

Ticker symbol 8830

June 5, 2013

Sumitomo Realty & Development Co.,Ltd.

2-4-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Kenichi Onodera

Representative Director and President

To Our Shareholders:

**NOTICE OF CONVOCATION OF THE
80th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are hereby notified that the 80th Ordinary General Meeting of Shareholders will be held as stated below. Your attendance is respectfully requested.

In the event that you are unable to attend, you can exercise your voting rights with the appropriate form. You are requested to review the attached reference documents and indicate your approval or disapproval on the enclosed Form for the Exercise of Voting Rights and return it to the Company by 5:40 p.m. of Wednesday, June 26, 2013.

Particulars

1. Date and Time: 10:00 a.m. on Thursday, June 27, 2013

2. Place: Sumitomo Hall, Shinjuku Sumitomo Building B1
2-6-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo

3. Purpose of the Meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Report for Consolidated Financial Statements by Accounting Auditor and the Board of Corporate Auditors for the 80th fiscal year (from April 1, 2012 to March 31, 2013)
2. Financial Statements for the 80th fiscal year (from April 1, 2012 to March 31, 2013)

Matters to be resolved:

Agenda 1. Appropriation of Retained Earnings

Agenda 2. Election of 10 Directors of the Company

Agenda 3. Election of 3 Corporate Auditors

Agenda 4. Renewal of Policy on Large-Scale Purchase of Shares of the Company (Takeover Defense Measure)

If attending the meeting in person, you are kindly requested to submit the enclosed Form for the Exercise of Voting Rights to a receptionist.

Any modification on this notice of the 80th ordinary general meeting of shareholders and/or accompanying reference documents for this ordinary general meeting will be notified by mail or posted on the Company website.

(<http://www.sumitomo-rd.co.jp/>).

REFERENCE DOCUMENTS
FOR GENERAL MEETING OF SHAREHOLDERS

Agenda and References

Agenda 1. Appropriation of Retained Earnings

The company's basic policy of profit distribution ensures continuance of stable dividends first and the repletion of retained earnings required for the long-term and stable growth of business.

For this fiscal year, taking results of this fiscal year and the policy stated above into consideration synthetically, we would like to propose that the year-end cash dividends for the 80th fiscal year be 10 yen per share, which is equal to the amount of those paid in the previous fiscal year.

Accordingly, as with the previous fiscal year, the total dividends for this fiscal year, including the interim dividends of 10 yen per share, will be 20 yen per share.

Matters concerning year-end dividends

(1) Type of dividends

Cash

(2) Matters concerning allocation of dividends to shareholders and the aggregate amount

Dividends of 10 yen per share of common stock of the Company

The aggregate amount: 4,741,033,340 yen

(3) The effective date of the appropriation of retained earnings

June 28, 2013

Agenda 2. Election of 10 Directors of the Company

The term of office of all 9 directors will expire upon the conclusion of this shareholders' meeting. We ask you to approve to add a director to reinforce the management system and to make it massive, and vote for the appointment of 10 directors.

Candidates for Directors of the Company:

Candidate number	Name (Date of Birth)	Career summaries, positions, charge at the Company and important concurrent offices with other companies	Number of company shares held
1	Junji Takashima (April 11, 1930)	<p>April 1954 Entered Sumitomo Coal Mining Co., Ltd.</p> <p>September 1971 Entered the Company</p> <p>June 1979 Director</p> <p>June 1983 Managing Director</p> <p>June 1985 Senior Managing Director</p> <p>June 1986 Representative Director (present)</p> <p>June 1991 Executive Vice President</p> <p>June 1994 President</p> <p>June 2007 Chairman (present)</p>	23,234
2	Kenichi Onodera (February 4, 1947)	<p>April 1970 Entered the Company</p> <p>August 1991 General Manager of Master Leasing Department, Building Development Division</p> <p>June 1995 General Manager of Building Development Department, Building Development Division</p> <p>June 1998 Director</p> <p>June 2001 Managing Director</p> <p>April 2004 Director, Senior Executive Officer, Head of Urban Property</p>	20,000

		May 2005	Management Division Head of Urban Property Development Division	
		June 2005	Representative Director (present)	
		June 2007	President (present)	
3	Kojun Nishima (March 6, 1961)	April 1984	Entered the Company	5,000
		April 2000	General Manager of Administration & Accounting Department, Building Development Division	
		April 2004	Executive Officer, General Manager of Urban Property Development Department, Urban Property Development Division	
		April 2007	Managing Executive Officer, Deputy Head of Urban Property Development Division	
		April 2009	Head of Residential Business Division	
		June 2009	Director	
		September 2009	Head of Building Development Division	
		June 2010	Representative Director (present)	
		October 2012	Head of Assets Development Division	
4	Nobuaki Takemura (February	April 1981	Entered the Company	15,000
		April 2000	General Manager of Administration &	

	13, 1959)	<p>Accounting Department, Residential Business Division</p> <p>June 2000 General Manager of Accounting Department, Finance & Accounting Division</p> <p>April 2004 Executive Officer</p> <p>April 2007 Managing Executive Officer, Deputy Head of Planning & Financing Division</p> <p>April 2008 General Manager of Management Planning Department</p> <p>June 2008 Director</p> <p>October 2008 Head of Finance Division</p> <p>June 2010 Representative Director (present)</p> <p>October 2012 Head of Business Management Division</p>	
5	Masato Kobayashi (June 14, 1960)	<p>April 1983 Entered the Company</p> <p>April 2000 General Manager of Planning & Research Department, Building Development Division</p> <p>April 2004 Executive Officer, General Manager of Tokyo Site Acquisition Department, Urban Property Development Division</p> <p>April 2007 Managing Executive Officer, Deputy Head of Urban Property Development Division</p>	8,000

		<p>April 2009 Head of Site Acquisition Division</p> <p>June 2009 Director</p> <p>June 2010 Representative Director (present)</p> <p>August 2010 Head of Residential Business Division</p>	
6	Yoshinobu Sakamoto (November 4, 1958)	<p>April 1981 Entered the Company</p> <p>August 2000 General Manager of Administration and Planning Department, Housing Business Division No.2</p> <p>April 2004 Executive Officer, Deputy Head of Housing Business Division</p> <p>April 2007 Managing Executive Officer</p> <p>April 2009 Head of Information System Division</p> <p>June 2011 Director (present)</p> <p>October 2012 General Manager of Information System Department (present)</p>	8,000
7	Yoshiyuki Odai (June 9, 1961)	<p>April 1985 Entered the Company</p> <p>September 2004 General Manager of Corporate Planning Department, Corporate Planning Division</p> <p>April 2005 Executive Officer</p> <p>November 2008 Deputy Head of Finance Division</p> <p>April 2010 Head of Residential Business Division</p> <p>November 2010 Head of Corporate Planning Division</p>	9,000

		June 2011 November 2011 October 2012	Director (present) Head of Financial Division General Manager of Financial Department (present)	
8	Hiroshi Kato (August 1, 1961)	April 1984 April 2000 April 2007 April 2010 August 2010 April 2012 April 2103	Entered the Company General Manager of Related Businesses Department, Building Development Division Executive Officer, General Manager of Site Acquisition Department, Urban Property Development Division Deputy Head of Site Acquisition Division Deputy Head of Building Development Division Managing Executive Officer, Head of New Business Development Division Head of Assets Development Division (present)	4,000
9	Koji Ito (December 13, 1959)	April 1984 April 2000 April 2004	Entered the Company General Manager of Jyosai Operation Department, Building Management Division Executive Officer, General Manager of Development and Planning Department,	14,568

		<p>Urban Property Development Division</p> <p>April 2009 Managing Executive Officer, Head of Construction Technology Division</p> <p>April 2010 Head of Customer Division</p> <p>October 2012 Head of Business Development Division</p> <p>April 2013 Head of Residential Business Division (present)</p>	
10	Toshikazu Tanaka (April 8, 1960)	<p>April 1983 Entered the Company</p> <p>April 2000 General Manager of Central Operation Department, Building Development Division</p> <p>April 2004 Executive Officer, Deputy Head of Housing Business Division</p> <p>April 2007 Managing Executive Officer</p> <p>October 2008 Head of General Affairs Division</p> <p>April 2010 Head of Related Businesses Division</p> <p>September 2011 Head of Remodeling Business Division</p> <p>December 2012 Special Advisor of Sumitomo Real Estate Sales Co., Ltd. (present)</p>	10,000

Note: There is no conflict of interest between each candidate and the Company.

Agenda 3. Election of 3 Corporate Auditors

The term of office of corporate auditors Ryoichi Nomura, Hiroshi Tomoyasu and Tadashi Kitamura will expire upon the conclusion of this shareholders' meeting. We ask you to vote for the appointment of 3 corporate auditors. The board of corporate auditors has consented to this agenda.

Candidates for Corporate Auditors:

Candidate number	Name (Date of Birth)	Career summaries, positions at the Company and important concurrent offices with other companies	Number of company shares held
1	Shoichi Abbe (September 20, 1940)	<p>April 1963 Entered The Sumitomo Warehouse Co., Ltd.</p> <p>June 1994 Director</p> <p>June 1997 Representative Director, Managing Director</p> <p>June 2000 Representative Director - President (present)</p> <p>June 2010 President - Executive Officer (holding two posts concurrently) (present)</p> <p>(Important Concurrent)</p> <p>Representative Director - President of SS, President - Operating Officer of SS</p>	0
2	Hiroshi Tomoyasu (March 19, 1940)	<p>April 1962 Entered Besshi Construction Co., Ltd (currently Sumitomo Mitsui Construction Co., Ltd.)</p> <p>June 1994 Director</p> <p>June 1997 Managing Director</p> <p>June 1999 Senior Managing Director</p> <p>June 2001 Vice-President - Representative Director, Vice-President - Executive Officer</p>	1,000

		October 2003	President - Representative Director, President - Operating Officer	
		June 2005	Advisor	
		June 2009	Designated Friend (present)	
3	Tadashi Kitamura (May 25, 1943)	April 1971	Entered the Company	20,000
		April 1996	General Manager of Building Engineering Department, Building Development Division	
		October 1998	Deputy Head of Construction & Engineering Division, Deputy Head of Building Development Division	
		June 1999	President of Sumitomo Fudosan Fitness Co., Ltd.	
		April 2000	General Manager of Building Engineering Department, Construction & Engineering Division of the Company	
		November 2001	General Manager of Product Planning Administration Department, Engineering Development Division	
		June 2002	Fulltime Statutory Auditor (present)	

Notes: (1) There are business relations (realty rental transactions etc.) between The Sumitomo Warehouse Co., Ltd., of which Mr. Shoichi Abbe is Representative Director – President and the Company.

(2) There is no special conflict of interest between Mr. Hiroshi Tomoyasu, Mr. Tadashi Kitamura and the Company

(3) Mr. Shoichi Abbe and Mr. Tadashi Kitamura are candidates for outside corporate auditors.

(4) You are kindly requested to elect Mr. Shoichi Abbe and Mr. Tadashi Tomoyasu, based on the judgment that they are appropriate as outside corporate auditors of the Company since they have rich experience and

wide discernment as managers.

(5) The term of office of Mr. Hiroshi Tomoyasu as a corporate auditor of the Company will reach 4 years upon the conclusion of this shareholders' meeting.

(6) The Company has entered into with Mr. Hiroshi Tomoyasu a liability limitation agreement in accordance with the applicable laws and regulations and the articles of incorporation. Under the agreement, Mr. Tomoyasu's liability is limited to the minimum limit of liability stipulated by law. In case Mr. Tomoyasu's reelection is approved, the said agreement with him will be maintained. Further, in case Mr. Abbe's election is approved, the Company will enter into with him the same agreement as the said.

Agenda 4. Renewal of the Policy on Large-Scale Purchase of Shares of the Company (Takeover Defense Measures)

The Company adopted a policy toward Large-Scale Purchase of the Company shares based on the decision of the meeting of its Board of Directors dated May 17, 2007. The policy was continued based on the resolution of the shareholders' meeting of the 74th fiscal year dated June 28, 2007, and was renewed with partial modifications based on the resolution of the shareholders' meeting of the 77th fiscal year dated June 29, 2010 (the policy toward purchase after the renewal shall be hereinafter referred to as the "Current Policy"). However, the term of the Current Policy will expire upon the conclusion of this shareholders' meeting.

Even after the renewal of the Current Policy, the Company has been continuously considering over the way the policy towards purchases of the Company should be, as part of the measures related to the increase of the corporate value and of the common interests of shareholders. With the resolution of the meeting of the Board of Directors dated May 14, 2013, it was decided to renew the Current Policy, subject to the approval of this shareholders' meeting (the "Renewal". The policy after the renewal shall be hereinafter referred to as the "Policy").

Therefore, we would like to kindly ask you to approve the Renewal.

The Policy does not contain any substantive modifications compared to the content of the Current Policy.

1. Objective of the Proposal

The four business segments of Sumitomo Fudosan Group (the "Group") are rental of real property mainly consisting of office buildings in the center of Tokyo, sales of real property by developing lotting-out mansion businesses in the main cities of the whole of Japan and mainly in Greater Tokyo Metropolitan area, housing construction business where we perform services as general contractors of "Shinchiku Sokkurisan" (Newly Built Look-Alike), of houses built to order and of reforms etc., and brokerage where we perform services of real property brokerage and of selling agency. Rental and sales are classified as being "development businesses based on market anticipation" as they require high anticipatory investments since they are based on the existence of land, and tenants and purchasers are collected after commercialization. Housing construction and brokerage are classified as being "production to order businesses" as they require no anticipatory investments, but human resources requirements are substantial high, and

these businesses are based on the existence of clients. The reason why the Group has managed to improve its performance is that these main business segments with different characteristics have mutually complemented, and balanced growth has thus been achieved. It can be said that unified administration of the Group has been in fact a substantial factor of the increase in corporate value.

As mentioned above, of our business segments, the rental business and the sales business are two “development businesses based on market anticipation” requiring anticipatory investments. In other words, we need to acquire land and construct buildings within planned periods before we are allowed to record revenue. The Company’s main business is to always make appropriate anticipatory investments for the future. The characteristic of the two businesses mentioned above is that investments contribute to revenues and an increase in corporate value after an interval.

Moreover, as a matter of course, in rental business, in order to enhance earning power it is necessary not only to simply possess and rent high quality office buildings, but also to improve services provided to tenants, to make management more efficient and to strengthen business power. In sales business as well, realizing designs and functions that capture the needs of clients and taking efficient sales strategies contributes to maximization of profits. Thus, rental and sales are two business segments in which overall business performance capacity, in other words corporate strength, largely affects business profitability. Therefore, the Company attaches importance to performing building management, collection of tenants, mansion sales etc. directly, thus grasping the actual condition of clients and sites appropriately and always eagerly working on the improvement of product planning, making operations more efficient and strengthening business power. As a result, we have realized high profitability in all businesses, and have increased the value of the property possessed as well as of the corporation. The current price of rental properties as disclosed also reflects the profitability of each office building backed up by our company’s business performance capacity mentioned above.

In this way, the Group has continuously and actively worked towards an increase of corporate value and a rise of the common profits of shareholders, and has largely paid off. However, considering the recent trend of real estate investments by various market participants, we are cautious about a risk of potential abnormal investment behavior amid an enormous variety of decisions and speculations. Hence as a company aiming to improve shareholder value steadily over the medium and long term, we have determined that it is in the common interests of shareholders to take certain measures to avoid disturbance of our business approach, which has brought significant

achievements, due to some abnormal speculations.

The Company believes that if a Large-Scale Purchase (to be defined in section 2-(1) below) of the Company shares is initiated, the shareholders, in principle, should decide to accept or reject the Large-Scale Purchase. In order for the shareholders to correctly recognize the Large-Scale Purchase's effect on the corporate value and common interests of shareholders, however, it is necessary that both the party making the Large-Scale Purchase and the Board of Directors of our company provide to the shareholders necessary and sufficient information, opinions, alternative proposals etc., and sufficient time to consider the provided information, opinions, alternative proposals etc..

Based on the above basic conceptions, we set out rules on Large-Scale Purchase (hereinafter referred to as "Large-Scale Purchase Rules") and request the Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. The Board of Directors shall take certain measures if the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or even though the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or if the Large-Scale Purchase significantly damages the corporate value and common interests of shareholders.

To ensure the objectivity, fairness and rationality of decisions of the Board of Directors as to whether the Large-Scale Purchase Information (to be defined in section 2. (2) (II) below) Provision Period should be extended or not, whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, whether the Board of Directors should take countermeasures, whether the Policy should be amended etc., the Board of Directors shall consult the Special Committee (please refer to Attachment 1 for an outline of the Special Committee) consisting of external academic experts, lawyers, certified public accountants etc., and its recommendation shall be taken into the fullest account. The names and career summaries of the Special Committee members upon the Renewal of the Policy are described in Attachment 2.

2. Contents of the Policy

(1) Large-Scale Purchase

The Large-Scale Purchase subject to the Policy is (1) a purchase or purchases of shares of the Company where a specific shareholder group* intends to hold a ratio of voting

rights** of not less than 20%, (2) a purchase or purchases of shares where a specific shareholder group will hold a ratio of voting rights of not less than 20% as a consequence or (3) an agreement etc. with other shareholders of the Company where a specific shareholder group will hold a ratio of voting rights of not less than 20% as a consequence***, regardless of whether the specific purchase means is a market transaction, a takeover bid etc. (the person performing the Large-Scale Purchase shall be hereinafter referred to as the “Large-Scale Purchaser”) Purchases or agreements that the Board of Directors approves in advance are not included.

(2) Large-Scale Purchase Rules

The Large-Scale Purchase Rules stipulate that the Large-Scale Purchase shall begin after the necessary and sufficient information is provided by the Large-Scale Purchaser for the Board of Directors in advance, and a certain period for evaluation by the Board of Directors elapses. The details of the rules are as follows:

(I) Submission of a letter of intent

If a Large-Scale Purchaser intends to make a Large-Scale Purchase, the Board of Directors will request it to submit a letter of intent stating that it will comply with the Large-Scale Purchase Rules. The Large-Scale Purchaser will be required to write its name and address, the governing law of incorporation, the name of the representative, domestic contact information, and an outline of the proposal of the Large-Scale Purchase.

(II) Provision of information

The Board of Directors will deliver a list of items of requested information to the Large-Scale Purchaser within ten business days of the receipt of the letter of intent. Then, the Large-Scale Purchaser will provide to the Board of Directors information necessary and sufficient for the shareholders to make a judgment and for the Board of Directors to form its opinion (“Large-Scale Purchase Information”). The specific content of the information requested differs depending on the nature of the Large-Scale Purchaser and the content of the Large-Scale Purchase, but the general items are as follows:

- (i) Profile of the Large-Scale Purchaser and its group
- (ii) Purpose and contents of the Large-Scale Purchase (especially in the case of a purchase of only a part of the Company’s stocks, this item includes the approach concerning the setting of an upper limit for the number of the stocks planned to be purchased and the plan related to the modifications of the capital structure after

the purchase)

(iii) Basis for the purchase price and proof of purchase funds

(iv) Management policy to manage the Group after completion of the Large-Scale Purchase (measures for the specific realization of this management policy, i.e. business plans (including already existing restructuring plans, new business plans and equipment investment plans), financial planning, capital policy, allotment policy, labor policy, plan for efficient use of assets etc., as well as approach concerning the integration or cooperation of businesses of the Large-Scale Purchaser with businesses of the Company or of the Group and specific measures so as to avoid conflicts of interests between the Large-Scale Purchaser and the Company or the Group)

(v) Policy to deal with the Group's stakeholders including customers, suppliers, local communities and employees after completion of the Large-Scale Purchase

(vi) If the Large-Scale Purchaser is operating business of the same type as the Company or the Group, approach concerning the legitimacy of the Large-Scale Purchase under Antimonopoly Law and foreign competition laws.

If it is deemed that the information provided is insufficient for the Large-Scale Purchase Information, the Large-Scale Purchaser may be requested to provide additional information until necessary and sufficient Large-Scale Purchaser Information is received. In principle, the provision of Large-Scale Purchase Information shall be completed within 60 days from the delivery of the Large-Scale Purchase Information list by the Board of Directors to the Large-Scale Purchaser ("Large-Scale Purchase Information Provision Period"). However, since the specific content of the Large-Scale Purchase Information might differ depending on the content of the Large-Scale Purchase and its scale, the Board of Directors can extend the Large-Scale Purchase Information Period for a maximum of 30 days, taking into consideration the content of the Large-Scale Purchase, its scale and the condition of the provision of Large-Scale Purchase Information, based on the recommendation of the Special Committee. The fact that a letter of intent has been submitted by the Large-Scale Purchaser shall be disclosed in a timely manner. The Board of Directors will disclose all or part of the Large-Scale Purchase Information provided to the Board of Directors at the time considered appropriate if the disclosure is considered to be necessary for the shareholders' decision.

(III) Securing Board Assessment Period

Depending on the difficulty of the assessment etc. of Large-Scale Purchases, the Board of Directors will have 60 business days (for a tender offer in cash only, in yen currency, for all shares of the Company) or 90 business days (for other Large-Scale Purchases) after the complete provision of Large-Scale Information (“Board Assessment Period”) to assess and examine the Large Scale Purchase Information, negotiate with the Large Scale Purchaser, form an opinion regarding the Large Scale Purchase, and develop an alternative proposal. The fact that the Board Assessment Period has started shall be disclosed in a timely manner. The Board Assessment Periods are set using business days rather than calendar days because the Group’s businesses are diversified, and its operations expand not only across the nation but also overseas, and it is therefore necessary for the Board of Directors to assess and examine the Large Scale Purchase Information, and negotiate with the Large Scale Purchaser purchase, form an opinion regarding the Large Scale Purchase, and develop an alternative proposal carefully, considering relations with stakeholders, including shareholders, vendors and customers, laws and regulations relevant to the Group’s business, the employment of employees, etc.. Hence a Large-Scale Purchase must be initiated only after the expiration of the Board Assessment Period. During the Board Assessment Period, the Board of Directors will assess and examine the provided Large-Scale Purchase Information sufficiently, taking advice from outside experts into consideration, and will disclose its opinion. The Board of Directors may negotiate with the Large-Scale Purchaser to improve the conditions of the Large-Scale Purchase and may present its alternative proposal to the shareholders as needed.

(3) Policy for handling Large-Scale Purchase

(I) If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules

If the Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, the Board of Directors may take countermeasures, including the issuance of stock options, permitted by the Corporate Code and other laws and the Company’s Articles of Incorporation, to protect the corporate value and common interests of shareholders. The Board of Directors will decide to take countermeasures, taking the opinions of external experts including lawyers and financial advisors into consideration and taking the recommendations of the Special Committee into the fullest account. The Board of Directors will choose specific measures considered to be appropriate at the time. If the issuance of stock options at no cost to subscribers is chosen as a countermeasure, the terms of the stock options will be those outlined in Attachment 3 in principle. If stock options are issued, the Board of Directors may set a period and conditions to exercise

the stock options, taking the effect of the countermeasure into consideration.

It is believed that the establishment of the Large-Scale Purchase Rules and the countermeasures to be taken upon non-compliance by the Large-Scale Purchaser with the Large-Scale Purchase Rules are suitable and appropriate to protect the corporate value and common interests of shareholders. The countermeasures may result in losses including economic damages to a Large-Scale Purchaser that does not comply with the Large-Scale Purchase Rules. It is reiterated that the Large-Scale Purchaser should not begin Large-Scale Purchase without complying with the Large-Scale Purchase Rules.

(II) If the Large-Scale Purchaser complies with the Large-Scale Purchase Rules

The objective of the Large-Scale Purchase Rules is to provide the shareholders with information necessary to make a decision to accept or reject a proposal to purchase the shares of the Company that could affect the management of the Company, the evaluation and opinion of the Board of Directors which is in charge of management of the Company, and the opportunities to receive an alternative proposal so that the corporate value and common interests of shareholders will be protected. If the Large-Scale Rules are complied with, the Board of Directors will in principle choose not to take a countermeasure.

However, even if the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, if the Board of Directors determines that it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or that the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders after considering the opinions of external experts including lawyers and financial advisors and taking into the fullest account the recommendations of the Special Committee, the Board of Directors may take countermeasures to deter the Large-Scale Purchase as described in section 2. (3) (I). If the Board of Directors decides to take countermeasures, it will disclose information appropriately and in a timely manner. Specifically, if the Large-Scale Purchase is considered to fall under any of the following classifications under (i) to (iv), the Board of Directors considers, in principle, that it is clear that the purchase will cause unrecoverable damages to the Company or that the purchase will significantly damage the corporate value and common interests of shareholders.

Further, if the Board of Directors judges that it is appropriate to confirm the intent of the shareholders concerning whether to take countermeasures, it can confirm such intent of the shareholders by convoking a shareholders meeting etc., taking into account the time necessary for such confirmation. In this case, the Large-Scale Purchaser shall

be requested to abstain from the Large-Scale Purchase until the completion of the procedure for the confirmation of the shareholders intention.

(i) The Large-Scale Purchaser clearly damages the corporate value and common interests of shareholders through activities including the following:

- To buy up shares and request the Company to buy them back at a high price
 - To control the management of the Company temporarily and acquire important assets of the Company at low prices or realize the interests of the purchaser at the cost of the Company's interests in other ways
 - To divert assets of the Company to collateral for debts of the purchaser or its group companies etc. or to resources for payments for them
 - To control the management of the Company temporarily, have the Company dispose of high-value assets not connected to the Company's immediate business, and have the Company pay a temporary high dividend based on gains from the disposal or sell shares at a profit when the shares price surges following a temporary high dividend.

(ii) The Large-Scale Purchaser threatens to purchase shares in the manner by which the purchaser will effectively force shareholders to sell shares such as a high-handed, two-step purchase (i.e., the purchase proposal through tender offer etc. in the manner that the purchaser sets the purchase terms for the second step less favorable to shareholders than those for the first step or that the purchaser does not make clear the purchase terms for the second step).

(iii) The Large-Scale Purchaser's acquiring control of the Company will damage the interests of stakeholders of the Group, including customers, suppliers, local communities and employees and will consequently damage the corporate value and the common interests of shareholders in the long run.

(iv) The purchase terms (including the price and type of consideration, timing of purchase, legality of purchase method, feasibility of purchase, policy for treatment of the Company's customers, suppliers, employees and other stakeholders after purchase) are extremely insufficient and inappropriate in light of the corporate value and the common interest of the shareholders of the Company.

(III) Establishment of a Special Committee

A Special Committee independent of the Board of Directors is established to ensure the objectivity, fairness and rationality of decisions of the Board of Directors. The Special Committee consists of three members, selected from external academic experts,

lawyers, certified public accountants, certified tax accountants, outside corporate auditors, experienced corporate executives etc..

The Board of Directors of the Company shall consult the Special Committee and shall receive the recommendations of the Committee when taking important decisions related to the Policy, i.e. with respect to deciding whether to extend the Large-Scale Purchase Information Provision Period, whether the Large-Scale Purchaser complies with the Large-Scale Purchase Rules, whether it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company, whether the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders, whether countermeasures should be taken, and whether the Policy should be revised. The Board of Directors of the Company shall take the Special Committee's recommendations into the fullest account.

When deliberating and adopting resolutions about the items submitted by the Board of Directors of the Company, the Special Committee will receive advice from third parties (including experts such as financial advisors, certified public accountants, lawyers and consultants) independent of the management of the Company and at the expense of the Company and will request directors, corporate auditors, employees, etc. of the Company to attend meetings of the Committee and provide necessary information. The Special Committee will then make a recommendation to the Board of Directors based on the content of the resolutions adopted.

(4) Effects on the Company's shareholders

If the Board of Directors decides to take countermeasures, the Company will disclose information on the decision appropriately and in a timely manner in accordance with laws and regulations and the rules of the shares exchanges, although we do not anticipate a situation where the Company's shareholders (excluding the Large-Scale Purchaser and the specific shareholder group) will incur economic losses or damages to their rights due to such countermeasure taken by the Company. If the countermeasure taken is an allotment of stock options at no cost, shareholders are required to pay a certain amount of money within a prescribed period so as to exercise the stock options and to obtain the stocks. Moreover, if the Board of Directors decides to obtain stock options, new stocks might be delivered to shareholders as equivalent value of the acquisition of stock options by the Company, without the shareholders having to pay an amount equivalent to the exercise price. The details of the procedures will be communicated separately in accordance with laws and regulations and the rules of the stock exchanges when stock options are issued.

The Company may cancel allocation of stock options or acquire stock options at no cost to the Company in certain cases (e.g., if the Large-Scale Purchaser cancels the Large-Scale Purchase) before issuing shares of the Company to the stock option holders until the day immediately before the first day of the period for exercising stock options even after the record date for allocation of stock options or after the allocation of stock options is effective. Since dilution of the value of each share does not occur in this case, investors who have sold shares based on the assumption of dilution of the value of each share may incur losses depending on the change in the stock price.

(5) Expiration date of the Policy

The Policy shall expire at the closing of the annual shareholders' meeting for the last fiscal year ending within three years from the day of this general shareholder's meeting. This shall apply subsequently.

When the Board of Directors decides to continue the Policy, it will report the decision promptly. The Board of Directors will revise the Policy from time to time based on the development and revisions etc. of relevant laws and regulations including the Corporate Code and the Financial Instruments and Exchange Act to protect the corporate value and common interests of shareholders.

If the Shareholders Meeting or the Board of Directors adopts a resolution abolishing the Policy, the Policy shall be abolished immediately even before its expiration date. The Board of Directors may revise the Policy, maximally respecting recommendations of the Special Committee even before the expiration date.

* The specific shareholder group means either of the following: (i) a holder (holder stipulated in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act, including a person deemed to be a holder under Article 27-23, paragraph 3) of shares etc. of the Company (shares etc. set out in Article 27-23, paragraph 1) and joint holders of the holder (joint holders prescribed in Article 27-23, paragraph 5, including holders regarded as joint holders under Article 27-23, paragraph 6), or (ii) a person carrying out purchase etc. (purchase etc. specified in Article 27-2, paragraph 1, including a purchase made in securities markets) of share certificates etc. of the Company (share certificates etc. stipulated in Article 27-2, paragraph 1) and persons having special relationships with the person (persons set out in Article 27-2, paragraph 7).

** (i) If the specific shareholder group falls under the first case (i) in the above note, the ratio of voting rights means the ratio of share certificates etc. held by a holder of share

certificates etc. of the Company (ratio of share certificates etc. set out in Article 27-23, paragraph 4; the number of the shares held by the joint holders as specified in the same paragraph shall be taken into consideration). (ii) If the specific shareholder group falls under the second case (ii), the ratio of voting rights means the total of the ratio of share certificates etc. (ratio of share certificates etc. prescribed in Article 27-2, paragraph 8) of a person carrying out a purchase etc. of share certificates etc. of the Company and that of persons having a special relationship with the purchaser. In calculating the ratio of voting rights, the number of voting rights (stipulated in Article 27-2, paragraph 8) and the number of shares issued (set out in Article 27-23, paragraph 4) in the latest financial statement report, semiannual report or treasury stock purchase report can be used.

*** An agreement etc. with other shareholders of the Company means any agreement concerning the joint acquisition or transfer of stocks of the Company, or the exertion of voting rights or any other rights as shareholder of the Company, as well as any other action falling under the joint possessor stipulated in Article 27-23, paragraph 5 and paragraph 6.

Outline of the Special Committee

1. Establishment

The Special Committee shall be established by resolution of the Board of Directors of the Company.

2. Members

The Special Committee shall consist of three persons commissioned by the Board of Directors of the Company. Persons qualified to serve on the Special Committee shall include academic experts outside the Company, attorneys, certified public accountants, certified tax accountants, outside corporate auditors and experienced business executives.

3. Term

The term of office of members of the Special Committee shall be decided by resolution of the Board of Directors of the Company.

4. Requirements for Resolution

In principle, resolutions by the Special Committee shall be adopted by a majority vote of members present at meetings at which all members are present; provided, however, that resolutions by the Special Committee shall be adopted by a majority vote of those present at meetings at which a majority of members are present if circumstances prevent the attendance of all members.

5. Items for Resolution

If consultation is requested by the Board of Directors of the Company, the Special Committee shall accept the request, decide on the items stated below in principle, and submit the details of its decisions to the Board of Directors of the Company together with the reasons for such decisions. Members of the Special Committee shall be required to make such decisions from the viewpoint of whether or not they contribute to corporate value and, by extension, the common interests of shareholders, and shall refrain from making decisions in their own personal interests or in the personal interests of the Directors of the Company.

- (1) Whether to extend the Large-Scale Purchase Information Provision Period
- (2) Whether or not a Large-Scale Purchaser complies with the Large-Scale

Purchase Rules;

- (3) Whether or not it is clear that the Large-Scale Purchase will cause unrecoverable damages to the Company or whether or not the Large-Scale Purchase will significantly damage the corporate value and common interests of shareholders;
- (4) Whether or not countermeasures should be taken;
- (5) Whether or not the Policy should be revised; and
- (5) Other items pertaining to this Policy for which the Board of Directors of the Company requested consultation

6. Advice of Experts etc.

In forming decisions stated above under 5., the Special Committee shall make its efforts to collect necessary and sufficient information to ensure the proper judgment. The Special Committee may seek, at the expense of the Company, advice from third parties independent of the management of the Company (including financial advisors, certified public accountants, attorneys, consultants and other experts).

Career Summaries of the Special Committee Members

At the time of the Renewal of this Policy, the Special Committee will consist of the following three members:

Tsuneo Otori

<Career summary>

1924	Born in December 1924
May 1964	Professor at the Faculty of Law, Tokyo University
April 1985	Registered as attorney at law (present)
May 1985	Professor Emeritus, Tokyo University (present)
May 1994	Member of the Legislative Council of the Ministry of Justice (until May 1998)

Yukinobu Ozaki

<Career summary>

1929	Born in April 1929
April 1955	Registered as an attorney at law of Dai-ichi Tokyo Bar Association
April 1975	Vice President of Dai-ichi Tokyo Bar Association
April 1989	President of Dai-ichi Tokyo Bar Association, Vice President of the Japan Federation of Bar Associations
February 1994	Supreme Court Justice
April 1999	Retired as Supreme Court Justice
April 1999	Registered as an attorney at law (present)

Kozo Uno

<Career summary>

1933	Born in July 1933
August 1963	Registered as certified public accountant (present)
July 1969	Senior Partner of the auditing corporation Asahi

	Accounting Company (Currently KPMG AZSA & Co.)
April 1974	Registered as certified tax accountant (present)
May 1974	Founded Uno Kozo Certified Public Accountant Office (present)
October 1993	Vice President of Asahi Audit Corporation (Currently KPMG AZSA & Co.)
May 1997	President of Asahi Audit Corporation
May 1999	Chairman of Asahi Audit Corporation
May 2001	Retired from Asahi Audit Corporation

There is no special conflict of interests between the persons mentioned above and the Company.

Description of Stock options

1. Shareholders to whom stock options shall be granted and conditions for issue

Stock options shall be allotted to shareholders indicated or recorded in the register of shareholders or beneficiary shareholders as of the closing of the base date decided by the Board of Directors of the Company at a ratio of one stock options to one share of common stock of the Company which is held by the shareholders (excluding shares of common stock held by the Company) without requiring any new payment.

2. Type and number of shares to be issued upon exercise of stock options

The type of shares to be issued upon exercise of stock options shall be the common stock of the Company. The upper limit of the total number of shares to be issued upon exercise of stock options shall be the number of shares obtained by deducting the total number of outstanding shares of common stock of the Company (excluding shares of common stock held by the Company) from the total number of shares authorized to be issued by the Company as of the base date decided by the Board of Directors of the Company. The number of shares to be issued upon exercise of one stock option (hereinafter referred to as “the Number of Shares to Be Issued”) shall be separately decided by the Board of Directors of the Company. However, if the Company conducts a share split or a reverse share split, proper adjustments shall be made.

3. Total number of stock options to be issued

The total number of stock options to be issued shall be a number separately decided by the Board of Directors of the Company. The Board of Directors of the Company may allot stock options more than once.

4. Value of investment at the time of the exercise of each stock option (the amount to be paid)

The value of the investment at the time of the exercise of each stock option (the amount to be paid) shall be separately decided by the Board of Directors of the Company, which shall be one yen or more.

5. Restriction on the transfer of stock options

The acquisition of a stock option through the transfer of the stock option shall be subject

to the approval of the Board of Directors of the Company.

6. Conditions for the exercise of stock options

In principle, a person who belongs to a specified shareholders' group with a ratio of voting rights of 20% or more may not exercise stock options. A person who is required to follow a certain procedure to exercise stock options by applicable foreign laws and ordinances of certain foreign jurisdiction, in which he/she/it is located, may not exercise stock options in principle (However, such persons including a person to whom an exemption from the procedure is available under the applicable laws and ordinances of the foreign jurisdiction may exercise stock options, if certain requirements are met. In addition, the stock options held by the person shall become the object of acquisition by the Company in exchange for the shares of the Company as compensation as stated in 8 below.). In addition, a person who does not submit a form prescribed by the Company to confirm, among others, that the person does not belong to any specified shareholders' group may not exercise these stock options (excluding persons who are not required by the Company to submit such form). The details shall be separately decided by the Board of Directors of the Company.

7. Period for the exercise of stock options

The period for the exercise of stock options shall be determined at the Board of Directors meeting resolving the issuance of stock options at no cost to subscribers, which shall be one to three months, and the first day (hereinafter referred to as "the first day of the exercise period") of which shall be separately decided at the Board of Directors meeting resolving the issuance of stock options at no cost to subscribers. If the final day of the period for exercise falls on a holiday of the organization handling the payment of money to be paid at the time of exercise, the final day shall be the preceding business day.

8. Acquisition of stock options by the Company

(i) If the Board of Directors of the Company deems that the acquisition of stock options by the Company is appropriate, the Company may acquire all stock options without compensation on a day separately decided by the Board of Directors of the Company at any time prior to the day preceding the first day of the exercise period.

(ii) The Company may acquire on a day separately specified by the Board of Directors of the Company all stock options held by persons other than persons belonging to a specified shareholders' group and persons who do not submit a form prescribed by the Company to confirm that the persons do not belong to any specified shareholders' group

by the day of acquisition (excluding, however, persons who are not required by the Company to submit such form) which have not been exercised as of the day preceding the day specified by the Board of Directors of the Company, and deliver the Number of Shares to Be Issued of the Company for one stock options in exchange for all stock options acquired.

If the Board of Directors of the Company determines on or after the day of acquisition that there is a person holding stock options who does not belong to a specified shareholders' group (however, the Board of Directors of the Company may request the submission of a form prescribed by the Company as set out in the first paragraph of this Section 8. (ii) above for the Board of Directors determination), the Company may acquire on a day falling after the day of acquisition as specified by the Board of Directors of the Company all stock options held by the person which have not been exercised as of the day preceding the day specified by the Board of Directors of the Company, and deliver the Number of Shares to Be Issued of the Company for one stock options in exchange for all stock options acquired. This shall apply subsequently.

(iii) The details of the acquisition provision shall be determined separately at a Meeting of the Board of Directors.

MEMO