Asia.

(3) Improving financial strength

While making strategic moves for sustainable growth, the Company will improve its asset efficiency and strive to reduce interest-bearing debt to improve the Group's financial strength. The Company will focus on strengthening its capital base by steadily accumulating net income.

The Company is carrying out the above initiatives for a large number of shareholders and investors 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 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 replace the Existing Plan as a means of preventing inappropriate parties from controlling the Company's financial and operational policies in light of the basic policy described in I. above.

If it is determined that the purpose of a large-scale purchase of the Company's shares is to protect and improve the Company's corporate value and ultimately the common interests of its shareholders, the Board of Directors will not regard the purchaser as an inappropriate party for controlling the Company's financial and operational policies. The Board of Directors believes

that the decision regarding whether the Company should accept a proposal to purchase its shares, which will be accompanied by the transfer of control of the Company, should also ultimately be determined by shareholders.

Nevertheless, large-scale purchases of shares could include purchases that will not be good for the corporate value of the company subject to the purchase or ultimately the common interests of its shareholders, such as those that, judging by their purpose, would obviously be counter to the corporate value and ultimately the common interests of shareholders, those that would effectively force shareholders to sell their shares, and those that do not allow a reasonable amount of time or information for the Board of Directors and shareholders to consider their details or for the Board of Directors to offer an alternative proposal.

The Company's Board of Directors believes that when a large amount of the Company's shares are purchased, providing shareholders with the information and time necessary to make an appropriate decision and negotiating with the purchaser in accordance with a certain reasonable set of rules will benefit the Company's corporate value and ultimately the common interests of its shareholders. The Board of Directors has therefore established a certain set of rules regarding the provision of information and the time to consider large-scale purchases (hereinafter referred to as "the Large-Scale Purchase Rules"), which is described below, and has decided to renew, on the condition that shareholder approval is obtained at the Shareholders' Meeting, the Existing Plan as a takeover defense that includes countermeasures against large-scale purchases by inappropriate parties in light of the basic policy concerning the control of the Company. After this renewal, the Existing Plan will become the Plan.

2. Purchases of the Company's shares subject to the Plan

Purchases of the Company's shares subject to the Plan shall be the purchase of stock certificates and other securities (Note 3) of the Company for the purpose of increasing the ratio of voting rights (Note 2) of a certain shareholder group (Note 1) to 20% or more, or actions to purchase stock certificates or other securities of the Company that will increase the ratio of voting rights of a certain shareholder 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 action shall hereinafter be referred to as a "large-scale purchase," and the party conducting the large-scale purchase shall hereinafter be referred to as the "large-scale purchaser").

Note 1: A "certain shareholder group" means:

- (i) A holder (including those considered holders under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Act ("the Act"); 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 Act) of the Company and its joint holder(s) (meaning the joint holder provided in Article 27-23, Paragraph 5 of the Act 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 Act and including purchases conducted in a financial instruments market formed by a stock exchange) of stock certificates or other securities (meaning the stock certificates and other securities provided in Article 27-2, Paragraph 1 of the Act) of the Company and its special related party(s) (meaning the special related party provided in Article 27-2, Paragraph 7 of the Act).

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 as provided in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act ("the Act")); 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) owned by joint holders of the holder shall be added) when the certain shareholder group falls under (i) of Note 1; or

- (ii) The sum of the ratios of stock certificates owned by the large-scale purchaser and its special related parties (meaning the ratio of stock certificates owned as provided in Article 27-2, Paragraph 8 of the Act) when the certain shareholder 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 Act) and the total number of shares issued (as provided in Article 27-23, Paragraph 4 of the Act) used to calculate each ratio of voting rights, those included in an annual securities report, quarterly report or status report on the purchases of the Company's own shares that was most 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 Financial Instruments and Exchange Act.

3. Establishment of a Third-Party Panel

In the Plan, the Company will establish a Third-Party Panel under Third-Party Panel Rules (for a summary, please see Appendix 2) as in the Existing Plan to operate the Plan properly, prevent the Board of Directors from making an arbitrary decision, and ensure that the judgment of the Board of Directors is objective and reasonable. The number of members on the Third-Party Panel shall be at least three, who shall be elected from outside corporate auditors and outside experts (Note) who are independent of executive officers, to ensure fair and neutral decisions. As Plan panel members, the Company would like to select Tadashi Kudo, an outside auditor, Kunihiro Matsuo, an outside expert—both of whom are members of the Existing Plan panel—and Kazuaki Kama, an outside expert (for their career summaries, please see Appendix 3).

The Third-Party Panel will make recommendations to the Board of Directors on matters such as determining whether a large-scale purchaser has complied with the Large-Scale Purchase Rules, whether countermeasures should be launched, and whether countermeasures should be terminated. The Board of Directors will respect the recommendations of the Third-Party Panel to the fullest extent. The Company will disclose a summary of the Third-Party Panel's recommendations as necessary.

To ensure that the Third-Party Panel's decisions add to the corporate value of the Company and ultimately the common interests of shareholders, as necessary the Third-Party Panel can receive advice from independent experts (investment banks, securities firms, lawyers, certified public accountants, and other outside experts) at the Company's expense.

Note: "Outside experts" means experienced corporate executives, former bureaucrats, people who have detailed knowledge of the investment banking business, lawyers, certified public accountants, and academic experts whose main area of study is the Companies Act, etc., and any other similarly qualified persons.

4. Overview of the Large-Scale Purchase Rules

- (1) Advance submission to the Company of an intention statement by the large-scale purchaser

When a large-scale purchaser intends to conduct a large-scale purchase, the purchaser shall submit to the representative director of the Company a statement of intention in Japanese that includes a pledge to comply with the Large-Scale Purchase Rules and the other items below before the large-scale purchase or the 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

(vi) Pledge to comply with the Plan's Large-Scale Purchase Rules

If the Board of Directors receives a statement of intention from a large-scale purchaser, it shall promptly disclose its receipt and shall publish a summary of the statement as necessary.

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

Within ten business days of the day after it receives the intention statement mentioned in (1) above, the Company will send the large-scale purchaser a list of the necessary and sufficient information items the purchaser must submit to the Board of Directors (hereinafter referred to as "the necessary information") to enable a decision by shareholders and the formulation of opinions by the Board of Directors. The large-scale purchaser shall submit the necessary information listed in writing to the Board of Directors. The general items are listed below. 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, but in any case the scope of the necessary information shall be limited to the information necessary and sufficient for shareholders to make a decision and for the Board of Directors to formulate opinions.

- (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 officers (including information on their experience in businesses similar to those of the Company and the Group), the management policy, financial plan, business plan, capital policy, and dividend policy of the Company and the Group that the large-scale purchaser is considering nominating or implementing after the large-scale purchaser begins participating in the management of the Company and the Group
- (vi) Whether the large-scale purchaser plans to change the relationship between the Company and the Group, and the customers, trading partners, employees, and other stakeholders of the Company, after it begins participating in the management of the Company and the Group, and if there are any changes planned, those changes

To apply the Large-Scale Purchase Rules promptly, the Board of Directors may, if necessary, set a deadline for the large-scale purchaser to provide information. If the large-scale purchaser requests the extension of the deadline for a reasonable reason, the Board of Directors may extend the deadline.

If the information initially provided to the Company is deemed insufficient for evaluating and examining the large-scale purchase after close examination, the Board of Directors may ask the large-scale purchaser to provide additional information until the necessary information is provided, setting a reasonable deadline.

If the Board of Directors determines that the necessary information has been provided by the large-scale purchaser, it shall notify the large-scale purchaser and the public to that effect.

Following the Board of Directors' request for additional information in order to obtain the necessary information, if the large-scale purchaser gives a rational explanation why providing some of the necessary information is difficult, the Board of Directors may end its negotiations with the large-scale purchaser regarding the provision of information, publicize that, and start the evaluation and examination as described in (3) below, even if the Board of Directors has not obtained all of the necessary information it seeks to obtain.

The Board of Directors shall submit the necessary information provided to the Third-Party Panel, and shall publish all or part of the necessary information at the time the Board of Directors considers appropriate if the Board of Directors believes that publication is necessary in order for the shareholders to make a decision.

(3) Evaluation period, etc. of the Board of Directors

The Board of Directors shall set a maximum of 60 days after the large-scale purchaser has finished providing the necessary information to the Board of Directors in the case of purchasing all the shares of the Company by way of a tender offer with the consideration being cash (yen) alone, or a maximum of 90 days in the case of other large-scale purchases, as the period for the Board of Directors 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. The large-scale purchase shall therefore begin only after the Board of Directors Evaluation Period has ended.

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, and other outside experts) as needed, and will carefully prepare and publish an opinion, respecting recommendations from the Third-Party Panel to the maximum extent. 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. Responses when a large-scale purchase is conducted

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

Once the large-scale purchaser complies with the Large-Scale Purchase Rules, the Board of Directors will try to persuade shareholders not to accept the large-scale purchase by expressing a counter opinion and presenting an alternative plan. 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 purchaser complies with the Large-Scale Purchase Rules, the Company may take action as authorized by the Companies Act and other laws and the Articles of Incorporation of the Company, such as a free allotment of stock subscription rights, as an exceptional move based on the duty of care of the Board of Directors, to the extent necessary and reasonable to protect the Company's corporate value and ultimately the common interests of the shareholders, if the Board of Directors believes that the large-scale purchase meets, for example, any of the conditions described in items 1–5 below and as a result is likely to significantly damage the corporate value of the Company and ultimately the common

interests of the shareholders, such as by causing irreparable damage to the Company.

- (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 participate in the management of the Company (when the purchaser is a so-called “greenmailer”)
- (ii) When purchasing shares for the purpose of conducting so-called scorched-earth management, such as temporarily controlling the Company for the purpose of transferring intellectual property, know-how, secret corporate information, principal trading partners and the customers, etc. necessary for the business of the Company or the Group to the large-scale purchaser or its group companies, etc.
- (iii) When purchasing shares with the intention of diverting the assets of the Company or the Group as collateral or as a source for the repayment of debts of the 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 the proceeds from the sale of high-priced assets such as real estate and securities that are not presently related to the business of the Company or the Group, or for the purpose of selling shares at a higher price, taking advantage of a sharp rise in the share price caused by a 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).

If the Board of Directors makes a decision about launching a countermeasure as an exceptional move as described above, the Board of Directors shall consult the Third-Party Panel on the propriety of taking the countermeasure before it launches the countermeasure to ensure that its judgment is objective and reasonable. The Third-Party Panel shall make recommendations in the Board of Directors Evaluation Period described in 4 (3), after carefully examining the necessity and appropriateness of taking the countermeasure. To decide whether a countermeasure should be taken, the Board of Directors shall respect the recommendations of the Third-Party Panel to the maximum extent.

The Board of Directors shall choose the countermeasure it considers to be the most appropriate when it launches a countermeasure. For example, if the Board of Directors chooses the free allotment of stock subscription rights, an outline of which is described in Appendix 4, as a countermeasure, the Board of Directors may, considering the effectiveness of the countermeasure, determine an exercise period and conditions for the exercise of the stock subscription rights, such as the condition that parties eligible to exercise stock subscription rights shall not be members of a certain shareholder group that has a certain ratio of voting rights or more.

(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 may oppose the large-scale purchase by taking the countermeasure described in (1) to protect the corporate value of the Company and ultimately the common interests of the shareholders, irrespective of the specific purchase method. The Board of Directors shall decide

whether a countermeasure should be taken, respecting the recommendations of the Third-Party Panel to the fullest and carefully examining the necessity and appropriateness of the countermeasure.

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

If the Board of Directors deems that launching a countermeasure is inappropriate—for example, if the large-scale purchaser withdraws or alters the nature of the large-scale purchase after the Board of Directors decides to take a specific countermeasure, as mentioned in (1) or (2) above—the Board of Directors may terminate or change the launch of its countermeasure upon receiving the advice, opinions, or recommendations of the Third-Party Panel. For example, when conducting the free allotment of stock subscription rights as a countermeasure, if the Board of Directors deems it inappropriate to launch the countermeasure after the free allotment has been resolved or conducted because the large-scale purchaser has withdrawn or changed its large-scale purchase, the Board of Directors may cancel the free allotment of stock subscription rights at any time after it hears the recommendations of the Third-Party Panel, up to the day preceding the effective day, or it may terminate the launch of the countermeasure by acquiring the stock subscription rights for no consideration at any time up to the day preceding the start date of the execution period if the stock subscription rights have already been allotted.

If it decides to terminate the countermeasure, the Company will publish its decision along with any matters the Third-Party Panel deems necessary in a timely and appropriate manner in accordance with all relevant laws and regulations, as well as the listing rules, etc. of the financial instruments exchanges the Company's shares are listed on.

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 the countermeasures as described in 5. above to protect the corporate value of the Company and ultimately the common interests of its shareholders. Once the Board of Directors has decided to take a specific countermeasure, it will publish its decision in a timely and appropriate manner in accordance with all relevant laws and regulations, as well as the listing rules, etc. of the financial instruments exchanges the Company's shares are listed on.

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 don't submit a document pledging that they are not a large-scale purchaser, etc. in the form designated by the Company by the date the Company acquires the stock subscription rights (only if the Company asks for the submission of such a document) may be at a legal or financial disadvantage in comparison with the other shareholders who will receive the free allotment of stock subscription rights and the Company's shares in exchange for the stock subscription rights. Also, if the Board of Directors of the Company cancels the issue of the stock subscription rights or acquires the issued stock subscription rights without consideration (shareholders will lose their stock subscription rights if 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 would be diluted may experience an unexpected loss due to a fluctuation in the share price.

The large-scale purchaser, etc. may be placed at a legal or financial disadvantage as a result of the countermeasures 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 value of the Company and ultimately the common interests of its shareholders, even if the Large-Scale Purchase Rules are observed. The purpose of publishing the Plan is to encourage 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.

If the Company actually decides to initiate a countermeasure, it will announce the details of its procedures in accordance with all relevant laws and regulations, as well as the listing rules, etc. of the financial instruments exchanges the Company's shares are listed on.

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

The Plan shall go into effect on the date of the Shareholders' Meeting if it is approved at the meeting. It will expire at the conclusion of the ordinary general meeting of shareholders to be held in June 2016.

Even if it is approved at the Shareholders' Meeting and goes into effect, the Plan can be abolished (1) through a resolution of a general meeting of shareholders, or (2) through a resolution of a Board of Directors' meeting consisting of directors who were elected at a general meeting of shareholders. Before the Plan expires, the Board of Directors will review it as

necessary to improve the Company's corporate value and ultimately the common interests of its shareholders, and may change the Plan with the approval of a general meeting of shareholders. If the Board of Directors decides to renew, change, or abolish the Plan, it will promptly publish this renewal, change, or abolition.

Before the Plan expires, the Board of Directors may amend the Plan with the approval of the Third-Party Panel as needed if such amendment does not cause any disadvantages to shareholders. The Plan may be amended, for example, if laws, regulations, or the rules of the financial instruments exchanges relevant to the Plan are established, revised, or abolished and if it is appropriate to change the Plan to reflect such establishment, revision, or abolition, or if it is appropriate to correct typographical errors or omissions.

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 consideration the "Takeover Defense Measures in Light of the Recent Environmental Changes" published on June 30, 2008 by the Corporate Value Study Group, established within the Ministry of Economy, Trade and Industry.

(2) Emphasis on the intention of shareholders

Since the Plan shall go into effect through the approval of the Shareholders' Meeting, confirming the opinions of the shareholders at the Shareholders' Meeting, the Plan is designed to include shareholders' opinions. Before the Plan expires, it may be abolished through a resolution of a general meeting of shareholders, according to the opinions of shareholders.

(3) 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. "Responses when a large-scale purchase is conducted" above, it can be said that measures to prevent the Board of Directors of the Company from making an arbitrary launch are in place.

(4) Emphasis on the judgment of highly independent outsiders

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, a summary of the judgment will be disclosed to shareholders, ensuring that the Plan is carried out in a transparent manner to protect the corporate value of the Company and ultimately the common interests of shareholders.

(5) No dead-hand or slow-hand takeover defense

The Plan may be abolished through a resolution of a Board of Directors' meeting consisting of directors elected at a general meeting of shareholders. Shareholders can therefore indicate their opinion of the Plan by exercising their voting rights regarding the election of directors.

The Plan is therefore not a dead-hand takeover defense (a takeover defense that can't be blocked even if the majority of members of the Board of Directors are replaced). To make the management's responsibility to shareholders clear, the Company has set the term of office for its directors at one year, and does not adopt staggered terms. The Plan is therefore not a slow-hand takeover defense (a takeover defense that takes a considerable amount of time to block because all Board of Directors' members can't be replaced at the same time).

End

Status of the Company's Shares (as of September 30, 2012)

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: 70,496

4. Principal shareholders (top 10)

Name of shareholder	Number of shares owned	Ratio of the number of shares owned to the total number of shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	30,322,000	4.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,087,000	4.25
Japan Trustee Services Bank, Ltd. (Trust Account 4)	25,356,000	3.58
Mizuho Bank, Ltd., entrusted to Mizuho Trust & Banking Co., Ltd. as a Retirement Benefit Trust and re-entrusted to the Trust & Custody Services Bank, Ltd.	22,928,250	3.24
Asahi Mutual Life Insurance Company	16,060,500	2.27
SSBT OD05 OMNIBUS ACCOUNT — TREATY CLIENTS	13,410,100	1.89
Furukawa Co., Ltd.	13,290,455	1.88
Nippon Life Insurance Company	11,895,000	1.68
Fuji Electric Co., Ltd.	11,000,000	1.55
Furukawa Co., Ltd., entrusted to Mizuho Trust & Banking Co., Ltd. as a Retirement Benefit Trust and re-entrusted to the Trust & Custody Services Bank, Ltd.	10,919,000	1.54

(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 of the Company on matters on which it has been consulted by the Board of Directors of the Company 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 receive advice from investment banks, securities firms, lawyers, certified public accountants, and other outside experts 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 Third-Party Panel Members

Under the Plan, the three individuals below are expected to become members of the Third-Party Panel.

Tadashi Kudo

1967	Apr.	Joined Dai-ichi Bank, Ltd.
1995	Jun.	Director of Dai-ichi Kangyo Bank, Limited
1997	May	Managing Director of Dai-ichi Kangyo Bank
1998	May	Senior Managing Director of Dai-ichi Kangyo Bank
1999	Apr.	Deputy President of Dai-ichi Kangyo Bank
2002	Jan.	Deputy President of Dai-ichi Kangyo Bank and Director of Mizuho Holdings, Inc.
	Apr.	President of Mizuho Bank, Ltd. and Director of Mizuho Holdings
2003	Jan.	President of Mizuho Bank, Director of Mizuho Financial Group, Inc., and Director of Mizuho Holdings
2004	Mar.	Retired as President of Mizuho Bank Retired as Director of Mizuho Financial Group Retired as Director of Mizuho Holdings
	Apr.	Advisor to Mizuho Bank
2005	Jun.	Outside Auditor of Furukawa Electric Co., Ltd. (present post)
2009	Mar.	Retired as Advisor to Mizuho Bank
	Apr.	Special Advisor to Chuo Fudosan Co., Ltd. (present post)

Kunihiro Matsuo

1968	Apr.	Public Prosecutor of the Tokyo District Public Prosecutors' Office
1996	Jan.	Chief Prosecutor of the Matsuyama District Public Prosecutors' Office
	Dec.	Deputy Chief Prosecutor of the Tokyo District Public Prosecutors' Office
1998	Apr.	Public Prosecutor of the Supreme Public Prosecutors' Office
	Jun.	Director-General of the Criminal Affairs Bureau of the Ministry of Justice
1999	Dec.	Vice-Minister of Justice
2002	Jan.	Deputy Prosecutor-General of the Supreme Public Prosecutors' Office
2003	Sep.	Superintending Prosecutor of the Tokyo High Public Prosecutors' Office
2004	Jun.	Prosecutor-General
2006	Jun.	Retired as Prosecutor-General
	Sep.	Registered as practicing attorney (present post)

Kazuaki Kama

1971	Jul.	Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (now IHI Corporation)
2004	Jun.	Executive Officer and Director of Finance of Ishikawajima-Harima Heavy Industries
2005	Apr.	Managing Executive Officer and Director of Finance of Ishikawajima-Harima Heavy Industries
	Jun.	Director, Managing Executive Officer, and Director of Finance of Ishikawajima-Harima Heavy Industries
2007	Apr.	President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries
2012	Apr.	Chairman of IHI Corporation (present post)

None of the panel members above have any special interest in the Company.

Outside Auditor Tadashi Kudo is registered as an independent officer with the financial instruments exchanges on which the Company is listed.

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 who are recorded on the final shareholders' register as of the allotment date determined by the Board of Directors of the Company. One stock subscription right shall be allotted for each common share of the Company (excluding common shares of the Company owned by the Company) 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