

English Translation

May 8, 2014

To whom it may concern

Name of the company	NIPPON EXPRESS CO., LTD.
Name of representative	Kenji Watanabe President and CEO (Code No. 9062 First Section of the Tokyo Stock Exchange)

Continuation of Defense Policy against Large Purchase Action of Shares and the like of NIPPON EXPRESS CO., LTD. (Takeover Defense Measure)

At the meeting of Board of Directors held today, NIPPON EXPRESS CO., LTD. (the “Company”) adopted a resolution to submit a proposal at the 108th Ordinary General Meeting of Shareholders of the Company to be held on June 27, 2014 (“this Ordinary General Meeting of Shareholders”), with respect to the continuation of “the defense policy against large purchase action of shares and the like of the Company” (the “Current Plan”), which was approved by shareholders at the Ordinary General Meeting of Shareholders of the Company held on June 29, 2011.

Since Current Plan terminates at the close of this Ordinary General Meeting of Shareholders, the Company examined what Company policy should be, including whether or not Current Plan should be continued in the light of securing and enhancing the corporate value and in turn common interest of shareholders of the Company. As a result, taking into consideration changes of the circumstances and the contents and the like of the “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group on June 30, 2008, the Company determined to continue Current Plan with amendments subject to approval of shareholders of the Company (Current Plan with amendments hereinafter being referred to as “this Plan”). In the event that shareholders approve this Plan at this Ordinary General Meeting of Shareholders, the effective period of this Plan will expire at the closing of the Ordinary General Meeting of Shareholders scheduled to be held in June 2017.

Moreover, all the four Corporate Auditors of the Company including three Outside Corporate Auditors were present at the above meeting of the Board of Directors and all of them made a statement to the effect that this Plan had been judged to be a reasonable defense policy against large purchase action of shares and the like of the Company.

Furthermore, in the continuation of this Plan, certain revisions have been made including

revisions in the wording but the substance of this Plan remains unchanged.

1. Basic Policy regarding Persons Controlling Decisions on the Company's Policy toward its Finance and Business

The Company, as a listed company on the Financial Instrument Exchange, respects the free trading of its shares on the market and is not necessarily against a large purchase action of shares of the Company by a particular party as long as it can contribute to securing and enhancing the corporate value and in turn common interest of shareholders of the Company group. The Company believes that it should ultimately be left to the shareholders to decide whether or not to accept any proposals for the large purchase of shares.

However, some proposals for the large purchase of shares, for instance, deemed potentially harmful to maintain good relationship with the Company's stakeholders and could ultimately undermine the corporate value of the Company group and by extension common interest of shareholders. Also some of such proposals may insufficiently reflect the value of the Company group or may lack the necessary information needed by shareholders to make any final decisions.

When faced with such a proposal, the Board of Directors of the Company considers it necessary to secure necessary time and information for shareholders and conduct negotiations with the persons proposing the large purchase of shares of the Company in order to fulfill its duties entrusted by shareholders.

2. Activities to Contribute to Achieving the Basic Policy

(1) Medium-Term Management Plan

The Company group has been working to carry out its current management plan, the "Nippon Express Group Corporate Strategy 2015 - Innovation and Moving Forward -" from April 1, 2013.

The Company group has set the following four items as the key strategies of this management plan and has been making a concerted effort to carry through these strategies.

"Further Expanding Our Global Logistics Business"

"Strengthening Management Practices for Our Domestic Businesses"

"Expanding Business by Utilizing the Diversity of Group Companies"

"Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management"

In specific terms, in aiming to increase the proportion of sales from overseas-related business to 40%, we are positively working to expand domestic logistics businesses in overseas countries, conducting M&As to accelerate the pace of growth, and developing global human resources, etc., in addition to promoting further growth of the air/marine freight forwarding businesses. Additionally in our domestic businesses, in order to improve operating profit margins in the

domestic combined business segment to 3%, we are carrying out a review of allocation of management resources and strengthening our sales activities.

Furthermore, we will strive to strengthen Group management and expand our business by utilizing the diverse functions of the Group companies, including expanding the logistics-related businesses and developing cutting-edge logistics technologies, etc., as well as to establish disaster-resilient and environmentally-friendly organizations.

(2) Measures to Reinforce Corporate Governance

i) Our Basic Policy on Corporate Governance

Recognizing the importance of reinforcing corporate governance, ensuring compliance and guaranteeing management transparency, the Company has created a basic policy of speedy management through rapid decision-making and the clarification of responsibility. We regard the improvement of the management structure and the implementation of necessary measures as our top priorities to reach these goals.

ii) Implementation of Practical Measures for Corporate Governance

In addition to the Board of Directors and Board of Auditors, the Company has introduced a Board of Executive Officers with the goal of ensuring rapid decision-making and business execution.

The Board of Directors consists of 14 members (as of March 31, 2014) and meets once per month or whenever necessary to make important management decisions and to supervise business execution. Board members serve a one-year term. This enables us to clarify the Board's responsibilities for each fiscal year.

The Board of Auditors consists of four members, including three Outside Auditors, (as of March 31, 2014), and generally meets once every three months or whenever necessary.

The auditors attend important meetings, including the meeting of Board of Directors, where they offer their opinions from the viewpoint of objectivity and fairness on overall management as well as on individual matters. They also provide oversight of company directors by inspecting the legality of business activities and the status of internal control. In addition, the auditors examine important documents, make visiting audits to major offices and inspect subsidiaries. They then report their results to the Board of Auditors and the Board of Directors, while checking the task enforcement of the Corporate Affairs Division.

The Board of Executive Officers is comprised of 29 members, including 12 concurrently serving as Directors (as of March 31, 2014), and generally meets once per month or whenever necessary. The officers communicate decisions and instructions made by the Board of Directors while reporting on the status of Company operations and deliberating on important matters. Like

the Directors, they serve a one-year term.

The Company will continue to enhance its corporate governance in order to live up to the trust of its customers and shareholders, and ultimately of society as a whole.

3. Purpose of this Plan

The Board of Directors of the Company determined to continue this Plan for the purpose of making clear rules for any person conducting a large purchase action of shares and the like of the Company to comply with, securing necessary and sufficient time and information required for shareholders to make an appropriate judgment and securing an opportunity to negotiate with the persons conducting the large purchase action.

This Plan designs the rules with which any persons conducting a large purchase action of shares and the like of the Company should comply, makes it clear that any persons conducting a large purchase action might incur damages if and when the Company takes a defense measure in the specified case. By disclosing these cases appropriately, a warning is hereby given to any persons conducting a large purchase action which will not facilitate the corporate value and in turn common interest of shareholders of the Company.

In connection with triggering the counter measure, for the purpose of eliminating any arbitrary judgment from the Board of Directors of the Company, this Plan secures transparency by respecting to the full extent the recommendation to be made by the independent committee (hereinafter referred to as “Independent Committee”) consisting of such persons only as independent from the management executing business of the Company, including Outside Director, Outside Corporate Auditor or outside experts (well performed company executive, ex-government officer, lawyer, certified public accountant or person of learning and experience or other person equivalent thereto) pursuant to the Regulations for Independent Committee (please refer to Attachment 1 for the outline) and by disclosing timely information to shareholders. For the members of Independent Committee, Messrs. Masahiro Sugiyama, Naoto Nakamura and Zenjiro Watanabe as stated in the Attachment 2 are expected to assume the offices.

The conditions of large shareholders of the Company as of March 31, 2014 are stated on “Conditions of shareholding of large shareholders of the Company” in the Attachment 3. As of March 31, 2014, the Company has not received any proposal for a large purchase action of shares and the like of the Company.

4. Details of this Plan (Measures to prevent an inappropriate person, in the light of the Basic Policy, from controlling in determining the Company's policy toward its finance and business)

(1) Procedure for this Plan:

i) Large Purchase Action of Shares and the like:

This Plan will apply to a purchase action of shares and the like of the Company falling under item (i) or (ii) below or other action equivalent thereto (other than those actions approved by the Board of Directors of the Company: such action to be referred to as "Large Purchase and the Like"). Any persons conducting Large Purchase and the Like (hereinafter referred to as "Purchaser and the Like") shall comply with the procedure provided for in this Plan in advance.

(i) Any purchase of shares¹ and the like of the Company, as a result of which a holding³ ratio of the holder² is 20% or more.

(ii) With respect to shares and the like⁴ of the Company, a tender offer bid⁵ as a result of which the ratio of holding⁶ shares and the like together with the holding ratio by specially related persons⁷ is 20% or more.

ii) Prior Submission of "Letter of Intent" to the Company:

Purchaser and the Like shall submit to the Board of Directors of the Company a statement in Japanese language in the form designated by the Company describing covenants to comply with the procedure provided for in this Plan (hereinafter referred to as "Letter of Intent") in connection with a Large Purchase and the Like prior to contemplation of Large Purchase and the Like.

Specifically, the following will be stated in Letter of Intent.

(i) Summary of Purchaser and the Like:

- (a) Name and address or location
- (b) Position and name of the representative
- (c) Purpose and details of the business of company and the like
- (d) Summary of large shareholders or large investors (top ten shareholders or investors)

¹ This means "share and the like" as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. Unless otherwise defined below, the same will apply. Furthermore, in case of any amendment to the provisions of the laws and regulations cited in this Plan, each provision of the laws and regulations cited in this Plan, unless otherwise determined by the Board of Directors of the Company, will read such each provision as succeeding substantially provisions of the laws and regulations after the amendments

² This means the holder as defined in Article 27-23, paragraph 1, including person deemed the holder pursuant to the same Article, paragraph 3 and the same hereafter.

³ This means the "holding ratio of shares and the like" as defined in Article 27-23, paragraph 4, and the same hereafter.

⁴ This mean the "shares and the like" as defined in Article 27-2, paragraph 1, and the same is applied to (ii).

⁵ This is defined in Article 27-2, paragraph 6, and the same hereafter.

⁶ This means the "holding ratio of shares and the like" as defined in Article 27-2, paragraph 8, and the same hereafter.

⁷ This means the specially related person(s) defined in Article 27-2, paragraph 7; provided, however, that the person stated in the same paragraph, item 1 is excluded from the person stated in Article 3, paragraph 2 of the Cabinet Order relating to Disclosure of Tender offer for Share Certificates, etc. by Person Other than Issuer and the same hereafter.

- (e) Address of contact in Japan
- (f) Laws under which a company is incorporated

- (ii) Number of shares and the like of the Company held by Purchaser and the Like and the status of transactions of the Company's shares and the like by Purchaser and the Like for 60 days prior to the date on which Letter of Intent was submitted.
- (iii) Summary of Large Purchase and the Like proposed by Purchaser and the Like (including the type and number of shares and the like of the Company scheduled to be acquired by Large Purchase and the Like and the purpose of Large Purchase and the Like (in the case of acquisition of controlling power or participation in management, portfolio investment or strategic investment, planned transfer of shares and the like of the Company following Large Purchase and the Like or other purpose such as important proposing action⁸, the situation and the details thereof. In case of more than one purpose, all should be stated.)

iii) Provision of "Necessary Information":

In the event that Letter of Intent stated in paragraph ii) above has been submitted, Purchaser and the Like shall be required to provide to the Company information in Japanese language necessary and sufficient for shareholders to make judgment on Large Purchase and the Like (hereinafter referred to as "Necessary Information") pursuant to the procedure stated below.

First, since the Company will dispatch to the address of contact in Japan in paragraph ii) (i) (e) above "List of Information" stating a list of information to initially be provided within 10 business days⁹ (the commencement day not inclusive) after the day on which Letter of Intent was submitted, Purchaser and the Like shall provide to the Company sufficient information in accordance with "List of Information."

Secondly, in the event that the Board of Directors of the Company and Independent Committee reasonably deemed information Purchaser and the Like provided in accordance with "List of Information" insufficient for shareholders and the Board of Directors of the Company to make judgment in the light of the details and manner of Large Purchase and the Like, Purchaser and the Like shall be required to provide additional information that the Board of Directors of the Company separately requested.

However, from a viewpoint of prompt provision of information from Purchaser and the Like and also from a viewpoint of avoiding arbitrarily to manage to prolong the period during which

⁸ This means important proposing actions provided for in the Financial Instruments and Exchange Act, Article 27-26, paragraph 1, the Order for Enforcement of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph 1, and Article 16 of Cabinet Order relating to Disclosure of Large Volume Holding of Share Certificates, etc. The same shall be hereinafter applicable unless otherwise provided for.

⁹ Business day means a day other than the day listed in each item of paragraph 1 of Article 1 of the Act on the Holidays of Administrative Organs. The same shall be applicable hereafter.

Purchaser and the Like should provide information by the Board of Directors requesting repeatedly to provide additional information, the number of days during which information should be provided (hereinafter referred to as the “Information Providing Period”), is limited to 60 days commencing the day following the day of the receipt of Letter of Intent, and in the event that sufficient information has not been provided, if the Information Providing Period has terminated, at that moment “Board Evaluation Period” (which is explained in paragraph iv) below) shall be set forth. (Provided, however, that if Purchaser and the Like asks to extend the period with reasonable cause, the period may be extended as the necessity arises.)

Thirdly, regardless of the details and manner of Large Purchase and the Like, information relating to each of the following items shall in principle be included in part of List of Information.

- (i) Details of Purchaser and the Like and its group (joint holder¹⁰, specially related person and in the case of investment partnership, including each partner and other constituents), including history, specified names, capital structure, details of business, details of finance, names and career and the like of officers.
- (ii) Purpose of Large Purchase and the Like (details of the purpose disclosed in Letter of Intent), the manner and details (including whether or not it intends to participate in management, kind of consideration for Large Purchase and the Like and an amount thereof, timing of Large Purchase and the Like, structure of transactions related thereto, the number of shares and the like scheduled to be purchased, the ratio of holding shares and the like after Purchase and the Like is completed, and legality of the manner in which Large Purchase and the Like is conducted).
- (iii) Basis on which consideration for Large Purchase and the Like is calculated (including the conditions on which it is calculated, method of calculation, numerical information used for the calculation and details of synergy expected to accrue from a series of transactions relating to Large Purchase and the Like, in case of collecting a third party’s opinion in connection with the calculation, the name of the third party and the summary thereof and process to determine the amount of consideration based on the opinion).
- (iv) How to finance the funds for Large Purchase and the Like (specified name of fund provider (including any substantial provider), method of finance and details of the related transaction).
- (v) Whether or not it communicates with any third party in connection with Large Purchase and the Like and in case of communication made with any third party, details thereof and the

¹⁰ This means joint holder defined in the Financial Instruments and Exchange Act, Article 27-23, paragraph 5, including that deemed as joint holder by the Board of Directors of the Company under the same Article, paragraph 6.

summary of the third party.

- (vi) In the event that Purchaser and the Like have already entered into a lease agreement, pledge agreement, buy-back agreement, engagement agreement for purchase and sale or other important agreement or arrangement (hereinafter referred to as “Pledge Agreement and the Like”), the specified terms and conditions of the Pledge Agreement and the Like such as the type of the agreement, party to the agreement and the number and quantity of shares and the like subject to the agreement.
- (vii) In the event that Purchaser and the Like are scheduled to agree with any third party or agree to enter into Pledge Agreement and the Like relating to shares and the like planned to be purchased by Large Purchaser and the Like, specified details of the agreement such as type of scheduled agreement, the opponent party to the agreement and the number and quantity of shares and the like subject to the agreement.
- (viii) Management policy, business plan, capital policy and dividend policy of the Company and the Company group following Large Purchase and the Like.
- (ix) Policy on how to treat employees of the Company, the labor union, business partners, customers and local community and other stakeholders with the Company following Large Purchase and the Like.
- (x) Any specified measure to avoid any conflict of interest with other shareholders of the Company.

The Board of Directors of the Company will disclose immediately to shareholders the fact that Purchaser and the Like made proposal to the Company for Large Purchase and the Like, the summary thereof and the summary of Necessary Information and other information deemed necessary by the Company for making judgment at the time deemed appropriate by the Company.

In the event that the Board of Directors of the Company acknowledges that Purchaser and the Like provided sufficiently Necessary Information to the Company, it will inform the Purchaser and the Like thereof (hereinafter referred to the “Completion Notice of Information Provision”) and promptly disclose information to that effect.

The Information Providing Period shall terminate at the earlier of the day on which the Board of Directors of the Company made the Completion Notice of Information Provision and the day on which the Information Providing Period reached the upper limit.

iv) Establishment and the Like of Board Evaluation Period:

Commencing the day following the day on which the Information Providing Period terminated, the Board of Directors of the Company will establish a period stated in item (i) or (ii) (dependent on how it is difficult to evaluate Large Purchase and the Like) for evaluating,

considering, negotiating, formulating opinions and designing an alternative plan (hereinafter referred to as “Board Evaluation Period”) and disclose information to that effect immediately.

- (i) a maximum sixty (60) day period in the case of a tender offer bid the consideration of which is cash in Japanese yen only; or
- (ii) a maximum ninety (90) day period in other Large Purchase and the Like.

Provided, however, that in any case in (i) or (ii) above, Board Evaluation Period shall be extended by maximum thirty (30) day period only when Board of Directors and Independent Committee deem it reasonably necessary. In such case, an actually extended period and reasons of the extension shall be notified to Purchaser and the Like and disclosed to shareholders.

The Board of Directors of the Company will fully evaluate and examine Necessary Information provided by Purchaser and the Like with the advices from external professionals from time to time as the necessity arises during Board Evaluation Period, and consider details of Large Purchase and the Like proposed by Purchaser and the Like from the viewpoint of securing and enhancing the corporate value and common interest of shareholders of the Company. The Board of Directors of the Company will carefully investigate and summarize opinions of the Board of Directors of the Company for Large Purchase and the Like and inform Purchaser and the Like thereof and a timely and appropriate disclosure will be made to shareholders. If necessary, the Board of Directors of the Company may negotiate the conditions and manner of Large Purchase and the Like with Purchaser and the Like and furthermore the Board of Directors of the Company may propose an alternative plan to shareholders.

v) Recommendation of Independent Committee relating to Triggering Defense Measure:

Within Board Evaluation Period, Independent Committee, in parallel with the Company’s Board of Directors’ evaluation, examination, negotiation, forming opinions and design of an alternative plan as stated in paragraph iv) above, shall make recommendations to the Board of Directors of the Company whether or not the defense measure be triggered on the following procedure. In that connection, for the purpose of securing ensuring that Independent Committee will make judgment to facilitate to procure and enhance the corporate value and common interest of shareholders of the Company, Independent Committee may obtain advices of third parties independent from management of the Company engaged in executing business of the Company at the Company’s cost (including investment bank, securities company, financial advisers, certified public accountant, lawyer, consultant or other professionals). In the event that Independent Committee made recommendation of item (i) or (ii) below to the Board of Directors of the Company, the Board of Directors of the Company will promptly disclose the fact that recommendations issued and the summary thereof and any other matters deemed appropriate by

the Board of Directors of the Company.

- (i) In the event that Purchaser and the Like did not comply with the procedure provided for in this Plan:

In the event that Purchaser and the Like did not comply with the procedure provided in this Plan, Independent Committee will in principle make recommendations to the Board of Directors of the Company to trigger Defense Measure.

- (ii) In the event that Purchaser and the Like complied with the procedure provided for in this Plan:

In the event that Purchaser and the Like complied with the procedure provided in this Plan, Independent Committee will in principle make recommendation not to trigger Defense Measure.

Provided, however, that in the event that the procedure provided for in this Plan was complied with, Purchase Action is deemed to fall under any of the patterns in which Purchase and the Like would prejudice materially the corporate value and common interest of shareholders of the Company as stated in Attachment 4, Independent Committee may make recommendation to trigger the Defense Measure as exception hereto.

- vi) Resolution of the Board of Directors:

The Board of Directors of the Company will to the fullest extent respect the recommendation made by Independent Committee provided in paragraph v), and adopt a resolution of whether or not to trigger Defense Measure speedily on the basis of the recommendation from the viewpoint of securing and enhancing the corporate value and common interest of shareholders of the Company.

In the event that the Board of Directors of the Company adopts a resolution, regardless of whether or not triggering a Defense Measure is recommended, it will promptly disclose the summary of the resolution and other matters deemed appropriate by the Company's Board of Directors.

- vii) Cessation of Defense Measure or Withdrawal of Triggering:

After resolving upon triggering Defense Measure, or triggering Defense Measure pursuant to the procedure aforementioned in paragraph vi)., in the event that (i) Purchaser and the Like cease Large Purchase and the Like, or (ii) the factual situation resulting in the judgment of triggering the Defense or not deviated and then deemed reasonable to discontinue the Defense Measure from the viewpoint of securing and enhancing the corporate value and common interest of shareholders of the Company, the Board of Directors of the Company will cease Defense Measure or withdraw triggering Defense Measure in accordance with recommendation of Independent Committee or regardless of recommendation or the details of recommendation.

In the event that the Board of Directors of the Company adopts the aforementioned resolution,

the Board of Directors of the Company will promptly disclose the summary of the resolution and the other matters deemed appropriate by the Board of Directors of the Company.

viii) Commencement of Large Purchase and the Like:

Purchaser and the Like shall comply with the procedure provided for in this Plan, and shall not commence to conduct Large Purchase and the Like prior to resolution for triggering or not triggering Defense Measure adopted by the Board of Directors.

(2) Details of Defense Measure of this Plan:

If and when Defense Measure pursuant to resolution stated in paragraph (1) vi). above is triggered, the Board of Directors of the Company will in principle make a Gratis Allotment of a stock acquisition right to shareholders of the Company (hereinafter referred to as “Stock Acquisition Rights”).

The summary of Gratis Allotment of Stock Acquisition Rights is stated in Attachment 5, “Summary of Gratis Allotment of Stock Acquisition Rights.”

The Board of Directors of the Company may determine to cease Defense Measure or withdraw triggering Defense Measure as stated in paragraph (1) vii) above even if it resolved upon triggering Defense Measure or it triggered Defense Measure. For example, after the Board of Directors of the Company resolved upon Gratis Allotment of Stock Acquisition Rights upon triggering Defense Measure, if Purchaser and the Like ceased Large Purchase and the Like and the Board of Directors of the Company adopted resolution stated in paragraph (1) vii), it may nullify the Gratis Allotment of Stock Acquisition Rights prior to the ex-right day (not inclusive) relating to the allotment date fixed for the Gratis Allotment of Stock Acquisition Rights or the Company may acquire Stock Acquisition Rights free of charge from shareholders during the period from the effective date for the Gratis Allotment of Stock Acquisition Rights to the date prior to the commencement date of the exercise period of Stock Acquisition Rights.

(3) Effective Period, Abolishment and Amendment of this Plan:

In the event that shareholders approve this Plan at this Ordinary General Meeting of Shareholders of the Company, the effective period of this Plan will expire at the closing of the Ordinary General Meeting of Shareholders scheduled to be held in June 2017.

However, in the event that resolution amending or abolishing this Plan is adopted at the General Meeting of Shareholders of the Company prior to the end of such effective period, this Plan will be amended or abolished pursuant to such resolution at the time the resolution is adopted. If the Board of Directors consisting of Directors elected at the General Meeting of Shareholders of the Company adopts resolution to abolish this Plan, it will be abolished at the time of such resolution.

The Board of Directors of the Company may amend or change this Plan upon approval of Independent Committee to the extent necessary for formal changes to reflect the changes made to the Companies Act, Financial Instruments and Exchange Act, other laws and ordinances or the rules of the Financial Instrument Exchanges or changes in interpretation or operation of the aforesaid or changes in the taxation system or court cases. On the other hand, in the event that the Board of Directors of the Company makes such a change in the Plan as affects substantially shareholders of the Company, the change shall be referred to the General Meeting of Shareholders to be held immediately thereafter for approval of shareholders.

In the event that this Plan is abolished or amended, the Company will disclose fact of the abolishment or amendments and details of changes (in case of changes) and other matters deemed appropriate by the Board of Directors of the Company.

5. Reasonableness of this Plan

(1) Satisfying Requirements of Guidelines relating to Takeover Defense Policy:

This Plan satisfies all of the three principles provided in the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests” released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, namely, securing and enhancing the corporate value and shareholders’ common interests, prior disclosure and the principle of upholding the shareholders’ intent, and necessity and suitability principle. Also, this Plan is in accordance with the idea shown in the “Takeover Defense Measures in Light of Recent Environmental Changes” published by the Corporate Value Study Group on June 30, 2008.

(2) This Plan being introduced for the purpose of securing and enhancing the corporate value and common interest of the shareholders of the Company:

As stated in paragraph 3 above, this Plan is proposed to continue for the purpose of securing and enhancing the corporate value and in turn common interest of its shareholders, when Large Purchase and the Like is conducted, through securing information and time period necessary for the shareholders to decide whether or not Large Purchase and the Like is appropriate and through enabling the Board of Directors of the Company to present an alternative plan or negotiate with Purchaser and the Like on behalf of the shareholders.

(3) Placing emphasis on the shareholders intent:

This Plan is proposed to continue subject to approval of shareholders at this Ordinary General Meeting of Shareholders.

After approval of shareholders at this Ordinary General Meeting of Shareholders, if a resolution is

adopted to amend or abolish this Plan at the General Meetings of Shareholders of the Company thereafter, it will be amended or abolished pursuant to such resolution. Accordingly, with respect to the continuation, amendment and abolishment of this Plan, the intent of shareholders will fully be upheld.

(4) Placing emphasis on judgment of independent external persons and disclosure of information:

For the purpose of excluding arbitrary judgment by the Board of Directors of the Company and enabling resolution and recommendation duly to be made on implementing this Plan, including triggering Defense Measure and the Like, Independent Committee is established as an advisory body to the Board of Directors of the Company.

Independent Committee is composed of three or more members, from among Outside Director of the Company, Outside Corporate Auditor of the Company, or experts outside the Company (well performed company executive, ex-government officer, lawyer, certified public accountant or person of learning and experience, etc.).

The Company shall, when necessary, disclose to the shareholders the summary of the judgment made by Independent Committee so that the Company will secure a system under which this Plan will be operated with transparency so that it may facilitate the corporate value and common interest of shareholders of the Company.

(5) Reasonable and objective requirements being set forth:

As stated in paragraph 4 (1) above, this Plan is designed so as not to allow Defense Measure to be triggered against Large Purchase and the Like unless the reasonable and specified objective requirements have been satisfied. Accordingly, it is ensured that the Board of Directors of the Company is prevented from arbitrarily triggering Defense Measure.

(6) Defense Measure not falling under dead-hand type or slow-hand type take-over defense policy:

As stated in paragraph 4 (3) above, since the Board of Directors of the Company composed of Directors elected at the General Meeting of Shareholders of the Company may abolish at any time Defense Measure, it is not a dead-hand type take-over defense policy (a defense measure which cannot be prevented from triggering even if the majority of members of the board are changed).

Since the Company does not adopt different terms of offices of Directors, it is not a slow-hand type take-over defense policy (a defense measure which takes a prolonged time to prevent triggering because all Directors cannot be changed at once).

6. Influence affecting Shareholders and Investors

(1) Influence affecting Shareholders and Investors when this Plan is Renewed:

When this Plan is renewed, any Gratis Allotment of Stock Acquisition Rights has not been made.

Accordingly, the rights and economic value of the shareholders and investors are not directly affected in any respect.

As stated in paragraph 4 (1) above, since the Company's responding policy to Purchaser and the Like will deviate according to whether or not Purchaser and the Like comply with this Plan, shareholders and investors are requested to keep watching what Purchaser and the Like's conduct.

(2) Influence affecting shareholders if Gratis Allotment of Stock Acquisition Rights is made:

In the event that the Board of Directors of the Company determines to trigger Defense Measure and the Gratis Allotment of Stock Acquisition Rights is made, Stock Acquisition Rights will be allotted to shareholders who entered into or recorded in the shareholders' register on the allotment date for allotment separately designated in the rate of a maximum of two Stock Acquisition Rights per share of common stock held. The Board of Directors will not assume that the shareholders would be affected in terms of their legal rights or economic value since the overall economic value of shares of the Company has not been diluted nor voting rights per share have been changed although the economic value per share was diluted.

However, as a result, Purchaser and the Like may be affected adversely on their legal rights or economic value by triggering Defense Measure.

In the event that the Board of Directors of the Company resolves upon the Gratis Allotment of Stock Acquisition Rights, when it is determined that Defense Measure which the Board of Directors of the Company triggered cease or be withdrawn in accordance with the procedure stated in paragraph 4 (1) vii) above, the market price of shares of the Company would be affected accordingly. For example, in the event that after the allotment date for the Stock Acquisition Rights, the Company determined to cease Defense Measure, once determined to trigger, and acquired Stock Acquisition Rights free of charge without delivering new shares in exchange for Stock Acquisition Rights, the economic value per share held by shareholders will not be diluted ultimately. It is noted that investors who consummated to purchase and/or sell shares of the Company on the assumption that the economic value per share of the Company would be diluted, would incur losses and damages arising from fluctuation of the stock price.

In the event that discriminating terms and conditions are attached to the exercise or acquisition of Stock Acquisition Rights, it is assumed that the legal rights and economic value of Purchaser and the Like would be affected in connection with the exercise or acquisition, however, it is not assumed that the legal rights and economic value of shareholders and investors other than Purchaser and the Like would be affected in any direct specified aspect.

(3) Procedure requiring shareholders to follow in connection with Gratis Allotment of Stock Acquisition Rights:

Shareholders might be required to exercise Stock Acquisition Rights during the specified period to acquire new shares (in which case, a certain specified amount of money has to be paid).

Provided, however, that in connection with triggering Defense Measure, the Company anticipates that Stock Acquisition Rights will be issued to shareholders on buyback condition, accordingly the Company will deliver to shareholders shares of the Company in exchange for Stock Acquisition Rights as consideration for Stock Acquisition Rights received. In this case, since shareholders other than Purchaser and the Like will receive from the Company shares of the Company for consideration of delivering Stock Acquisition Rights to the Company from shareholders without paying cash equivalent to exercise price of Stock Acquisition Rights, no procedure will be required to be followed by shareholders such as subscription procedure for Stock Acquisition Rights and payment procedure.

In addition, the Company will make a timely and appropriate disclosure or notice in details with respect to a method of allotment, manner of exercise and a method of acquisition of Stock Acquisition Rights by the Company based on applicable laws and ordinances and rules of the Financial Instruments Exchange upon resolution adopted at the Board of Directors of the Company relating to the Gratis Allotment of Stock Acquisition Rights. Accordingly, shareholders are requested to confirm the details of the disclosure and notice.

End

Summary of the Regulations for Independent Committee

1. The Independent Committee shall be established, by resolution of the Board of Directors of the Company, as an advisory body to the Board of Directors of the Company for the purpose of excluding arbitrary judgment by the Board of the Directors on implementing this Plan, including triggering of the defense measure against the large purse and the like, and ensuring the objectivity and reasonableness of judgment and responses of the Board of Directors.
2. The members of the Independent Committee (“Independent Committee Members”) shall be no less than three and shall be appointed by resolution of the Board of Directors of the Company from among those persons who are (1) Outside Directors, (2) Outside Corporate Auditors, or (3) experts outside the Company (well performed company executive, ex-government officer, lawyer, certified public accountant or person of learning and experience or other person equivalent thereto), who are independent from management of the Company. The Company shall conclude an agreement with the Independent Committee Members that includes a duty of care clause and a confidentiality clause.
3. The term of office of the Independent Committee Members shall be until the closing of the Ordinary General Meeting of Shareholders relating to the final fiscal year ending within one year after appointment or until the date that has been separately agreed upon by the Independent Committee Members and the Company. However, this shall not apply when the Board of Directors of the Company has adopted a resolution stating otherwise.
4. The Independent Committee shall be convened by the Representative Director of the Company or each Independent Committee Member.
5. The chairperson of the Independent Committee shall be elected by mutual election of each Independent Committee Member.
6. As a general rule, a resolution of the Independent Committee shall be made with all Independent Committee Members in attendance and by a majority of their voting rights. However, if there is a contingency or other special circumstances affecting any of the Independent Committee Members, a resolution shall be made with a majority of the Independent Committee Members in attendance and by a majority of their voting rights.

7. The Independent Committee shall deliberate and make a resolution on the matters stated in each item below and recommend the details of the resolution together with the reasons to the Board of Directors of the Company.

- (1) Whether or not a defense measure relating to this Plan be triggered
- (2) Cessation of the defense measure relating to this Plan or withdrawal of triggering of a defense measure relating to this Plan
- (3) Abolishment and amendment of this Plan
- (4) Any other matters on which the Board of Directors of the Company may seek advice of the Independent Committee relating to this Plan

When deliberating and making a resolution, each Independent Committee Member shall be required to do so from the standpoint of whether or not it contributes to the corporate value of the Company and common interests of shareholders, and shall not do so for the purpose of exclusively looking after their own interests or for the personal gain of management of the Company.

8. The Independent Committee may call for the attendance of Directors, Corporate Auditors and employees of the Company and other persons, when the Independent Committee deems it necessary for those persons to express opinions about or explain matters required by the Independent Committee.

9. The Independent Committee, in the execution of its duties, may obtain advice of third parties independent from management of the Company engaged in executing business of the Company at the Company's cost (including investment banks, securities companies, financial advisers, certified public accountants, lawyers, consultants or other professionals).

End

Profile of Independent Committee Members

Masahiro Sugiyama

April 1971	Research Assistant, Waseda University School of Commerce
April 1974	Lecturer, Waseda University School of Commerce
April 1976	Associate Professor, Waseda University School of Commerce
April 1977	Guest Researcher, Faculty of Law and Economics, University of Bonn
April 1981	Professor, Waseda University School of Commerce and Graduate School of Commerce
(April 2004	Professor, Waseda University Faculty of Commerce (due to the organization's name change))
May 2011	Emeritus Professor, Waseda University (Incumbent)

Naoto Nakamura

April 1985	Member of Daini Tokyo Bar Association
April 1998	Founder and Partner, Hibiya Park Law Office
February 2003	Founder and Partner, Law Firm of Naoto Nakamura (presently Law Firm of Nakamura, Tsunoda and Matsumoto) (Incumbent)

Zenjiro Watanabe

April 1976	Joined Japan Tobacco and Salt Public Corporation (Currently Japan Tobacco Inc.)
June 2007	Executive Vice President, Deputy President, Tobacco Business, Japan Tobacco Inc.
June 2008	Full-Time Corporate Auditor, the Company (Incumbent)
(Note) Zenjiro Watanabe is the Outside Corporate Auditor and the Company submitted the Notifications of Independent Officer to the Tokyo Stock Exchanges, Inc.	

End

Conditions of Shareholding of large Shareholders of the Company

(as of March 31, 2014)

Name of the shareholder	Shareholding Status	
	Number of shareholding (thousand shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	83,224	8.1
Japan Trustee Services Bank, Ltd. (Account in Trust)	78,286	7.6
Asahi Mutual Life Insurance Company	56,019	5.5
Nipponkoa Insurance Co., Ltd.	50,967	5.0
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)	41,500	4.1
Nippon Express Employees' Shareholding Association	35,779	3.5
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,316	2.1
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	21,284	2.1
The Bank of New York Mellon SA/NV 10	10,461	1.0
JP Morgan Chase Bank 385078	10,297	1.0

(Notes)

1. The Company holds 36,445 thousand treasury shares, which are not included in the list above.
2. The shareholding ratio is calculated by excluding the treasury shares stated above.

End

The patterns in which Purchaser and the Like would substantially prejudice materially
the corporate value and common interest of shareholders of the Company

1. It is judged that Purchaser and the Like have no true intention to participate in the management of the Company, and Purchaser and the Like engage in Purchase and the Like for the purpose of selling shares at high prices to the Company or parties related to the Company by unduly raising the price of the shares of the Company (also known as “Green Mailer”).
2. It is judged that after a temporary control of management of the Company, Purchaser and the Like engage in Large Purchase and the Like for the purpose of enabling Purchaser and the Like to transfer intellectual proprietary rights, know-how, trade secret, principal business partners, and customers, etc. of the Company or the group companies, all of which are necessary for the operation of the Company and the group companies, to Purchaser and the Like and/or its affiliated companies.
3. It is judged that Purchaser and the Like engage in Purchase and the Like of shares with a view to diverting assets of the Company or group companies through mortgages and/or repayments of liabilities incurred by the Purchaser and its group companies, etc. after Purchaser and the Like have control of the management of the Company.
4. It is judged that Purchaser and the Like engage in Purchase and the Like for the purpose of enabling the Purchaser to cause the Company to temporarily pay high returns to the shareholders with proceeds from sales of the Company’s or the group’s expensive assets, etc. such as real estate and securities which are currently not directly related to the Company’s or the Company’s group’s current business or to sell the Company’s shares at such high prices arising from the temporary rise of the Company’s shares due to a temporary high return, etc.
5. It is judged that the shareholders of the Company may be effectively coerced to sell shares of the Company because purchase proposal restricts opportunities and freedom for the shareholders to decide, including but not limited to a two-tier coercive purchase proposal (i.e., at the first stage the entire Company’s shares are not solicited for purchase, but at the second stage, purchase will be consummated at less favorable or unspecified conditions to shareholders, including a tender offer bid).

End

Summary of the Gratis Allotment of Stock Acquisition Rights

1. Total Number of Stock Acquisition Rights Allotted:

The total number of Stock Acquisition Rights will be determined by resolution of the Board of Directors of the Company relating to the Gratis Allotment of Stock Acquisition Rights (hereinafter referred to as “Stock Acquisition Rights Gratis Allotment Resolution”), but not more than the total number of shares in issue multiplied by two (2) at the close of the date separately designated by resolution of the Board of Directors of the Company (hereinafter referred to as the “allotment date”) (excluding shares held by the Company at the time thereof).

2. Shareholders to whom Gratis Allotment is made:

The Company will make a Gratis Allotment of the maximum two (2) Stock Acquisition Rights per share of common stock of the Company (other than treasury stock at the time thereof) to the shareholders who have been stated or recorded in the last register of shareholders or the last register of substantial shareholders on the allotment date. The Board of Directors of the Company will separately determine a specified ratio of Stock Acquisition Right per share through Stock Acquisition Rights Gratis Allotment Resolution.

3. Effective date for Gratis Allotment of Stock Acquisition Right:

The date will be separately determined by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution.

4. Type and Number of Shares to be issued upon the Exercise of Stock Acquisition Rights:

The type of shares to be issued upon the exercise of Stock Acquisition Rights is the share of common stock and the number of shares issued upon exercise of a Stock Acquisition Right will be determined by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution but not more than one (1); however, provided that if the Company makes any stock split or stock consolidation, the necessary adjustments shall be made.

5. Details of assets or amount required to be paid upon exercise of Stock Acquisition Rights:

Not less than Yen 1.00 per Stock Acquisition Right, will be separately determined by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution.

6. Transfer of Stock Acquisition Rights:

Any transfer of Stock Acquisition Rights shall be subject to approval of the Board of Directors of the Company.

7. Conditions on Exercise of Stock Acquisition Rights:

(1) The specified large holder¹¹; (2) joint holder of the specified large holder; (3) the specified large purchaser¹²; (4) other specially related person of the specified large purchaser; (5) without approval of the Board of Directors of the Company, any transferee or successor of Stock Acquisition Rights from the persons described in (1) to (4) above; or (6) any related person¹³ of the person described in (1) to (5) above (these holder or purchaser or transferee and successor being collectively referred to as “unqualified person”), shall not exercise the Stock Acquisition Rights. Details of the conditions on the exercise of Stock Acquisition Rights shall be provided separately through Stock Acquisition Rights Gratis Allotment Resolution.

8. Acquisition of Stock Acquisition Rights by the Company:

The Company may deliver the number of shares of common stock of the Company, determined by the Company per Stock Acquisition Right in exchange for Stock Acquisition Rights held by person other than unqualified person on the date separately designated by the Board of Directors of the Company. Details of the conditions on acquisition of Stock Acquisition Rights shall be separately determined through Stock Acquisition Rights Gratis Allotment Resolution.

9. Acquisition of Stock Acquisition Rights is free of charge in case of cessation of Defense Measure triggered:

¹¹ A holder of shares and the like of the Company, whose holding ratio of shares and the like is 20% or more or such person as deemed the equivalent thereto by the Board of Directors of the Company; provided, however, that such person whose holding shares and the like of the Company is deemed by the Board of Directors of the Company not to prejudice the corporate value and common interest of shareholders of the Company and person designated by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution shall be excluded.

¹² A purchaser who made a public notice to conduct purchase and the like (meaning the “purchase and the like” as defined in the Financial Instruments and Exchange Act, Article 27-2, paragraph 1, the same applicable in this footnote) of shares and the like (meaning “shares and the like” as defined in the Financial Instruments and Exchange Act, Article 27-2, paragraph 1, the same applicable in this footnote) of the Company through a tender offer bid and his/her holding (including that provided for in the Ordinance for Enforcement of the Financial Instruments and Exchange Act, Article 7, paragraph 1 as an equivalent thereto) ratio of shares and the like after the purchase and like is 20% or more together with the ratio of the specially related person, or such person as deemed the equivalent thereto by the Board of Directors of the Company; provided, however, that such person whose holding shares and the like of the Company is deemed by the Board of Directors of the Company not to prejudice the corporate value and common interest of shareholders of the Company and person designated by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution shall be excluded.

¹³ “Related person” of the person means a person who substantially control the person, is controlled by the person or under the common control with the person (including a person deemed equivalent thereto by the Board of Directors of the Company). “Control” means the case in which a person controls to determine the policy of finance and business of the company and the like (which is defined in the Ordinance for Enforcement of the Companies Act, Article 3, paragraph 3).

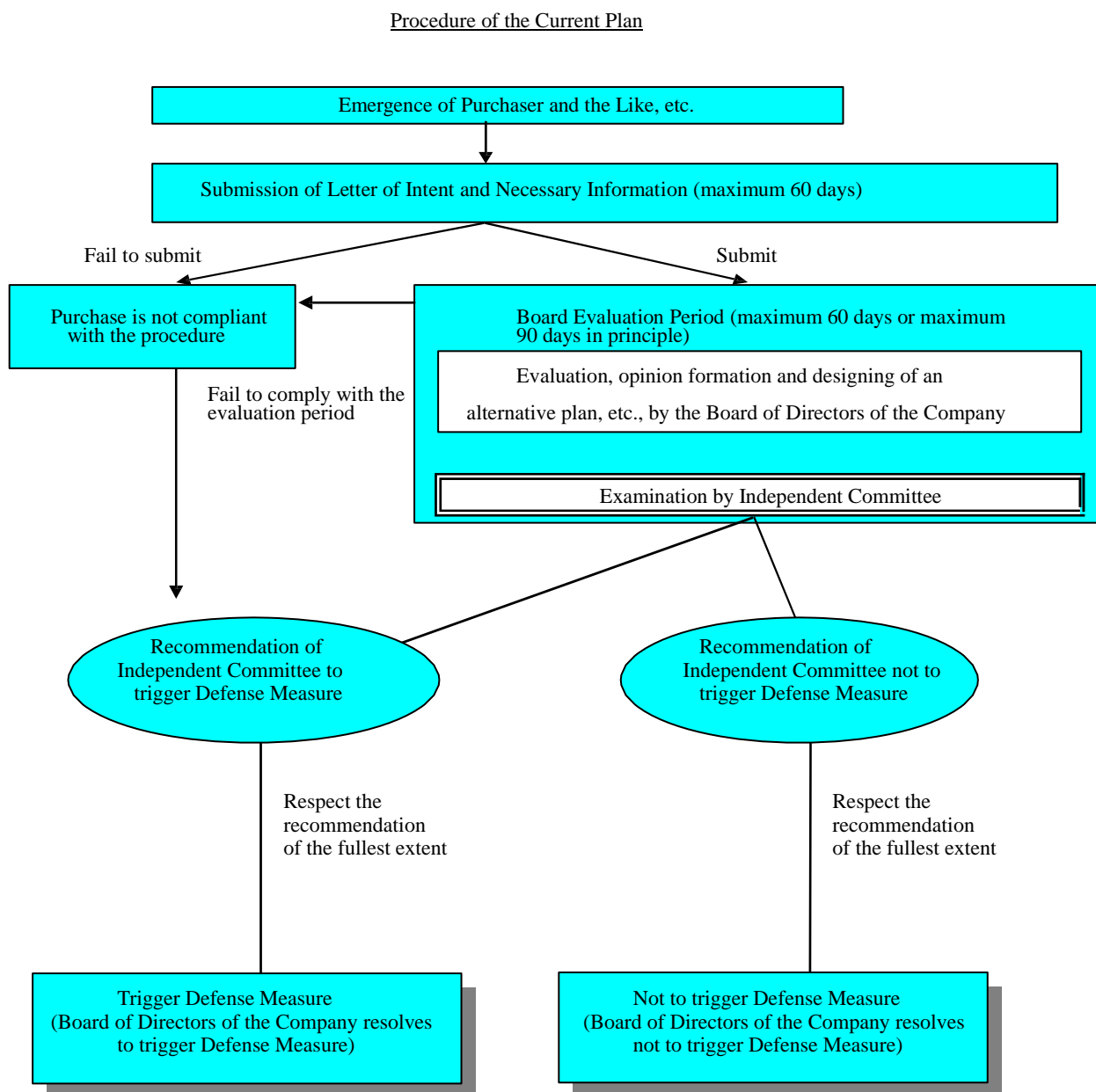
The Company may acquire all Stock Acquisition Rights free of charge in the event that the Board of Directors of the Company ceases to apply Defense Measure triggered or otherwise provided for in Stock Acquisition Rights Gratis Allotment Resolution.

10. Exercise period and the like of Stock Acquisition Rights:

The exercise period and other necessary matters of Stock Acquisition Rights shall be determined separately by the Board of Directors of the Company through Stock Acquisition Rights Gratis Allotment Resolution.

End

(Reference)



*This diagram shows the summary of the Current Plan simply. Please refer to the main text for details of the Plan.