

**COUNTERMEASURES TO
LARGE-SCALE PURCHASES OF THE CORPORATION'S SHARES
(TAKEOVER DEFENSE MEASURES)**

Santen Pharmaceutical Co., Ltd. (the "Corporation") announces that its Board of Directors, at a meeting held today, decided to introduce Countermeasures to Large-scale Purchases of the Corporation's Shares (Takeover Defense Measures) (the "Plan"), on the condition that they are approved by the shareholders at the annual ordinary general shareholders meeting of the Corporation to be held on June 26, 2007 with the aim of securing and improving the corporate value of the Corporation, and, consequently, the common interests of shareholders.

I. BASIC POLICY REGARDING THE CORPORATION'S SHAREHOLDERS (Defined as the Basic Policy regarding those who control the Corporation's financial and business policies according to Article 127 of the Enforcement Regulations of the Corporations Act¹)

1. Outline of the Basic Policy

The Corporation believes that its shareholders decide to become shareholders via free transactions in the market and therefore the shareholders of the Corporation make the final decisions as to whether or not to accept a proposal of a large-scale purchase that would result in a change of control of the Corporation.

However, it is envisioned that some large-scale purchase of the Corporation's shares or such proposals might entail the following:

- (1) The likelihood of causing obvious harm to the corporate value of the Corporation, and, consequently, the common interests of the shareholders, in view of the presumed purposes of such acquisition proposals and management policies thereafter;
- (2) The threat of effectively compelling the shareholders to sell their shares;
- (3) Purchases that do not provide the Corporation a reasonably necessary period to present alternative plans;
- (4) Purchases conducted without providing sufficient information necessary for the Corporation's shareholders to make judgment on the content of the proposal;
- (5) Purchase conditions (including the value and type of compensation, acquisition timing, the acquisition method and the like) that are inappropriate or insufficient with a view to the Corporation's intrinsic value; or
- (6) Purchases that may lead to material infringement of the corporate value of the

¹ The provisions of the laws and regulations that are quoted in this Plan and the content of this Plan are subject to currently effective provisions. In the event that it is necessary to revise any quoted provision or a definition of any term due to promulgation, revision or rescission of any applicable law, the Board of Directors of the Corporation may, in light of such promulgation, revision or rescission, replace them to a reasonable extent.

Corporation, and, consequently, the common interests of the shareholders, by materially damaging relations with employees, business acquaintance including customers, creditors and other stakeholders, all of whom are indispensable for sustainable growth in the Corporation's corporate value.

The Corporation believes such a large-scale acquirer of the Corporation's shares or a person or corporation who proposes such an action is inappropriate to control the decision of the Corporation's financial and business policies.

2. Measures to Realize the Basic Policy

The Corporation believes that it is necessary to launch the following measures for management to reflect the intent of shareholders of the Corporation and to enable them to continue to create the corporate value of the Corporation, and, consequently, the common interests of shareholders.

The Corporation's core value is "We always ask ourselves what is central to us, clearly decide the action to be taken, and act quickly ," and "to focus on specific areas of expertise, such as eye care, developing our unique capabilities and technologies, and contributing to the health and quality of life of patients and their loved ones, and society as a whole." The Corporation believes that by committing to such Corporation's core value, we could enhance the corporate value of the Corporation, and, consequently, the common interests of shareholders.

Based on the Corporation's core value, the Corporation has started the "2006-2010 Medium-term Management Plan" in 2006, aiming to further the Corporation's global development by creating a strong pipeline of new drug candidates and to actively develop operations in regions where the Corporation can leverage the Corporation's strengths.

In this plan, the Corporation has set fiscal 2015, ten years from now, as the long-term target date for realizing the Corporation's global development, and has positioned the five-year period from fiscal 2006 to the end of fiscal 2010 as the first stage. The Corporation has formulated four medium-term strategic policies to guide our efforts during this period; (1) the Corporation aims to enhance the global strategic product pipeline; (2) the Corporation will generate growth mainly in Japan, Northern/Eastern Europe, Russia and China while focusing the Corporation's activities on clinical and business development in the USA; (3) the Corporation strengthens its manufacturing bases; and (4) the Corporation aims to strengthen human resources and organizational capabilities on a global basis. Based on these four strategic policies, the Corporation plans and performs specific strategy and measures, aiming to achieve solid growth in the first stage. For the final year of the new plan, fiscal 2010, we have set minimum performance targets of operating income of 32 billion, net income of 22 billion and ROE of 13 %.

The Corporation also treats the distribution of profit to shareholders as a key management focus.

The Corporation's policy is to set dividends at a level that is commensurate with performance while at the same time maintaining capital efficiency and keeping a sound and flexible financial position that will allow the Corporation to pursue product acquisition, licensing and alliance activities and to build up sufficient retained earnings to undertake our long-term growth strategy. Furthermore, in addition to dividends, we plan to be more proactive in undertaking share buybacks.

With the aim of generating a future stream of profits to fund more consistent and stable dividends to shareholders, we have adopted the dividend-on-equity (DOE) ratio as a performance indicator to measure dividends. DOE is calculated by multiplying the payout ratio by return on equity (ROE). In the 2006-2010 Medium-term Management Plan, the Corporation aims to raise DOE to 5.0% by fiscal 2010 and might achieve this target as soon as possible.

At the same time, in addition to dividends, we plan to be more proactive in undertaking share buybacks. The Corporation's aim is thus to have a consistent management focus on providing an appropriate return of profits to shareholders of the Corporation.

Furthermore, the Corporation recognizes that it is vital to upgrade and strengthen corporate governance to enhance the corporate value of the Corporation, and, consequently, the common interests of shareholders. The Corporation has adopted a governance system in which highly independent outside directors and outside auditors are appointed, and the term of office of directors is one year to clarify the management's responsibilities to the shareholders of the Corporation. In addition, the Corporation has established three committees of the "Nominating Committee," the "Executive Compensation Committee," and the "Corporate Strategy Committee" as deliberative bodies to improve management transparency and objectivity.

II. PURPOSE OF INTRODUCING THE PLAN AND THE CONTENT THEREOF
(Measures to prevent the Corporation's decisions on financial and business policies from being controlled by persons or corporations regarded as inappropriate according to the Basic Policy)

1. Purpose of Introducing the Plan

The Plan aims to secure and improve the corporate value of the Corporation, and, consequently, the common interests of the shareholders by clarifying procedures with which the acquirer or a proponent thereto shall comply, by securing information and the period necessary for shareholders to make appropriate decisions and by negotiating with the acquirer in case of an acquisition of the Corporation's shares and other securities or a similar action or proposal occurs, preventing the Corporation's decisions on financial and business policies from being controlled by persons or corporations regarded as inappropriate according to the basic policy.

As of today, the Corporation has not received any proposa of a large-scale purchase of the

Corporation's shares.

2. Definitions of the Term

The following terms in this Plan shall be defined as set forth below:

(1) The Large-scale Purchase

A “Large-scale Purchase” means an action in either manner as set forth below (except wherein the Board of Directors of the Corporation has given its consent in advance):

- (i) a Purchase of the Corporation’s Certificates of Shares and Other Securities by a Group of Shareholders² with the intent of holding 20% or more of the total voting rights³ of the Corporation; or
- (ii) a Purchase of the Corporation’s Certificates of Shares and Other Securities resulting in a Group of Shareholders holding 20% or more of the total voting rights of the Corporation.

(2) Large-scale Purchaser

A Large-scale Purchaser means a person or a corporation that intends to conduct a Large-scale Purchase.

3. Outline of the Plan

The Plan requires that:

- (i) a Large-scale Purchaser shall provide sufficient information to the Corporation before the commencement of a Large-scale Purchase;
- (ii) a Large-scale Purchaser shall be permitted to commence a Large-scale Purchase only after the prescribed period has elapsed, during which the Independent Committee and the Board of Directors of the Corporation may examine and assess such intended Large-scale Purchase;
- (iii) the Board of Directors of the Corporation shall examine and assess such Large-scale Purchase and disclose the opinion from the standpoint of the Board;
- (iv) in order to ensure the objectiveness, fairness and reasonableness of the examination and assessment of a Large-scale Purchase and the determination of the Board of Directors of the Corporation whether or not to implement countermeasures, the Corporation shall install an Independent Committee as an organization that shall be independent from the Board of Directors, which committee shall consist of all of the outside directors of the Corporation (please

² A Group of Shareholders means a Holder (defined in Paragraph 1, Article 27-23 of the Securities and Exchange Law of Japan, including a person deemed as a holder pursuant to Paragraph 3, Article 27-23 thereof) of Certificate of Shares and Other Securities (defined in Paragraph 1, Article 27-23 of the Securities and Exchange Law of Japan) of the Corporation and any Joint Holders thereof (defined in Paragraph 5, Article 27-23 of the Securities and Exchange Law of Japan, including a person deemed as a joint holder pursuant to Paragraph 6, Article 27-23 thereof), or a person or a corporation who makes a Purchase (defined in Paragraph 1, Article 27-2 of the Securities and Exchange Law of Japan, including a purchase made on a securities exchange market) of Certificates of Shares and Other Securities of the Corporation and any Specially Related Parties (defined in Paragraph 7, Article 27-2 of the Securities and Exchange Law of Japan.)

³ The total number of voting rights which is the denominator in calculating the voting rights ratio is the number of voting rights with respect to all issued shares of the Corporation at such relevant time, excluding the shares held by the Corporation as treasury stock, the number of which appears in the latest Treasury Stock Purchase Report under the Securities and Exchange Law of Japan.

refer the outline of the Independent Committee in EXHIBIT 1);

- (v) the Independent Committee shall determine whether or not to implement countermeasures from the standpoint of the Committee, in complying with the criteria set forth in section 5 below, and make its recommendation to the Board of Directors of the Corporation; and
- (vi) as regards whether or not to implement countermeasures, the Board of Directors of the Corporation shall respect the recommendation by the Independent Committee to the fullest extent and adhere thereto.

4. Procedures to be followed in the Plan

(1) Submission of the Intention Letter

In the event that a Large-scale Purchaser intends to commence a Large-scale Purchase, the Large-scale Purchaser shall submit to the Representative Director of the Corporation a letter of intention to comply with the Plan (the “Intention Letter”), specifying the name of the Large-scale Purchaser, address, governing law of incorporation, the name of the representative, contact details in Japan and an outline of the proposed Large-scale Purchase. The Corporation will disclose to the shareholders of the Corporation, at the appropriate time, the fact that such Large-scale Purchaser has submitted the Intention Letter.

(2) Provision of Information to the Independent Committee and the Board of Directors of the Corporation

Within **ten (10)** business days after the receipt of the Intention Letter, the Corporation will deliver to the Large-scale Purchaser a list of the information, which is necessary for the Corporation’s shareholders to make its decision and for the Independent Committee and the Board of Directors to form its opinion regarding such Large-scale Purchase (the “Large-scale Purchase Information”). The Large-scale Purchaser shall provide the Large-scale Purchase Information to the Independent Committee and the Board of Directors of the Corporation.

The Large-scale Purchase Information shall include, but shall not be limited to, the following items. The details of the Large-scale Purchase Information may vary depending on the attributes associated with each Large-scale Purchaser and the manner or outline of each Large-scale Purchase.

- (i) Detailed information of the Large-scale Purchaser and its Group of Shareholders (including any Joint Holders, any Specially Related Parties, and partners and other constituent members, in case of a fund);
- (ii) the purposes⁴ and conditions of the Large-scale Purchase (including the nature

⁴ It is required that it be clarified whether the purpose is to obtain control or to participate in management, or to make a portfolio investment or a relationship investment.

- and amount of the consideration to be offered, duration of the purchase, structure of the series of transactions relating to the purchase⁵, the legality of the Large-scale Purchase⁶, etc.) ;
- (iii) the basis⁷ and background⁸ in determination of the purchase price and the funds used for the purchase (including the specific name of the person or corporation supplying the funds for the purchase, methods of raising funds, and outline of the series of transactions relevant to such financing);
 - (iv) in case the purpose of the Large-scale Purchase is to take control of the Corporation or participate in the Corporation's management, the specific method for such takeover or control of the Corporation, along with management policies, business plans, dividend policy and other measures⁹ which the Large-scale Purchaser intends to adopt after the completion of the Large-scale Purchase;
 - (v) in case the purpose of the Large-scale Purchase is to take control of the Corporation or participate in the Corporation's management, policies that would be implemented after the completion of the Large-scale Purchase pertaining to the employees, business acquaintances, customers, local community and any other stakeholders of the Corporation;
 - (vi) in case the purpose of the Large-scale Purchase is for a portfolio investment, investment policy;
 - (vii) in case the purpose of the Large-scale Purchase is for a relationship investment, the policies to be implemented after the completion of the Large-scale Purchase regarding the holding, sale, purchase and exercise of voting rights as well as the reasons therefore¹⁰; and
 - (viii) whether any communication has been made with a third party with regard to the Large-scale Purchase and the outline thereof, if any.

If the Independent Committee or the Board of Directors of the Corporation determines that

⁵ It is required that the possibility of conducting additional acquisitions of Certificate of Shares and Other Securities of the Corporation, as well as the reason, outline, necessity thereof, be stated. If there is any possibility of the delisting of Certificate of Shares and Other Securities of the Corporation, a statement to that effect along with the explanation of the reasons thereof, shall also be stated.

⁶ If the Purchaser sought the opinion of a third party regarding the legality of the Purchase, it is required, in principle, to specify the name of such third party and outline of such opinion.

⁷ It is required that information regarding the specific basis for the calculation of the purchase price, as well as the difference between the purchase price and the market value (with or without a premium between the purchase price and the market-share value average of the Corporation during the recent several months), be provided.

⁸ It is required that the process used to determine the purchase price, as well as, if the Purchaser sought the opinion of any third party in calculating such price, the name of such third party, the outline of such opinion, and the background by which the Purchaser conclusively determined the purchase price using such opinion, be stated.

⁹ It is required that the outline of the contemplated post-Large-scale-Purchase reorganization of the Corporation, the disposal or takeover of material assets, significant borrowing, appointment or dismissal of representative directors or other directors, change of the formation of the management, material changes in dividend policies and capital policies as well as necessities thereof, be provided.

¹⁰ In case where the relationship investment for the purpose of a long-term capital tie-up is contemplated, it is also required that information regarding the necessity thereof be provided.

the Large-scale Purchase Information provided is insufficient, the Independent Committee or the Board of Directors may require the Large-scale Purchaser to submit additional information to sufficiently complete the Large-scale Purchase Information within such period determined to be reasonably necessary by the Board of Directors or the Independent Committee.

When the Independent Committee and the Board of Directors of the Corporation determine that the Large-scale Purchase Information submitted is complete, the Corporation will disclose such determination to the shareholders of the Corporation. If the Board of Directors of the Corporation considers it necessary for the shareholders of the Corporation to make its decisions, the Corporation will disclose all or part of the Large-scale Purchase Information submitted to the Corporation at such time that it deems appropriate.

- (3) Discussions and Negotiations by the Independent Committee, the Independent Committee Assessment Period, Recommendation of the Independent Committee, etc.

The Independent Committee will set a period to examine the Large-scale Purchase by the Large-scale Purchaser as well as the opinion of the Board of Directors of the Corporation, based on the information and materials provided by the Large-scale Purchaser and the Board of Directors of the Corporation, etc., and from the perspective of securing and improving the corporate value of the Corporation and common interests of the shareholders (the “Independent Committee Assessment Period”). The Independent Committee Assessment Period shall, as a general rule, be for sixty (60) business days, in case the purchase of all of the Corporation’s shares is made by a tender offer with cash-only (yen) consideration, or for ninety (90) business days, in the case of any other Large-scale Purchase, and depending on the difficulty level of assessment of the Large-scale Purchase, commencing on the date immediately succeeding the date when the Corporation discloses that the Independent Committee and the Board of Directors of the Corporation have determined that sufficient Large-scale Purchase Information has been submitted. The Large-scale Purchaser may commence the Large-scale Purchase only after the Independent Committee Assessment Period has elapsed.

The Independent Committee may discuss or negotiate with the Large-scale Purchaser, as may be deemed necessary, directly or indirectly through the Board of Directors of the Corporation or through some other body, to determine whether or not the offer falls under the category set forth in section 5 sub-section (2) below, in view of securing and improving the corporate value of the Corporation and the common interests of shareholders. When the Independent Committee requires the Large-scale Purchaser to provide materials for its consideration or information, or to have discussions or negotiations with it directly or indirectly through the Board of Directors of the Corporation, or through some other body, the Large-scale Purchaser shall promptly respond to such request.

Also the Independent Committee may require the Board of Directors of the Corporation to submit, within such period determined to be reasonably necessary (a maximum of sixty (60) business days, as a general rule), its opinion on the content of the Large-scale Purchase, the supporting materials therefore, any other information, materials and the like, which shall be deemed by the Independent Committee to be reasonably necessary.

Furthermore, the Independent Committee may, during the Independent Committee Assessment Period, require the Directors, Statutory Auditors or employees of the Corporation to attend, as necessary, the meetings of the Independent Committee to provide explanations and necessary information. The Independent Committee shall endeavor to grasp the intent of the shareholders of the Corporation and may ask for the advice of its customers, business acquaintances, employees and so on.

The Independent Committee will, during the Independent Committee Assessment Period, perform a due and deliberate examination and assessment of the information and materials provided by the Large-scale Purchaser and by the Board of Directors of the Corporation, and make a decision as to whether or not to implement countermeasures, in compliance with the criteria set forth in section 5 below, and thereafter provide a recommendation to the Board of Directors of the Corporation.

To ensure that the decision made by the Independent Committee shall be reasonable and objective, the Independent Committee may, as necessary, receive advice from third parties (including financial advisors, certified public accountants, lawyers, consultants and other professionals), who are independent from the management of the Corporation, at the Corporation's expense.

The content of the recommendations by the Independent Committee will be promptly disclosed.

(4) Resolution of the Board of Directors

The Board of Directors of the Corporation shall promptly resolve as to whether or not countermeasures should be implemented, pursuant to the criteria set forth in section 5 below, respecting the recommendations of the Independent Committee to the fullest extent. In case it is decided that countermeasures should be implemented, the Board of Directors of the Corporation will disclose such decision to the shareholders of the Corporation at the appropriate time.

5. Criteria to Implement Countermeasures and the Outline Thereto

(1) Cases where the countermeasures are not triggered

In case a Large-scale Purchaser complies with this Plan, the Board of Directors of the Corporation will not take any countermeasures against it except such cases as set forth in sub-section (2) below. The Board of Directors of the Corporation may only endeavor to persuade the shareholders of the Corporation against it if the Board of Directors of the Corporation arrives at an opinion to oppose such Large-scale Purchase as a result of its examination and assessment.

(2) Cases where the countermeasures are triggered

If a Large-scale Purchaser does not comply with the Plan, the Board of Directors of the Corporation may take such countermeasures, as set forth in sub-section (3) below, which will respect the recommendations of the Independent Committee to the fullest extent, and adhere thereto, against the Large-scale Purchaser to protect the corporate value of the Corporation, and, consequently, the common interests of shareholders. Such countermeasures shall be taken upon such non-compliance, with immediate effect, and regardless of the specific method of the purchase.

Even if a Large-scale Purchaser complies with the Plan, the Board of Directors of the Corporation may still take such countermeasures, respecting the recommendation of the Independent Committee to the fullest extent, and adhering thereto when the Board of Directors of the Corporation judges that the proposed purchase meets such factors as set forth in either paragraph (i) or (ii) below, and that such Large-scale Purchase is to be regarded as apparently harmful to the corporate value, and, consequently, to the common interests of shareholders. Such countermeasures may include such countermeasures as set forth in sub-section (3) below.

- (i) the purchase that could apparently harm the corporate value and, consequently, the common interests of the shareholders, due to the following conduct:
 - (a) a buy-out of the Corporation's shares in order to demand that the Corporation purchase the said shares at an inflated price;
 - (b) set-up a management that serves the interest of the purchaser to the detriment of the Corporation, such as obtaining temporary control of the Corporation's management to enable the purchaser to make the low-cost acquisition of the Corporation's material assets, etc.;
 - (c) diversion of the Corporation's assets to secure or repay the debts of the Large-scale Purchaser or of its group businesses;
 - (d) temporarily control the Corporation's management to bring about a disposal of its high-value assets that have no current relevance to the Corporation's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price, taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends; or

- (e) any other conduct that may cause substantial damage to the corporate value of the Corporation, and, consequently, the common interests of shareholders.
- (ii) In case the purchase threatens to have the effect of compelling the shareholders to sell their shares, such as a coercive two-tiered tender offer (meaning a takeover which coerces the shareholders into accepting a front-end tender offer by setting unfavorable terms (including terms of the consideration that will be granted to the shareholders of the Corporation upon merger, etc., conducted after the completion of the large-scale purchase), without offering all of the Certificate of Shares and Other Securities, or without specifically indicating the terms for the back-end of the transaction).

(3) Content of Countermeasures

Such countermeasures that may be taken by the Board of Directors of the Corporation as set forth in sub-section (2) above, which will respect the recommendations of the Independent Committee to the fullest extent, and adhere thereto, shall be those within its competence, permitted by the Corporations Act or other applicable laws, or the Articles of Incorporation of the Corporation. If the Board of Directors elects to issue such rights to subscribe for new shares for no consideration, the outline of the issuance thereof shall be as set forth in the EXHIBIT 2. If the Board of Directors actually implements this, it may determine the exercise period and exercise conditions of the right to subscribe for new shares, including an exercise condition that prohibits a Group of Shareholders that would constitute 20 % or more of the total voting rights, from subscribing for new shares, to ensure the effectiveness thereof as a countermeasure.

6. Impact, etc. on Shareholders and Investors Resulting from the Countermeasures

(1) Impact, etc. upon introducing the Plan

The allotment of the rights to subscribe for new shares for no consideration will not be conducted at the time when the Plan is introduced. It would not have any direct impact on the rights or interests of shareholders of the Corporation and investors.

(2) Impact, etc. on shareholders and investors at the time of taking countermeasures (allotment of rights to subscribe for new shares)

If the Corporation implements the allocation of rights to subscribe for new shares for no consideration as one of its countermeasures, the Board of Directors of the Corporation will designate the allocation date and publicize it. Considering that one right to subscribe for new shares will be allotted for each common share of the Corporation held by the holders of the shares of the Corporation, registered or recorded in the latest register of shareholders of the Corporation or the latest register of beneficial shareholders as of the allotment date, the ratio of the voting rights of the shareholders as of the allotment date will not be diluted. As the shareholders of the Corporation will automatically become the holders of the right to

subscribe for new shares as a matter of course on the effective date of the allotment, they will not be required to take any procedures including the application procedure. A shareholder who has not completed the entry of a name change is required to complete such entry before the allocation date to obtain rights to subscribe for new shares.

Detailed procedures of the above will be disclosed, at the appropriate time, upon actual allocation of rights to subscribe for new shares for no consideration.

When the Corporation issues the right to subscribe for new shares, it is planned that such right shall have the condition that the Corporation may acquire such right from the shareholders of the Corporation, other than shareholders who constitute the Group of Shareholders holding 20 % or more of the total voting rights of the Corporation (the "Purchaser with Exercise Restrictions"), and issue a share of common stock of the Corporation for each right to subscribe for new shares (Acquisition Clause) (provided, however, that the common stock of the Corporation for each right to subscribe for new shares may be fractional depending the number of shares that are issuable at the time of the issue of the right to subscribe for new shares). When the Corporation acquires the right to subscribe for new shares from the shareholders of the Corporation, other than the Purchaser with Exercise Restrictions, and then issue a share of common stock of the Corporation for each right, the ratio of voting rights of the shareholders of the Corporation other than the Purchaser with Exercise Restrictions shall not be diluted. Also, in this case, the shareholders of the Corporation, other than the Purchaser with Exercise Restrictions, shall not be required to exercise the right to subscribe for new shares and pay money in an amount equivalent to the exercise price. Detailed procedures for the acquisition by the Corporation will be notified or announced publicly, at the appropriate time, upon actual acquisition.

7. Effective Term of this Plan

The Plan shall remain effective until the close of the 98th Annual General Meeting of Shareholders to be held in June 2010 so that it includes the term of the "2006-2010 Medium-term Management Plan."

Even after the introduction of this Plan, the Board of Directors of the Corporation will review this Plan from time to time, even during the effective term thereof, with the view of enhancing the corporate value and, consequently, the shareholder value, taking into account the enactments of various legislations, etc. If necessary, the Corporation may amend or abolish the Plan. Abolishment of the Plan during the effective term thereof may be made by a resolution of the Board of Directors of the Corporation. Any change, during such effective term, in the outline of the Plan, in the criteria to implement the countermeasures, or in any material matter regarding the criteria and the content of the countermeasures may be made by taking into consideration the opinions of shareholders of the Corporation as may be deemed appropriate, by means of the

General Meeting of Shareholders or otherwise. Any other change thereto may be made by a resolution of the Board of Directors. When any change or abolishment takes place through a resolution of the Board of Directors, the Board of Directors will disclose the content thereof to the shareholders of the Corporation at the appropriate time.

OUTLINE OF THE INDEPENDENT COMMITTEE

(1) Purposes, etc., of the Independent Committee

The Independent Committee shall be established with an aim to secure the objectiveness, fairness and reasonableness of the examination and assessment of the Large-scale Purchase and the Board of Directors' determination regarding whether or not to implement countermeasures. As such, the Independent Committee shall judge whether the Large-scale Purchaser complies with this Plan or not, the Large-scale Purchase meets such factors as set forth in section 5 sub-section (2) of the "COUNTERMEASURES TO LARGE-SCALE PURCHASES OF THE CORPORATION'S SHARES (TAKEOVER DEFENSE MEASURES)" or not, and whether the Large-scale Purchase is to be regarded as apparently harmful to the corporate value, and to the common interests of shareholders, or not.

(2) Constitution

Only the outside directors shall constitute the Independent Committee.

(3) Term of Office

The term of office of the Independent Committee shall be same as the term of office of outside directors of the Corporation.

(4) Requirement for Resolution

A resolution of the Independent Committee shall be made, as a general rule, by an affirmative vote of the majority of the directors in its plenary session. If a session is not plenary, a resolution of the Independent Committee shall be made by an affirmative vote of the majority of the directors present who shall constitute the majority of the total number of the Committee members.

(5) Matters to be Resolved and Other Responsibilities

The Independent Committee shall be responsible, as a general rule, for the matters set forth in each item below:

- to examine how the Large-scale Purchaser complies with this Plan;
- to determine whether the Large-scale Purchase Information submitted is complete or not;
- if the Large-scale Purchase Information provided is insufficient, to require the

Large-scale Purchaser, directly or through by the Board of Directors, to submit additional information within such period determined to be reasonably necessary;

to establish the Independent Committee Assessment Period;

to discuss or negotiate with the Large-scale Purchaser directly or through by the Board of Directors;

to require the Board of Directors of the Corporation to submit its opinion, within such period determined to be reasonably necessary, the supporting materials, any other information, materials and the like, which shall be deemed by the Independent Committee to be reasonably necessary;

during the Independent Committee Assessment Period, to require the Directors, Statutory Auditors or employees and the like, of the Corporation, to attend, as necessary, the meetings of the Independent committee, and to provide explanations of the matters that the Independent Committee may ask for;

during the Independent Committee Assessment Period, to grasp the intent of the shareholders of the Corporation;

during the Independent Committee Assessment Period, to ask for the advice of its customers, business acquaintances, employees and the like;

to perform examination and assessment of the Large-scale Purchase Information, as well as the information and materials provided by the Board of Directors;

to make a decision as to whether or not to implement countermeasures in compliance with the criteria set forth in this Plan;

to provide a recommendation to the Board of Directors based on the foregoing decision;

during the Independent Committee Assessment Period, to appoint and employ third parties (including financial advisors, certified public accountants, lawyers, consultants and other professionals), who are independent from the management of the Corporation, to receive their advise; and

other matters incidental to the foregoing items.

OUTLINE OF THE RIGHT TO SUBSCRIBE FOR NEW SHARES

- (1) The Shareholders who are entitled to receive the right to subscribe for new shares for no consideration and terms for issuance.

The shareholders of the Corporation registered or recorded in the latest register of shareholders or register of beneficial shareholders, as of the allotment date, determined by the Resolution of the Board of Directors of the Corporation on the allotment of rights to subscribe for new shares for no consideration (the "Allotment Resolution"), will be allotted one right for each share of common stock of the Corporation held by them, of record, as of the allotment date (except for the common stock held by the Corporation).

- (2) The type and number of shares to be acquired upon the exercise of the right to subscribe for new shares.

The type of share that may be acquired upon the exercise of the right to subscribe for new shares shall be the common stock, and the number of shares that may be acquired upon the exercise of each right to subscribe for new shares shall be one share; provided, however, that the common stock of the Corporation for each right to subscribe for new shares may be fractional depending the number of shares that are issuable at the time of the issue of the right to subscribe for new shares.

- (3) The total number of rights that may be allotted for the subscription for new shares to be issued.

The total number of rights that may be allotted for the subscription for new shares shall be the total number of outstanding shares of common stock (excluding the number of shares of common stock then held by the Corporation). The Board of Directors of the Corporation may allot the right to subscribe for new shares for any number of times.

- (4) The amount to be invested in upon the exercise of the right to subscribe for new shares.

The amount to be invested in upon the exercise of the right to subscribe for new shares shall be one Japanese yen or more, as shall be determined by the Board of Directors. When the Corporation acquires the rights to subscribe for new shares held by a shareholder which have not been exercised and delivers common stock of the Corporation to the relevant shareholder pursuant to section (8) herein below, such shareholder shall not be required to pay money in an amount equivalent to the exercise price for the right to subscribe for new shares.

- (5) Restriction on the transfer of the right to subscribe for new shares.

The acquisition of the right to subscribe for the new shares by way of assignment thereof shall require the approval of the Board of Directors of the Corporation.

- (6) The Conditions for the Exercise of the right to subscribe for new shares.

The rights are exercisable subject to certain conditions, which include prohibiting a person or corporation, which belongs to a Group of Shareholders, that own 20 % or more of the voting rights from exercising the right to subscribe for new shares. Any other matter pertaining to the details for the issuance of the rights that are not otherwise stated herein shall be determined by the Allotment Resolution of the Board of Directors of the Corporation.

- (7) The Exercise Period of the right to subscribe for new shares.

The effective date of the allotment of the right to subscribe for the new shares, the exercise period, the conditions of acquisition and other conditions of the right to subscribe for the new shares shall be separately determined by the Board of Directors of the Corporation.

- (8) Acquisition of the right to subscribe for new shares by the Corporation

Upon the date that shall be determined by the Board of Directors of the Corporation, the Corporation may acquire all the rights to subscribe for new shares held by persons or corporations, other than those who cannot exercise the right to subscribe for new shares under section (6) hereinabove, which have not been exercised before or on the date immediately prior to such date. In exchange thereof, the Corporation will deliver one common stock of the Corporation for every one right to subscribe for new shares, to the relevant shareholders; provided, however, that the common stock of the Corporation for each right to subscribe for new shares may be fractional depending the number of shares that are issuable at the time of the issue of the right to subscribe for new shares.

EXHIBIT 3

MAJOR SHAREHOLDERS

As of September 30, 2006

Shareholders	Address	Thousands of Shares	Percentage of Total Voting Rights
Northern Trust Company AVFC Sub-account American Clients (Standing proxy agent: HongKong and Shanghai Banking Corporation Limited, Tokyo Branch)	50 Bank Street Canary Wharf London E14 5NT UK (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo)	8,024	9.24
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	5,493	6.33
The Master Trust Bank of Japan, Ltd.	11-3 Hamamatsu-cho 2-chome, Minato-ku, Tokyo	5,216	6.01
Mita Sangyo Co., Ltd.	9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka	4,756	5.48
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	4,296	4.95
Trust & Custody Services Bank, Ltd.	8-11, Harumi 1-chome, Chuo-ku, Tokyo	2,794	3.22
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,668	3.07
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,661	3.06
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	1,992	2.29
Mellon Bank N.A. as agent for its client Mellon omnibus US pension (Standing proxy agent: HongKong and Shanghai Banking Corporation Limited, Tokyo Branch)	One Boston Place Boston, MA 02108 (11-1 Nihonbashi 3-chome, Chuo-ku, Tokyo)	1,704	1.96
Total		39,607	45.64

Note 1: Mita Sangyo Co., Ltd. is a juridical person in which the founding family of the Corporation own shares.

Note 2: Although juridical persons as set forth below submitted a report on large shareholders, and the Corporation received their report that they hold the Corporation's shares as follows, such juridical persons are not included in the above "Major Shareholders," since the number of the shares that are beneficially owned in the name of such juridical persons are not identified as of September 30, 2006.

Shareholders	Address	Thousands of Shares	Percentage of Total Voting Rights
Silchester International Investors Limited	Time & Life Building, 5 th Floor, 1 Burton Street, London W1J 6TL, England	8,808	10.15
Sprucegrove Investment Management Limited	University Avenue, Suite 1300 Toronto, Ontario Canada M5H 3M7	6,483	7.47
Barclays Global Investors Japan Trust & Banking Co., Ltd.	1-1-39 Hiroo, Shibuya-ku, Tokyo 150-8402	5,923	6.82