

[Translation]

February 13, 2009

Company Name	Sapporo Holdings Limited
Representative	Takao Murakami President and Representative Director
Stock Code	2501
Listed on	Tokyo Stock Exchange Sapporo Securities Exchange
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Notice in respect of Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company (Anti-Takeover Policy)

In relation to the “Policy toward the Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Current Policy”) which was consented to by the shareholders at the 84th ordinary general meeting of shareholders held on March 28, 2008 and became effective on the same date (with a period of validity until the end of the 85th ordinary general meeting of shareholders to be held on March 27, 2009 (hereinafter referred to as the “General Meeting”)), the Company has continually been assessing the role of the Current Policy, including whether or not to extend the period of validity of the Current Policy, from the perspective of enhancing the corporate value and ultimately protecting the common interests of the shareholders while at the same time considering subsequent changes in the circumstances.

As a result of these deliberations, at the Board Meeting held on February 13, 2009, by the agreement of all board directors the “Basic Policy regarding What and How a Person Controlling Decisions on the Company’s Financial and Business Policies should be” (hereinafter referred to as the “Basic Policy on Company Control”) provided for in Article 127 of the Ordinance for Enforcement of the Companies Act was resolved, and in addition, conditional upon consent by the shareholders at the General Meeting and with partial amendment to the Current Policy, it was decided to continue with the “Policy toward Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Policy”), and we hereby give notice to that effect. With respect to the Policy, each of the four statutory auditors of the Company rendered affirmative opinions on condition that the actual administration of the Policy is appropriate.

If the Policy is approved by the shareholders at the General Meeting, the Policy shall take effect as of the day of the approval and the expiration date shall be the end of the 86th ordinary general meeting of shareholders of the Company to be held by March 31, 2010.

In addition, as was made public in the Company’s press release entitled “Announcement pertaining to the receipt of a letter of intent in connection with the Large-Scale Purchase of shares of the Company” dated February 15, 2007, we received from Steel Partners Japan Strategic Fund (offshore) L.P. (hereinafter referred to as “SPJSF”) on the same day proposal for a Large-Scale Purchase of the shares of the Company (hereinafter referred to as the “Purchase Suggestion”). In relation to the Purchase Suggestion, we have applied and proceeded under the procedures of the “Policy toward the Large-Scale Purchase of Share Certificates, etc. of the Company” (hereinafter referred to as the “Old Policy”) which was consented to by shareholders at the 83rd ordinary general meeting of shareholders held on March 29, 2007 and expired at the end of such general meeting. As we intend to continue to apply the Old Policy after the General Meeting we set forth a supplementary provision to that effect in the Policy which we request shareholders to approve at the General Meeting. In the event that the shareholders do not approve the Policy at the General Meeting, we will repeal the Old Policy including its connection to the Purchase Suggestion.

Except for the Purchase Suggestion by SPJSF mentioned above, no specific proposal with respect to share certificates, etc. of the Company, such as a Large-Scale Purchase, has been received as of February 13, 2009.

As for the contents of the Basic Policy on Company Control as well as the Policy, please see the Attachment hereto. In addition, a summary of the changes of content in the Policy from the Current Policy are set out below.

Summary of the Changes from the Current Policy

- 1) In order to promote early provision of information by a Large-Scale Purchaser, we have added language explaining that the due date for responses by the Large-Scale Purchaser may be set every time the board of directors requests information to be provided as well as provisions setting the upper limit for the Information Provision Request Period (60 days in principle).
- 2) With respect to the specific content of the Necessary Information that the Large-Scale Purchaser is requested to provide, we have added language explaining that such content is limited to that within the necessary and sufficient scope for the judgment of the shareholders and the formation of opinion of the board of directors, and that, in the case of the inability for the Large-Scale Purchaser to provide part of the Necessary Information, the board will request the Large-Scale Purchaser to provide the specific reasons for such inability in place of the provision of information.
- 3) We have comprehensively revised the description of the Policy to the effect that, even in the case that the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, exceptional countermeasures may be taken and we state clearly that such exceptional measures may only be taken where the Large-Scale Purchase is assessed as clearly and seriously damaging the common interests of the shareholders, and may not be taken solely for the reason that the intention of the Large-Scale Purchaser falls within the items set forth herein as examples or negatively affects the interest of stakeholders other than the shareholders.
- 4) We state clearly that, in order to determine whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, non-compliance with the rules will not be held to have occurred solely for the reason that part of the Necessary Information that is requested by the board of directors has not been provided by the Large-Scale Purchaser.
- 5) With respect to the procedures to implement countermeasures, we have added language explaining that, depending on the content of the countermeasures selected by the board of directors, resolutions of the general meeting of shareholders or approval by the shareholders may be required, thereby clarifying the process for such implementation.
- 6) As an example of a countermeasure, we have added language describing that cash may not be paid as consideration to people belonging to a Group of Shareholders, with respect to the establishment of terms of acquisition and conditions of acquisition of stock acquisition rights in the explanation of the case where stock acquisition rights are issued based on shareholder allotment.
- 7) In addition, we have made necessary amendments such as revising the references relating to the amendments set forth above, revising the description in accordance with the introduction of electronic share certificates, revising each time period established by a renewal of the Policy, and clarifying the procedures for the expiration and repeal of the Policy.

(Attachment)

I Basic policy regarding what and how a person controlling decisions on the Company's financial and business policies should be

The board of directors of the Company believes that since we, as a public corporation, allow the free purchase and sale of shares of the Company, the shareholders of the Company should be entrusted to make the final decision regarding whether or not to accept a large-scale purchase by a specific person.

However, in managing the Company that, as a holding company, controls the management of the entire business of the Group, which is primarily comprised of the domestic alcoholic beverage, international alcoholic beverage, soft drink, food service and real estate businesses, it is indispensable to have extensive know-how, abundant experience, and an understanding of the relationships established with the stakeholders including domestic and foreign customers, employees, business partners, etc. Without a sufficient understanding of the above matters by a person controlling decisions on our financial and business policies, the shareholder value that could be realized in the future by our shareholders may be damaged.

We shall make every effort to cultivate the shareholders' and the investors' understanding of the appropriate value of the Company's shares through IR activities; however, it is indispensable that the shareholders of the Company are provided with appropriate and sufficient information by both a purchaser and the board of directors of the Company in order to appropriately determine, within a short period of time, whether or not the purchase price of the Company's shares proposed by the purchaser is reasonable, when a large-scale purchase is suddenly made. In addition, we believe that information regarding the impact of the purchase on the Company, the basic management policy that the purchaser wishes to adopt if the purchaser participates in the management of the Company, and the opinion of the board of directors of the Company towards the purchase, etc. is material to the decision making process of the shareholders of the Company who intend to hold the Company's shares continuously in respect of whether or not to continue to hold such shares.

Taking the above into account, we believe that it is necessary for a large-scale purchaser to commence a large-scale purchase only after the purchaser provides necessary and sufficient information regarding the purchase in advance and a certain period for the board of directors of the Company elapses, in accordance with the rules established and disclosed in advance by the Company (please refer to III 3 for details; hereinafter referred to as the "Large-Scale Purchase Rules") for the benefit of the decision making process of the shareholders of the Company.

In addition, in large-scale purchases, it cannot be said that there are never cases where the large-scale purchase in question will be determined as clearly and seriously damaging to the common interests of the Company's shareholders. In order to protect the common interests of the Company's shareholders, we believe that it is necessary to take such measures against such purchase as the board of directors deems appropriate in accordance with the Large-Scale Purchase Rules.

II Effective utilization of our assets, the formation of the appropriate corporate group, and other special efforts to realize the basic policy on company control

In addition to the efforts set forth in III below, we will make every special effort to realize the Basic

Policy on Company Control as follows.

1 Efforts based on the “Sapporo Group’s New Management Framework”

In October 2007, the Sapporo Group announced the “Sapporo Group’s New Management Framework” which is targeted towards 2016, the 140th anniversary year of the foundation of our Group.

In order to engage in business development that utilizes the strengths and assets held by the Group, the business domains under the “Sapporo Group’s New Management Framework” are “the creation of value in food” and “the creation of comfortable surroundings”. Along with planning for further growth and improved profits in these domains, we will strive to create new business opportunities and plan to build new businesses that will support the growth of the Group for the next generation.

Into the future, using the “Sapporo Group’s New Management Framework” we aim to improve the corporate value of the Group by progressing with “attacking management” that heightens our competitiveness through re-adjusting the distribution of management resources and strategic investment in addition to implementing solid management focused on long term goals. We will also further implement and position “CSR Management” as one of the “Important Strategies Supporting Continuous Growth of the Group”.

The fundamental strategy challenges under the “Sapporo Group’s New Management Framework” are as follows:

(i) Create high-value-added products and services

The Group aims to maximize capital efficiency by focusing its management resources on areas that offer the greatest competitive strengths in each of its businesses and building sustainable market advantages. The Group will foster common values that focus on “providing valuable products and services that customers can identify with” and thereby create high value-added.

(ii) Form strategic alliances

Rather than focusing solely on its own operations, the Group plans to promote strategic alliances with powerful partners that will enable it to enhance the Group’s strengths, complement its capabilities, and acquire know-how, so as to rapidly develop competitive advantages on a large scale.

(iii) Promote international expansion

Expand the soft drinks and food products businesses, as well as the alcoholic beverages business, in overseas markets. Aim to build brands in overseas markets by utilizing technological capabilities and business alliances.

(iv) Expand synergies among group companies

The Group will promote flexible collaboration and cooperation unconstrained by existing organizational boundaries, and pursue synergies among businesses.

2 Efforts toward the strengthening and reinforcing of corporate governance

We shifted to a pure holding company system in July 2003, and formulated the Group's governance system based on the management philosophy of the Group. The basic principles and policy of management of the Group are as follows:

(1) Management philosophy of the Group and basic policy on our management

Sapporo Group states its management philosophy to be “create enjoyment and contribute to enrichment” and its basic management policy is “strive to maintain integrity in corporate conduct that reinforces stakeholder trust and aim to achieve continuous growth in corporate value”, and is focused on improving the corporate value of the whole Group by achieving continuous growth and revenue and to contribute to the stakeholders in the future.

(2) Basic principles of the management of the Group

Under a holding company system, Sapporo Group has established the following basic principles of group management and aims to maximize corporate value by achieving total optimization of Sapporo Group and creating synergies, while retaining the autonomy of each business segment.

<Principle of total optimization of the Group>

The Group companies shall focus on their respective business activities, on the premises of value maximization and total optimization of the Group, and contribute to the improvement of the consolidated achievements of the Group.

<Principle of autonomy>

The Group companies aim to reinforce the management basis and to be autonomous in the realization of each of their missions based on the purpose of their foundation and the management policy of Sapporo Group.

The Company, as the holding company, delegates the operating authority necessary for corporate management to the presidents of the Group companies and these presidents are responsible for the management of their companies. In addition, the Company supports and guides the Group companies in their growth and progression.

<Principle of mutual cooperation>

The Company and the Group companies cooperate with each other in promoting business, including the procurement of materials, products, services, etc., and endeavor to realize the effects of synergies in the Group, while considering economic reasonableness.

(3) Basic policy on the constitution of the system of Group governance

In order to realize the management philosophy and the basic policy of management and to promote the continuous improvement of the corporate value of the whole Group, we regard the strengthening and reinforcement of Group governance as an important management issue. We are clarifying the

supervisory function, operating function and audit function of our Group under the holding company system, and are endeavoring to improve the transparency of the management and to reinforce the management monitoring function toward the achievement of management goals.

<Supervisory function>

The board of directors plays a role in the supervisory function in the management of the Group, makes decisions pertaining to legally stipulated items and material operating issues that are stipulated in the rules of the board of directors, elects the representative directors and Group CEO, Group operating officers and other important employees, and supervises their operation.

<Operating function>

The representative directors and Group CEO control the operations of the whole Group in accordance with the decisions of our board of directors. Group operating officers who double as Presidents of main operating companies control the operations of each of the main business segments, subject to the total control by the representative directors and Group CEO of the Company.

<Audit function>

We have chosen to be a company with company auditors who work independently of the board of directors and of each other (self-independent system) and audit the operations of the directors, and to establish the board of company auditors.

(4) Efforts toward strengthening the Group governance system

We have made positive efforts toward strengthening the governance system through adopting operating officers in March 1999 which was before our shift toward a pure holding company system, and reducing the term of office of the directors to one year as of March 2002, etc. Since we shifted to a pure holding company system on July 2003, we have endeavored to strengthen the Group governance as described in (3) above. We have also made efforts to gradually increase the number of outside directors. We will further endeavor to strengthen and reinforce corporate governance in the future.

We believe that efforts based on the New Management Framework improve the corporate value of the Group and reduce the risk that a large scale purchaser who will materially damage the common interests of the Company's shareholders will appear. In addition, we believe that efforts toward the strengthening of corporate governance will promote the New Management Framework and will be the basis for improvements of the corporate value. Therefore, we believe that such efforts are in accordance with the Basic Policies on Company Control.

III Efforts to prevent the Company's financial and business policies from being controlled by an inappropriate party according to the basic policy on company control

In accordance with the Basic Policy on Company Control described in I above, we consider that it is the efforts to prevent the Company's financial and business policies from being controlled by an inappropriate party according to the Basic Policy on Company Control that we establish certain reasonable rules that the Large-Scale Purchaser (as defined below) is requested to follow ("Large-Scale

Purchase Rules”) in the event of the implementation of any purchase of Share Certificates, Etc.³ of the Company by a Group of Shareholders¹ with the intent to hold twenty percent (20%) or more of the Voting Rights Ratio² of the Group of Shareholders or any purchase of Share Certificates, Etc. of the Company resulting in a Group of Shareholders holding twenty percent (20%) or more of the total voting rights of the Company (we do not make any distinction based on specific means of purchase, such as market transactions or tender offers; however, the purchases to which the Company’s board of directors has given prior consent, are not included. Such a purchase shall be hereinafter referred to as a “Large-Scale Purchase” and a person that conducts a Large-Scale Purchase shall be hereinafter referred to as a “Large-Scale Purchaser”), and that we constitute certain policies depending on whether or not the Large-Scale Purchaser observes the rules. We materialize those rules and policies as the policy toward Large-Scale Purchase of share Certificates, etc. of the Company (hereinafter referred to as the “Policy”) , and set forth them as follows.

Notes

1 A Group of Shareholders means:

- (i) a Holder (including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Law. The same shall apply hereinafter) and any Joint Holders (provided in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Law, including a person deemed as a Joint Holder pursuant to Paragraph 6 thereof. The same shall apply hereinafter) of Share Certificates, Etc. (provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law) of the Company; or
- (ii) a person who makes purchases, etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law, including any purchase, etc. made on a Financial Instruments Exchange Market) of the Share Certificates, Etc. (provided in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Law) and any Specially Related Parties (provided in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Law).

2 Voting Rights Ratio means:

- (i) in the case of Note 1(i) above, the Share Holding Ratio (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law; in this case, the number of Share Certificates, Etc. Held (the number of Share Certificates, Etc. Held as provided in the same Paragraph. The same shall apply hereinafter) of the Joint Holders in respect of the holder shall be added) of the holder of the Share Certificates, Etc. of the Company; or
- (ii) in the case of Note 1(ii) above, the amount of the sum of the Shareholding Ratio (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) of the Large-Scale Purchaser and its Specially Related Parties.

In calculating the Shareholding Ratio, the annual report, the quarterly report or the treasury stock purchase report of the Company, whichever document has been most recently submitted to the authorities, may be referred to in deciding the Total Number of Voting

Rights (provided in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Law) or Total Number of Issued Shares (provided in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Law).

- 3 Share Certificates, Etc mean Share Certificates, Etc. as provided in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Law.

1 Necessity of introducing the Policy

As described in I above, we believe that, in the event of a Large-Scale Purchase, the Large-Scale Purchaser should provide the board of directors of the Company with necessary and sufficient information regarding the Large-Scale Purchase in advance and should only be allowed to commence a Large-Scale Purchase after a certain assessment period for the board of directors of the Company elapses, in accordance with the Large-Scale Purchase Rules that the Company established and disclosed in advance, for the benefit of the decision making process of the shareholders.

After such information is provided, the board of directors of the Company will immediately start to consider the board of directors' opinion on the Large-Scale Purchase and shall subsequently form and disclose such opinion after careful consideration with advice from outside experts, etc. In addition, the board of directors may negotiate with the Large-Scale Purchaser in order to improve the proposal of the Large-Scale Purchaser or offer the shareholders alternative plans developed by the board of directors, if deemed necessary. Such process shall enable the shareholders of the Company to examine the proposal of the Large-Scale Purchaser and the alternative plans (in the case that any alternative plans are proposed) with reference to the opinion of the board of directors, and thus, the shareholders shall be given the opportunity to make the final decision as to whether or not to accept the proposal of the Large-Scale Purchaser.

When it comes to establishing such rules, the court has issued the following decision: "In the case where a hostile purchaser appears who intends to acquire control of the management, it is not an abuse of rights for the board of directors to require such hostile purchaser to propose a business plan and establish a period for assessment, to assess the business plan through discussion with the purchaser, to disclose the opinion of the board of directors, and to offer shareholders alternative plans, so long as the contents of the materials that are required to be submitted and the period for assessment are reasonable" so that establishing such rules was deemed to be legitimate. (Decision of the Tokyo District Court, July 29, 2005)

In addition, the board of directors established a certain policy to be applied depending on whether or not the Large-Scale Purchaser Rules are observed, and determined to establish the Policy as efforts in the case of a Large-Scale Purchase by an inappropriate party according to the Basic Policy on Company Control.

The Policy is in compliance with the three principles set forth in "Guidelines With Respect To Anti Takeover Policy For Securing And Enhancing Corporate Value and Common Interests Of Shareholders" made by Ministry of Economy, Trade and Industry and Ministry of Justice and dated May 27, 2005 and has been drafted in reference to "Role of Anti Takeover Policy Based On Recent Changes Of Environments" made by Corporate Value Study Group and dated June 30, 2008.

2 Establishment of Independent Committee

The Independent Committee is established as a body to ensure that the Policy is properly applied and to prevent arbitrary decisions by the board of directors. The Independent Committee shall have at least three members and in order to be able to judge fairly and neutrally, its members shall be elected from outside directors and outside company auditors of the Company or outside knowledgeable persons⁴ who are independent of the management team of the Company. The names and profiles of members of the Independent Committee are described in Appendix 1.

In the Policy, we set forth the objective requirements for the invocation of countermeasures, that we will not, in principle, take the countermeasures in the event the Large-Scale Purchaser observes the Large-Scale Purchase Rules (described in III 4(1) below) and that we may take the countermeasures in the event the Large-Scale Purchaser does not observe the Large-Scale Purchase Rules (described in III 4(2) below); however, in the event the board of directors makes a significant determination pertaining to the Policy, including an event in which we make an exceptional response described in III 4(1) below and an event in which we take the countermeasures described in III 4(2) below, the board of directors shall generally consult with the Independent Committee and respect the recommendations of the Independent Committee to the utmost extent.

Furthermore, where a vote of the Board is conducted in relation to an important decision relating to the Policy, the decision will not be resolved unless there is agreement by two-thirds or more of the Outside Directors attending the meeting.

Note 4 Outside knowledgeable persons are elected from corporate managers who have sufficient experience, persons who are familiar with the investment banking business, lawyers, certified public accountants, academic experts who specialize in the Corporation Law, etc. or persons who are equivalent to these personnel.

3 Details of the Large-Scale Purchase Rules

(1) Provision of Information

The Large-Scale Purchase Rules which we hereby establish require that (i) a Large-Scale Purchaser provide, in advance, necessary and sufficient information regarding the Large-Scale Purchase to the board of directors of the Company, and that (ii) the Large-Scale Purchaser commence the Large-Scale Purchase only after a certain assessment period for the board of directors of the Company.

More specifically, first, a Large-Scale Purchaser is required to submit to the Representative Director of the Company a “letter of intent” to comply with the Large-Scale Purchase Rules, which shall specify the name, address, law governing the incorporation, name of the representative, contact details in Japan of the Large-Scale Purchaser and an outline of the proposed Large-Scale Purchase, and in addition, a Large-Scale Purchaser is required to provide the board of directors of the Company with necessary and sufficient information (hereinafter referred to as the “Necessary Information”) to allow shareholders of the Company to make their decision and the board of directors of the Company to form its opinion.

Within ten (10) business days after receipt of such letter of intent, the board of directors of the Company will deliver to the Large-Scale Purchaser a list of the Necessary Information to be initially

provided by the Large-Scale Purchaser. If the information initially provided by the Large-Scale Purchaser is deemed less than as the Necessary Information as a result of the board of directors' examination, the board of directors of the Company will require the Large-Scale Purchaser to provide additional information until the Company has received all of the Necessary Information.

The board of directors of the Company may, as necessary, set the due date for responses of the Large-Scale Purchaser every time the board of directors requests the provision of information from the perspective of prompt administration of the Large-Scale Purchase Rules. In addition, the board of directors shall set a period equal to 60 days commencing on the date of dispatch of the list of the Necessary Information to be initially provided by the Large-Scale Purchaser as the upper limit of the period within which the board of directors of the Company shall request the Large-Scale Purchaser to provide information and the Large-Scale Purchaser shall respond (hereinafter referred to as the "Information Provision Request Period"). In the event that the Information Provision Request Period reaches the upper limit and expires, the board of directors shall terminate the correspondence with the Large-Scale Purchaser with respect to the provision of information at that time and immediately commence the Board Assessment Period, even where not all Necessary Information has been provided. However, if the Large-Scale Purchaser requests for an extension of the Information Provision Request Period for reasonable cause, the board may extend the Information Provision Request Period by up to 30 days as necessary. On the other hand, the board shall terminate the Information Provision Request Period and commence the Board Assessment Period immediately upon provision of all Necessary Information even before the expiration of the Information Provision Request Period.

Part of the general items of the Necessary Information is as set forth in (1) through (5) below. Details of the Necessary Information may differ according to the characteristics of the Large-Scale Purchaser and the purpose and details of the Large-Scale Purchase; however, in all cases, such Necessary Information shall be limited to within the necessary and sufficient scope for the judgment of the shareholders and the formation of opinion of the board of directors. In the case that the Large-Scale Purchaser is unable to provide part of the Necessary Information, the board will request the Large-Scale Purchaser to provide instead the specific reasons for the inability to provide such information. Such inability of the Large-Scale Purchaser to provide information and the reasons for such inability will be information subject to evaluation and analysis for the judgment of the shareholders and the formation of opinion of the board of directors of the Company.

- (1) An outline (including information relating to the substance of the business of the Large-Scale Purchaser, capital structure and experience in businesses similar to the Company's business or the Group's business) of the Large-Scale Purchaser and its group (including Joint Holders and Specially Related Parties);
- (2) The purpose and substance of the Large-Scale Purchase (including amounts/type of the consideration of the purchase, etc., timing of the purchase, etc., structure of related transactions, and legality of the means of purchase, etc., feasibility of purchase, etc. and related transactions);
- (3) The basis for the calculation of the value of the Company's shares and financial resources backing the purchase (including specific names of the financial backers (including substantial backers), financing methods, and substance of related transactions);

- (4) The candidates for the management team (including information regarding experience at businesses similar to business of the Company and the Group), basic management policy, business plan, capital policy, distribution policy, policy of utilization of assets, etc. (hereinafter referred to as the “Management Basic Policy after Purchase”) expected after the Large-Scale Purchaser participates in the management of the Company’s business and the Group’s business; and
- (5) The possibility and basic substance of any change of the Company’s and the Group’s relationship with stakeholders, such as business partners, customers, employees, etc., as planned after the completion of the Large-Scale Purchase.

In addition to the cases of disclosure required in accordance with laws and regulations and the rules of financial instruments exchanges, we will disclose at the time the board of directors of the Company deems appropriate all or part of the fact that a Large-Scale Purchase was proposed and the Necessary Information provided to the board of directors of the Company, if such disclosure is considered necessary for the shareholders of the Company to make their decisions.

(2) Assessment period for the board of directors

Subsequent to the expiration or termination of the Information Provision Request Period, the board of directors of the Company shall set a period equal to or less than 60 days which is necessary for the board of directors to assess, examine, negotiate, form an opinion and seek alternative plans (hereinafter referred to as the “Board Assessment Period”). The board of directors sets the specific period in consideration of the level of difficulty in making an assessment of the Large-Scale Purchase, including an assessment of the purpose of the purchase, the kind of consideration, the means of the purchase, etc., and the board of directors can extend the period to a maximum of 90 days (including the initial set period), upon consultation with the Independent Committee and giving the utmost respect to the recommendations of the Independent Committee. The Large-Scale Purchase may only be commenced after the Board Assessment Period has elapsed. Moreover, in the event the Necessary Information is completely provided, the board of directors of the Company shall promptly disclose such fact and the expiration date of the Board Assessment Period. In addition, in the event the board of directors extends the Board Assessment Period after receiving the recommendation of the Independent Committee, it promptly discloses the extended period and the reasons for the extension.

The board of directors of the Company shall thoroughly assess and examine the Necessary Information it receives, in consultation with the Independent Committee, with advice from outside experts during the Board Assessment Period as needed and giving the utmost respect to the recommendation of the Independent Committee, and shall form and disclose its opinion. In addition, the board of directors may negotiate with the Large-Scale Purchaser in order to improve the terms of the proposed Large-Scale Purchase or may offer alternative plans to shareholders of the Company, as necessary.

4 Policy toward Large-Scale Purchases

(1) In the event a Large-Scale Purchaser observes the Large-Scale Purchase Rules

If a Large-Scale Purchaser observes the Large-Scale Purchase Rules, the board of directors of the

Company, even if it disagrees with the proposed Large-Scale Purchase, will not in principle take countermeasures against the Large-Scale Purchase, while it may attempt to persuade the shareholders of the Company by expressing an objection to the proposal of the Large-Scale Purchase or by offering alternative plans. The board of directors believes that the shareholders of the Company should make their own decision as to whether or not they accept the proposal of the Large-Scale Purchaser upon consideration of such proposal and the opinion on such proposal and alternative plans provided by the Company.

However, in the event that it is considered that the Large-Scale Purchase will clearly and seriously damage the common interests of the Company's shareholders, including the case where, for example, it is intended that the Large-Scale Purchase entails any of the acts set forth in (1) through (5) below and such act will likely cause irreparable damage to the Company or will in fact likely coerce shareholders to sell their shares, the board of directors of the Company may take any measures considered to be appropriate, as exceptional measures, in order to protect the interests of the Company's shareholders.

- (1) act of purchasing a substantial portion of shares and demanding the company to repurchase such shares at a high price;
- (2) acts such as temporarily controlling the company and managing it to realize a profit for the purchaser at the sacrifice of the company, including the acquisition of important assets, etc. of the company at a low price;
- (3) act of using the assets of the company as security or the source of repayment of the debt of the purchaser or its group companies, etc.;
- (4) act of temporarily controlling the management of the company and to have the company dispose of its valuable assets, etc., which have no immediate relationship with the businesses of the company, and to have the company temporarily pay large dividends against the profits gained from such disposition, or sell the shares at a higher price, taking the opportunity to rapidly increase the share price influenced by the temporarily large payment of dividends; or
- (5) act of purchasing shares, including takeover bids, etc., without soliciting the purchase of all shares at the initial purchase and with terms and conditions for second purchase that are less favorable or that are unclear.

Even in the case where the Large-Scale Purchaser intends with respect to such Large-Scale Purchase to use the assets of the company as security for the purchaser's debt or to dispose of idle assets of the company and have the company pay large dividends against the profits of such disposition, the above-mentioned exceptional measures shall be taken only in the event that such Large-Scale Purchase is determined as clearly and seriously damaging the common interests of the shareholders, and shall not be taken solely for reasons that the intention of the Large-Scale Purchaser falls within the actions set forth above or negatively affects the interests of stakeholders other than the shareholders.

In addition, in order to secure the objectiveness and reasonableness of the decisions made in the event that the exceptional measures described above are taken, the board of directors of the Company shall assess the specific details of the Large-Scale Purchaser and the Large-Scale Purchase and the influence

of the Large-Scale Purchase on the common interests of the Company's shareholders by taking into account the Necessary Information, including the Management Basic Policy after Purchase, provided by the Large-Scale Purchaser, and obtaining the advice of outside experts, etc., as necessary, and give utmost respect to the recommendations of the Independent Committee, before making judgment.

(2) In the event a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, regardless of the specific method of purchase, the board of directors of the Company may take countermeasures against the Large-Scale Purchase to protect the common interests of the Company's shareholders. Countermeasures include the issuance of stock acquisition rights or any other measures that the board of directors is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company. When determining whether or not the Large-Scale Purchaser has complied with the Large-Scale Purchase Rules, the board shall sufficiently consider to a reasonable extent various facts on the side of the Large-Scale Purchaser, including the facts that the Large-Scale Purchaser may not necessarily have detailed information with respect to the Company or that there are items with respect to which the Large-Scale Purchaser is not expected to disclose voluntarily due to its takeover strategy (for example, specific figures of profits after acquisition, etc.), and at least shall not determine that the Large Scale Purchaser has not complied with the Large-Scale Purchase Rules solely for the reason that part of the Necessary Information that has been requested by the board of directors of the Company has not been provided by the Large-Scale Purchaser. The board of directors of the Company shall decide whether or not a Large-Scale Purchaser observes the Large-Scale Purchase Rules and whether it is appropriate to take countermeasures by taking into account the opinions of outside experts, etc. and by giving the utmost respect to the recommendations of the Independent Committee.

The board of directors will select the specific countermeasures that it deems most appropriate at that time and adopt such countermeasures after receiving the recommendations of the Independent Committee. Depending on the content of the countermeasures selected, the board may request resolutions of the general meeting of shareholders in accordance with the laws and regulations or provisions of the Articles of Incorporation, or approval by the shareholders present at the general meeting of shareholders based on the recommendations of the Independent Committee.

In the event the board of directors elects to issue stock acquisition rights as a specific countermeasure, the outline of such stock acquisition rights shall be as described in Appendix 2 attached hereto; however, if the board of directors actually elects to issue stock acquisition rights as a countermeasure, it may determine the exercise period and the conditions for exercise, acquisition terms and acquisition conditions etc., of the stock acquisition rights considering the effectiveness thereof as a countermeasure, including, for instance, the condition not to belong to a specific Group of Shareholders with a 20% or more Voting Rights Ratio.

(3) Cessation, etc. of taking countermeasures

When the board of directors, after having decided to take the exceptional measures described in III 4(1) above or the countermeasures described in III 4(2) above, judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by the Large-Scale Purchaser of the Large-Scale Purchase, it may cease to take or change countermeasures upon giving the utmost respect

to the recommendations of the Independent Committee.

For example, when the board of directors judges that it is no longer appropriate to take countermeasures in such an event as the withdrawal or change by a Large-Scale Purchaser of the Large-Scale Purchase in the case of the gratuitous allotment of stock acquisition rights, even after shareholders who are entitled to receive stock acquisition rights have been determined, the board of directors may cease the countermeasures, as follows:

- (1) Until the effective date of the stock acquisition rights, the board of directors may cease the gratuitous allotment of stock acquisition rights upon the recommendation of the Independent Committee; or
- (2) After the gratuitous allotment of stock acquisition rights and until the exercise period begins, the board of directors may acquire stock acquisition rights gratuitously upon the recommendation of the Independent Committee.

In the event of such cessation of countermeasures, the board of directors shall disclose the information that the Independent Committee believes necessary.

5 Influence, etc. on Shareholders and Investors

(1) Influence, etc. of the Large-Scale Purchase Rules on Shareholders and Investors

The purpose of the Large-Scale Purchase Rules is to provide the shareholders of the Company with the information necessary for them to determine whether or not to accept a Large-Scale Purchase in addition to the opinion of the board of directors of the Company that is actually in charge of the Company's management, and to ensure that the shareholders of the Company have opportunities to receive any alternative plans. The board of directors believes that under the Large-Scale Purchase Rules, the shareholders of the Company, with sufficient information, will be able to make appropriate decisions as to whether or not to accept the Large-Scale Purchase, whereby the common interests of the Company's shareholders shall be protected. Accordingly, the board of directors believes that the establishment of the Large-Scale Purchase Rules is a prerequisite for appropriate investment decisions of the shareholders of the Company and investors and is for the interest of the shareholders of the Company and investors.

The board of directors hereby advises the shareholders of the Company and investors to observe carefully any actions by a Large-Scale Purchaser, because the policy of the Company will differ depending on whether or not a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, as described in III 4 above.

(2) Influence, etc. of Countermeasures on Shareholders and Investors

If a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the board of directors of the Company may take countermeasures, which the board of directors is permitted to take under the Corporation Law or other laws and the Articles of Incorporation of the Company, to protect the common interests of the Company's shareholders. However, given the structure of the countermeasures, the board of directors does not expect that taking such countermeasures will cause any legal or economic damage or loss to the shareholders of the Company (excluding a Large-Scale

Purchaser who does not observe the Large-Scale Purchase Rules or implements a Large-Scale Purchase which is considered to clearly and seriously damage the common interests of the Company's shareholders). When the board of directors elects to take any specific countermeasure, the board of directors will make an appropriate disclosure in a timely manner in accordance with the relevant laws, regulations and stock exchange regulations.

The procedures related to the shareholders of the Company in respect of the issuance of stock acquisition rights, as one of the possible countermeasures, are as follows.

With respect to the issuance of stock acquisition rights, it may be necessary for the shareholders to make a payment of certain amount of money within a specific period in order to acquire new shares upon exercising his/her stock acquisition rights. When the board of directors decides to acquire stock acquisition rights, it may issue new stock to shareholders without paying the amount equivalent to the exercise price, in exchange for the acquisition of the stock acquisition rights. Details of these procedures will be informed in accordance with the laws and regulations in the event of actual issuance of stock acquisition rights. However, in order for shareholders to acquire the stock acquisition rights, the shareholders need to be recorded in the register of shareholders as of the end of the date of the allotment of the stock acquisition rights to be separately decided upon and publicly announced by the board of directors of the Company.

In addition, in the event the board of directors of the Company ceases to issue stock acquisition rights or acquire issued stock acquisition rights gratuitously, upon the recommendation of the Independent Committee, the share value shall not be diluted, so that shareholders and investors, who purchased or sold shares after the date of the expiration of the gratuitous allotment of stock acquisition rights on the assumption that the stock value of the Company would be diluted do not suffer unexpected losses because of movements in share price.

6 Starting date of application, period of validity, and expiration and repeal of the Policy

The Policy will become effective upon the approval thereof at the General Meeting; provided it is approved, the Policy will remain effective until the close of the Company's 86th ordinary general meeting of shareholders to be held on or before March 31, 2010. However, if the Policy is approved to be continued at the 86th ordinary general meeting of shareholders the period of validity of the Policy will be extended for another one year and the same shall apply thereafter. On the other hand, if the continuation of the Policy is not approved at that ordinary general meeting of shareholders, or if the board of directors of the Company does not submit an agenda requesting approval for the continuation of the Policy to that ordinary general meeting of shareholders, the Policy will expire as of the end of the aforementioned period of validity. If the continuation of the Policy is approved or if the Policy is determined to expire, the board of directors shall promptly give notice of such fact.

In addition, from the viewpoint of the improvement of corporate value and, ultimately, the protection of the common interests of the shareholders, in the event the Policy is decided to be continued, the board of directors will review the Policy from time to time from the viewpoint of improvement of related laws and regulations and the listing system of the Tokyo Stock Exchange and the Sapporo Stock Exchange, and may change or repeal the Policy upon the approval of the Company's general meeting of shareholders. In such case, the board of directors will promptly disclose the content of such change or repeal.

As the period of validity of the Policy is approximately one year up to the close of the Company's 86th ordinary general meeting of shareholders, the Policy will not be extended but expire unless the board submits to that ordinary general meeting of shareholders an agenda requesting approval for the continuation of the Policy. The board may also repeal the Policy before the expiration of the period of validity by obtaining the approval of the Company's general meeting of shareholders. Moreover, the board of directors may exempt the application of the Policy to a specific purchase of shares, etc. of the Company in accordance with the Policy by consenting in advance to the purchase. Therefore, the Policy is not a dead-hand takeover defense measure (a takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the term of office of the Company's directors is one year and the Company has not adopted a staggered board, the Policy is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the directors cannot be replaced all at once).

7 Supplementary Provision

On the condition that shareholders approve at the General Meeting, we will continue to apply the Current Policy in relation to the response to any Large-Scale Purchase based on a "letter of intent" that we receive on or before the end of the General Meeting and, in addition, in relation to the response to the Large-Scale Purchase based on the "letter of intent" that we received on or before the end of the Company's 83rd ordinary general meeting of shareholders held on March 29, 2007, we will continue to apply the Old Policy.

IV The Policy will comply with the basic policy on company control, so as not to damage the common interests of shareholders and not to pursue the maintenance of the status of directors and reasons therefor

(1) The Policy will comply with the Basic Policy on Company Control

The Policy sets forth matters such as the substance of the Large-Scale Purchase Rules, the policy toward a Large-Scale Purchase, the establishment of the Independent Committee, and the influence on shareholders and investors.

In the Policy, it is stipulated that a Large-Scale Purchaser is required to provide the board of directors of the Company with all necessary and sufficient information concerning the Large-Scale Purchase in advance and that it may commence the Large-Scale Purchase only after a certain assessment period for the board of directors of the Company has elapsed, and that the board of directors of the Company may take countermeasures against any Large-Scale Purchaser who does not observe these rules.

In addition, it is stipulated that, even if the Large-Scale Purchaser observes the Large-Scale Purchase Rules, in the event that the board of directors of the Company judges that the Large-Scale Purchase by the Large-Scale Purchaser will seriously damage the common interests of the Company's shareholders, the board of directors of the Company may take countermeasures against the Large-Scale Purchaser that are considered necessary in order to protect the common interests of the Company's shareholders.

As set forth above, the Policy is consistent with the Basic Policy on Company Control.

(2) The Policy will not damage the common interests of shareholders of the Company

As described in I, the Basic Policy on Company Control is based on the assumption that the common interests of shareholders of the Company should be respected. The Policy is consistent with the Basic Policy on Company Control and intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, the opinion of the board of directors of the Company and the opportunity to receive alternative plans. Because the shareholders of the Company and investors can make proper investment judgments through the Policy, it does not damage the common interests of the shareholders of the Company, but rather contributes to their interests.

In addition, we believe that the facts that the implementation and continuation of the Policy depend on the approval of shareholders of the Company and that the shareholders can repeal the Policy if they so desire ensure that the Policy will not damage the common interests of shareholders of the Company.

(3) The Policy will not pursue the maintenance of the status of directors

The Policy has a broad principle that leaves the final decision whether or not a Large-Scale Purchase shall be accepted to the judgment of the shareholders, requires compliance with the Large-Scale Purchase Rules and allows countermeasures to the extent necessary to protect the common interests of the Company's shareholders. The Policy discloses the condition that the board of the directors of the Company may take countermeasures in advance and in detail, and countermeasures by the board of directors of the Company may be taken in accordance with the provisions of the Policy. The board of directors of the Company cannot solely implement and continue the Policy, and the approval of shareholders of the Company is necessary.

In addition, in the event that, in relation to a Large-Scale Purchase, the board of directors of the Company assesses and reviews the purchase, forms opinions, suggests alternative plans, negotiates with the Large-Scale Purchaser, or takes countermeasures, the board requests advice from outside experts, etc., as necessary, and consults with the Independent Committee consisting of members who are independent of the management team operating businesses of the Company and gives utmost respect to the recommendation of the Independent Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the board of directors of the Company are ensured.

As described above, we believe that it is clear that the Policy does not pursue the maintenance of the status of directors.

End of document

Name and personal history of the members of Independent Committee**Shunko Muto**

Mar. 1929 Born
 Apr. 1953 Assistant judge, the Yokohama District Court
 Apr. 1963 Judge, the Tokyo District Court
 Apr. 1966 Instructor, the Legal Training and Research Institute
 Apr. 1982 Judge, the Tokyo High Court
 Apr. 1984 President, the Niigata District Court
 May 1991 President, the Hiroshima High Court
 Sep. 1992 Registered as lawyer (Daiichi Tokyo Bar Association)
 Oct. 1992 Professor, Faculty of Law, Teikyo University (Professor Emeritus since Mar. 2003)

Hiroshi Oura

Feb. 1934 Born
 Apr. 1956 Joined Fuji Tsushinki Manufacturing Corporation (now Fujitsu Limited)
 Jul. 1978 Chief of General Planning Office, Fuji Tsushinki Manufacturing Corporation
 Jun. 1985 Director, Fuji Tsushinki Manufacturing Corporation
 Jun. 1988 Executive Director, Fuji Tsushinki Manufacturing Corporation
 Jun. 1989 Representative Director, President and CEO, Advantest Corporation
 Jun. 2001 Representative Director and Chairman of the Board, Advantest Corporation
 Jun. 2003 Director, Fujitsu Limited (up to the present)
 Jun. 2005 Director and Senior Executive Advisor, Advantest Corporation
 Jun. 2007 Senior Executive Advisor, Advantest Corporation (up to the present)

Iwao Nakatani

Jan. 1942 Born
 Apr. 1965 Joined Nissan Motor Co., Ltd.
 Jul. 1973 Lecturer and Researcher, The Graduate School of Arts and Sciences, Harvard University
 Jul. 1974 Associate Professor, Faculty of Economics, Osaka University
 Apr. 1984 Professor, Faculty of Economics, Osaka University
 Oct. 1991 Professor, Faculty of Commerce and Management, Hitotsubashi University
 Oct. 1999 Professor, Department of Management and Information Sciences, Tama University
 Apr. 2000 Chairman, Sanwa Research Institute Corporation (now Mitsubishi UFJ Research and Consulting Co., Ltd.) (up to the present)
 Sep. 2001 President, Tama University (President-Emeritus, as from April 2008)
 Apr. 2005 Professor Emeritus, Hitotsubashi University (up to the present)

End of document

Outline of Stock Acquisition Rights**1. Shareholders who are entitled to receive stock acquisition rights and conditions of issuance thereof:**

One (1) stock acquisition right shall be allotted to a shareholder for each share of common stock of the Company held by such shareholder (excluding the Company's common stocks held by the Company), whose name is recorded in the register of shareholders as of the end of the date of allotment to be specified by the board of directors of the Company.

2. Type and number of shares to be acquired upon exercise of the stock acquisition right:

The type of shares to be acquired upon exercise of the stock acquisition right shall be common stock of the Company, and the total number of such shares shall be up to 580,000,000. The number of shares to be acquired upon exercise of one (1) stock acquisition right shall be separately determined by the board of directors of the Company; provided, however, that such number shall be adjusted to the extent necessary if the Company performs a stock split or a stock consolidation.

3. Total number of stock acquisition rights to be issued:

The total number of stock acquisition rights to be allotted shall be separately determined by the board of directors of the Company. The board of directors of the Company may allot stock acquisition rights in installments.

4. Issuance price of stock acquisition rights:

The issuance price of the stock acquisition right is nil.

5. Amount to be paid upon exercise of stock acquisition rights:

The amount to be paid upon exercise of a stock acquisition right shall be an amount to be determined by the board of directors of the Company which shall be at least one (1) Japanese yen.

6. Restriction on transfer of stock acquisition rights:

Stock acquisition rights may not be transferred without the approval of the board of directors of the Company.

7. Conditions of exercise, terms of acquisition and conditions of acquisition of stock acquisition rights:

Certain conditions of exercise shall be provided, including a condition that a person belonging to a Group of Shareholders that holds at least 20% of the Voting Rights Ratio may not exercise stock acquisition rights. Details of the conditions shall be separately determined by the board of directors of the Company.

In addition, there could be terms of acquisition and conditions of acquisition established. As between certain shareholder groups holding at least 20% of the Voting Rights Ratio and other shareholders, there could be differences in treatment relating to the price of the acquisition or other terms, and the stock acquisition rights held by people belonging to a certain group of shareholders

holding at least 20% of the Voting Right Ratio will not be within the class that can acquire. In the case of acquisition of the stock acquisition rights held by people belonging to a certain group of shareholders holding at least 20% of the Voting Right Ratio, the Company shall not pay cash as consideration of such stock acquisition rights. Further details will be decided separately by the Board.

8. Exercise period, etc. of stock acquisition rights:

The exercise period, extinguishment grounds, extinguishment conditions and other necessary subject matter of the stock acquisition rights shall be separately determined by the board of directors of the Company.

End of document

The major shareholders of the Company

The major shareholders of the Company as of December 31, 2008 were as below.

Name of Shareholder	Shareholder Investment in the Company	
	Number of Shares Held (thousands of shares)	Percentage of Shares Held
Steel Partners Japan Strategic Fund (Offshore), L.P.	69,150	17.6
Nippon Life Insurance Company	12,332	3.1
Japan Trustee Services Bank, Ltd. (on trust 4G)	12,093	3.1
Meiji Yasuda Life Insurance Company	10,434	2.7
Mizuho Trust & Banking Co., Ltd.	10,162	2.6
Citibank New York Third Avenue Small Cap Value Fund	10,148	2.6
Japan Trustee Services Bank, Ltd. (on trust)	10,112	2.6
The Norinchukin Bank	9,375	2.4
The Master Trust Bank of Japan, Ltd. (on trust)	9,188	2.3
Mizuho Corporate Bank, Ltd.	8,698	2.2
TOTAL	161,692	41.3

Note

1 The total number of the issued and outstanding shares of the Company is 393,971,493. The Percentage of Shares Held is calculated after deducting the Shares held by the Company as treasury stock (2,045,360 shares).

2 Other than the shares described above, Mizuho Trust & Banking Co., Ltd. has 6,212,000 shares in the account of Mizuho Trust & Banking Co., Ltd of the employee pension trust of Trust and Custody Service Bank, Ltd. and has 16,374,000 shares in total (the Percentage of Shares Held is 4.2%).

3 Other than the shares described above, Mizuho Corporate Bank, Ltd. has 4,702,000 shares in the account of Mizuho Corporate Bank of the employee pension trust of Mizuho Trust & Banking Co., Ltd. and has 13,400,000 shares in total (the Percentage of Shares Held is 3.4%).

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