

Translation

[**Disclaimer:** The following is meant to be an accurate translation from the original Notice of Shareholders Meeting of Santen Pharmaceutical Co., Ltd. 2007, written in Japanese, and is prepared for the convenience of shareholders outside Japan who have voting rights. However, in the case of any discrepancy between the English translation and the Japanese original, the latter shall prevail. Please be advised that certain expressions for domestic voting procedures that are not applicable to shareholders outside Japan are omitted or modified to avoid confusion.]

Securities code: 4536

June 1, 2007

**CONVOCATION NOTICE OF
THE 95TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We hereby inform you of the 95th Annual General Meeting of Shareholders of the Corporation to be held as set forth below. Your presence at the meeting will be highly appreciated.

If you will be unable to attend the Meeting, you are entitled to exercise your voting rights in writing or via the Internet. In such case, we request you to exercise your voting rights, after reviewing the attached “Reference Materials for the General Meeting of Shareholders,” by: filling in the Voting Card¹, indicating your assent or dissent regarding the items on the agenda, and returning the card to us by mail before 17:30 on Monday, June 25th, 2007 (in Japan); or accessing the website designated by the Corporation for voting (<http://www.evotep.jp/>) using a personal computer, and exercising your voting right before 17:30 on the aforementioned day.

Voting Rights For Registered Shareholders In Japan²

Yours very truly,

Takakazu Morita
Chairman & CEO
SANTEN PHARMACEUTICAL CO., LTD.
9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka, Japan

Notes:

1 The Voting Card is not enclosed with the English translation.

2 Shareholders outside Japan are not entitled to use these voting procedures; so the explanation of such procedures has been omitted.

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AGENDA

1. **Date and Time:** Tuesday, June 26, 2007 at 10:00 a.m.
2. **Place:** Century Hall on the 5th Floor of the Headquarters Bldg. of
SANTEN PHARMACEUTICAL CO., LTD.
9-19, Shimoshinjo 3-chome, Higashiyodogawa-ku, Osaka, Japan
3. **Agenda**
Reports: 1. Business Report, Consolidated Financial Statements and Non-consolidated
Financial Statements for the 95th Business Term (April 1, 2006 to March 31,
2007)
2. Independent Auditor Report and Corporate Auditor Report on the
Consolidated Financial Statements for the 95th Business Term (April 1, 2007
to March 31, 2007)

Items for Resolution:

- Proposal No. 1** Appropriation of Surplus
 - Proposal No. 2** Partial Amendments to the Articles of Incorporation
 - Proposal No. 3** Appointment of Seven (7) Directors
 - Proposal No. 4** Appointment of Two (2) Corporate Auditors
 - Proposal No. 5** Grant of Retirement Allowances to the Retiring Corporate Auditor
 - Proposal No. 6** Issuance of the Rights to Subscribe for New Shares as Stock Options
for Directors
 - Proposal No. 7** Issuance of the Rights to Subscribe for New Shares as Stock Options
for Corporate Officers
 - Proposal No. 8** Introduction of the Countermeasures to Large-scale Purchases of the
Corporation's Shares (Takeover Defense Measures)
4. **Matters Determined concerning the Convocation**
Please see the "Information concerning the Exercise of Voting Rights, Etc." on page 31.

Changes in the Reference Materials for the General Meeting of Shareholders or in the Exhibits thereof, if any, shall be publicized via the Internet on the website of the Corporation (<http://www.santen.co.jp/>).

REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and Reference Information

Proposal No. 1 Appropriation of Surplus

The Board of Directors proposes to appropriate the surplus as follows:

The Corporation 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 the Corporation's performance while, at the same time, improving capital efficiency, investing in research and development, thereby enhancing corporate value, and building up sufficient retained earnings to undertake our long-term growth strategy. In addition, the Corporation continues to consider the acquisition and cancellation of its treasury shares as appropriate.

With the aim of generating a future stream of profits to fund more consistent and stable dividends to shareholders, we have adopted the dividends-on-equity (DOE) ratio as a new performance indicator to measure dividends. DOE is calculated by multiplying the payout ratio with the return on equity (ROE). In the 2006-2010 Medium-term Management Plan, the Corporation aims to raise DOE to 5% by the fiscal year 2010.

For the 95th Business Term, the Board of Directors proposes term-end dividends of profits as follows, pursuant to the basic policy of the Corporation:

- (1) Type of dividend: money
- (2) Distribution of the dividend to shareholders and the aggregate amount thereof: JPY35 per share of the common stock of the Corporation, which is JPY 3,037,125,735, in the aggregate. Consequently, the total dividends for the fiscal year, including the interim dividends (JPY30 per share), will be JPY 65 per share, a JPY5 increase compared to the previous term.
- (3) Effective date of the distribution of the dividend of surplus: June 27, 2007

Proposal No. 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

While Article 6 of the current Articles of Incorporation of the Corporation stipulates that the total number of issuable shares of the Corporation shall be 151,493,354 shares, in order to enable flexible and active fund-raising that is commensurate with our long-term business development, and Proposal No. 8 on "Introduction of the Countermeasures to Large-scale Purchases of the Corporation's Shares (Takeover Defense Measures)" is approved, in order to ensure the effectiveness of such

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countermeasure and to be able to issue a sufficient number of rights to subscribe for new shares, the Board of Directors proposes to amend and increase the total number of issuable shares of the Corporation to 220,000,000 shares.

2. Details of the amendments

Details of the proposed amendments are as follows:

(Parts proposed to be amended are underlined.)

Current Articles of Incorporation	Proposed amendment
Article 6 (Total Number of Issuable Shares of the Corporation) The total number of issuable shares of the Corporation shall be <u>151,493,354</u> shares.	Article 6 (Total Number of Issuable Shares of the Corporation) The total number of issuable shares of the Corporation shall be <u>220,000,000</u> shares.

Proposal No. 3 Appointment of Seven (7) Directors

The terms of office of all Directors will expire at the close of this Annual General Meeting of Shareholders. The Board of Directors proposes the appointment of the following seven (7) Directors.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary and representative posts currently held with other corporations	Number of Santen shares Owned
1	Takakazu Morita (February 10, 1945)	April 1980 Joined the Corporation November 1980 Head of Office of the President July 1981 Director July 1983 Managing Director July 1987 Senior Managing Director October 1990 President & CEO May 2002 President and Chief Executive Officer of Santen Holdings U.S., Inc. (incumbent) September 2005 Representative Director of Santen Pharmaceutical (China) Co., Ltd. (incumbent) June 2006 Chairman & CEO (incumbent) Representative positions held with other corporations: President of Santen Holdings U.S., Inc. Representative Director of Santen Pharmaceutical (China) Co., Ltd.	133,400 shares
2	Akira Kurokawa (September 5, 1952)	April 1977 Joined the Corporation April 1997 General Manager, Office of the Head of Sales & Marketing Division – Prescription Pharmaceuticals June 1997 Director June 1998 Deputy Head of Sales & Marketing Division – Prescription Pharmaceuticals May 2001 Head of Sales & Marketing Division – Prescription Pharmaceuticals June 2001 Corporate Officer July 2004 Senior Corporate Officer June 2006 President & COO (incumbent)	6,000 shares

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3	Masahiro Mita (November 13, 1949)	<p>April 1980 April 1981 July 1983 June 1995 May 2001</p> <p>January 2004</p> <p>July 2005</p>	<p>Joined the Corporation Head of Marketing Management Director Managing Director (incumbent) In charge of Corporate Management, Regulatory Affairs and Public Relations</p> <p>In charge of Corporate Management, Community & Environment and Regulatory Affairs</p> <p>In charge of Corporate and Regulatory Affairs (incumbent)</p>	234,000 shares
4	Katsuhiko Waga (April 2, 1950)	<p>April 1994 October 1995</p> <p>June 1997 June 1997 April 2000 June 2001 July 2004 July 2005</p>	<p>Joined the Corporation Deputy Head of Manufacturing Division Director (incumbent) Head of Manufacturing Division Head of Product Supply Division Corporate Officer Senior Corporate Officer In charge of Community & Environment Relations (incumbent)</p>	2,200 shares
5	Kosei Furukawa (September 23, 1935)	<p>April 1986</p> <p>June 1998</p> <p>April 1999</p> <p>June 2003</p>	<p>Professor, Graduate School of Business Administration, Keio University Outside Corporate Auditor of the Corporation Professor Emeritus, Keio University (incumbent) Outside Director of the Corporation (incumbent)</p>	2,000 shares
6	Isao Muramatsu (August 14, 1939)	<p>January 1984 July 1991</p> <p>December 1992</p> <p>April 2001</p> <p>April 2002</p> <p>June 2005</p>	<p>Vice President, Sales, Pfizer Japan Representative Director, Executive Vice President and General Manager, Pharmaceuticals, Bristol-Myers Squibb Japan President and Representative Director, SmithKline Beecham Japan Board Member, Senior Advisor, GlaxoSmithKline Japan Representative Director, Pinecrest Corporation (incumbent) Outside Director of the Corporation (incumbent)</p>	Nil
7	Noboru Kotani (November 13, 1956)	<p>June 2000 April 2005</p> <p>April 2005</p> <p>June 2005</p> <p>June 2005</p> <p>December 2006</p>	<p>Director, Dream Incubator Inc. Representative Director, Vehicle Inc. (incumbent) University Lecturer, Business Science Course of the Postgraduate School of Tsukuba University (incumbent) Outside Director of the Corporation (incumbent) Outside Director of Combi Corporation (incumbent) Outside Director of JIN CO., LTD (incumbent)</p>	Nil

(Note 1) None of the above candidates for Director has a special conflict of interest with the Corporation.

(Note 2) Kosei Furukawa, Isao Muramatsu and Noboru Kotani are candidates for Outside Directors.

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(Note 3) Information regarding reasons for the appointment of candidates for Outside Directors; independence as Outside Directors; and an agreement with Outside Directors limiting liability.

- (1) Reasons for the appointment of the candidates for Outside Directors:
 - 1) Although Kosei Furukawa has never been directly engaged in the management of a company other than as an outside director or outside corporate auditor, because he has once served as an Outside Director of the Corporation, and has extensive knowledge and many years of experience as a professor in a graduate school of business administration, the Board of Directors believes that he is well qualified as an Outside Director, and proposes his appointment as such. His term of his office as an Outside Director of the Corporation shall be for four (4) years after the close of this Annual General Meeting of Shareholders. Kosei Furukawa held office as an Outside Corporate Auditor of the Corporation for five (5) years before his assumption of office as an Outside Director of the Corporation.
 - 2) Isao Muramatsu has extensive knowledge and experience acquired through many years of involvement in management in the pharmaceutical industry; as a result, the Board of Directors believes that he is well qualified as an Outside Director, and proposes his appointment as such. His term of office as an Outside Director of the Corporation shall be for two (2) years after the close of this Annual General Meeting of Shareholders.
 - 3) Noboru Kotani has extensive knowledge and experience in corporate management as a management consultant; as a result, the Board of Directors believes that he is well qualified as an Outside Director, and proposes his appointment as such. His term of office as an Outside Director of the Corporation shall be for two (2) years after the close of this Annual General Meeting of Shareholders.
 - 4) None of the candidates for Outside Director has ever served as a managing director, managing officer, managing member or employee of a specified party with an interest in the Corporation as a subsidiary, an affiliate or a main customer (the “Specified Affiliated Entity”).
 - 5) None of the candidates for Outside Director is expected to receive a substantial amount of money or other assets (except for remuneration as director) from the Company or any Specified Affiliated Entity, or has received any such money or assets for the past two (2) years.
 - 6) None of the candidates for Outside Director has been a spouse, relative within the third degree, or other equivalent, of a managing director, managing officer, managing member or employee of any Specified Affiliated Entity.
 - 7) None of the candidates for Outside Director has ever served as a managing director, managing officer, managing member or employee of a Specified Affiliated Entity for the past five (5) years.
 - 8) None of the candidates for Outside Director has been a managing director, managing officer, managing member or employee for the past (2) years of any stock company of which the Corporation is the successor-in-interest by means of a merger, an absorption type merger, an incorporation type split, or a business transfer.
- (2) Improper performance of duties during the candidates’ services, prevention thereof, and the measures taken after such event:
 - 1) No candidate for Outside Director has, since his last appointment as an Outside

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Director of the Corporation, violated any laws, regulations or provisions of the Articles of Incorporation, or performed any other improper act, during the term of his office.

- 2) No candidate for Outside Director who assumed office as a director, corporate officer or corporate auditor of any other stock company in the past five (5) years has violated any laws, regulations or provisions of the Articles of Incorporations, or performed any other improper act during the term of his office in such stock company.

- (3) Agreement with Outside Directors to limit liability:

In order to further strengthen the Corporation's audit system through the invitation and appointment of capable and competent persons for the post of Outside Corporate Director, it is provided, in Article 28 of the Corporation's current Articles of Incorporation, that the Corporation may enter into an agreement with any Outside Director to limit his liability for any damage that may be caused by his negligence of duty. Pursuant such provision, the Corporation has entered into separate agreements with each of Kosei Furukawa, Isao Muramatsu, and Noboru Kotani to limit such liability.

Such agreements provide as follows:

- In case an Outside Director becomes liable for damage to the Corporation caused by the negligence of his duty, he shall be liable for such damage to the maximum amount set forth in paragraph 1, Article 427 of the Corporations Act.
- The aforementioned limitation of liability shall be allowed only if the performance of the Outside Director's duties that caused the liability was in good faith and without gross negligence.

Proposal No. 4 Appointment of Two (2) Corporate Auditors

The term of office of Tadao Kagono as Corporate Auditor expires at the close of this Annual General Meeting of Shareholders. Also Shushi Sakamoto resigns his office as Corporate Auditor at the close of this Annual General Meeting of Shareholders. The Board of Directors proposes appointment of two (2) Corporate Auditors.

The Board of Corporate Auditors has consented to the submission of this item for resolution.

The candidates for Corporate Auditor are as follows:

Candidate No.	Name (Date of birth)	Career summary and representative posts currently held with other corporations	Number of Santen shares Owned
1	Tadao Kagono (November 12, 1947)	April 1999 Professor, Graduate School of Business Administration, Kobe University (incumbent) June 2003 Outside Corporate Auditor of the Corporation (incumbent) June 2004 Outside Corporate Auditor of NTN CORPORATION (incumbent) March 2006 Outside Corporate Auditor of Sumitomo Rubber Industries, Ltd. (incumbent)	Nil

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2	Eiju Miyauchi (May 4, 1938)	September 1989 April 1993 June 1997 April 1999 July 2002 June 2005	Vice Director, Overseas Sales Division, SONY CORPORATION Vice Director, Electronic Device Sales Division, SONY CORPORATION Senior Managing Director, USC Corporation Representative Director & President, USC Corporation Director & Advisor, USC Corporation Outside Director, AUTOBACS SEVEN CO., LTD. (incumbent)	Nil
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(Note 1) None of the above candidates for Corporate Auditor has a special conflict of interest with the Corporation.

(Note 2) Both Tadao Kagono and Eiju Miyauchi are candidates for Outside Corporate Auditor.

(Note 3) Reasons for the appointment of candidates for Outside Corporate Auditors; independence as Outside Corporate Auditors; and an agreement to limit liability with Outside Corporate Auditors:

- (1) Reasons for the appointment of the candidates for Outside Corporate Auditors:
- 1) Although Tadao Kagono has never been directly engaged in the management of a company other than as an outside director or outside corporate auditor, because he has a wealth of specialized expertise and there is no issue as to his independence with regard to the Corporation, the Board of Directors believes that he is well qualified as an Outside Corporate Auditor, and proposes his appointment as such. His term of office as an Outside Corporate Auditor of the Corporation shall be for four (4) years after the close of this Annual General Meeting of Shareholders.
 - 2) Eiju Miyauchi has all-round managerial experience and expertise as a representative director of a listed company, and there is no issue as to his independence with regard to the Corporation; as a result, the Board of Directors believes that he is well qualified as an Outside Corporate Auditor, and proposes his appointment as such.
 - 3) None of the candidates for Outside Corporate Auditors has ever served as a managing director, managing officer, managing member or employee of a Specified Affiliated Entity.
 - 4) None of the candidates for Outside Corporate Auditors is expected to receive a substantial amount of money or other assets (except for remuneration as a corporate auditor) from the Company or any Specified Affiliated Entity, or has received any such money or assets for the past two (2) years.
 - 5) Neither of the candidates for Outside Corporate Auditor has been a spouse, relative within the third degree, or other equivalent, of a managing director, managing officer, managing member or employee of any Specified Affiliated Entity for the past five (5) years.
 - 6) Neither of the candidates for Outside Auditor has ever served as a managing director, managing officer, managing member or employee of a Specified Affiliated Entity for the past five (5) years.
 - 7) Neither of the candidates for Outside Corporate Auditor has been a managing director, managing officer, managing member or employee for the past (2) years of any stock company of which the Corporation is the successor-in-interest by means of a merger, an absorption type merger, an incorporation type split, or a business transfer.

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- (2) Improper performance of duties during the candidates' services, prevention thereof, and the measures taken after such event:
- 1) Neither candidate for Outside Corporate Auditors has, since his last appointment as an Outside Corporate Auditor of the Corporation, violated any laws, regulations or provisions of the Articles of Incorporation, or performed any other improper act during the term of his office.
 - 2) Neither candidate for Outside Corporate Auditor who assumed office as a director, corporate officer or corporate auditor of any other stock company in the past five (5) years has violated any laws, regulations or provisions of the Articles of Incorporations, or performed any other improper act during the term of his office in such stock company.
- (3) Agreement with Outside Corporate Auditors to limit liability:
In order to further strengthen the Corporation's audit system through the invitation and appointment of capable and competent persons for the post of Outside Corporate Auditors, it is provided, in Article 36 of the Corporation's current Articles of Incorporation, that the Corporation may enter into an agreement with any Outside Corporate Auditor to limit his liability for any damage that may be caused by his negligence of duty. Pursuant such provision, the Corporation has entered into an agreement with Tadao Kagono, a candidate for an Outside Corporate Auditor, to limit such liability. Also, the Corporation is expected to enter into an agreement with Eiju Miyauchi, a candidate for Outside Corporate Auditor, to limit such liability.

Such agreement provides as follows:

- In case an Outside Corporate Auditor becomes liable for damage to the Corporation caused by the negligence of his duty, he shall be liable for such damage to the maximum amount set forth in paragraph 1, Article 427 of the Corporations Act.
- The aforementioned limitation of liability shall be allowed only if the performance of the Outside Auditor's duties that caused the liability was in good faith and without gross negligence.

Proposal No. 5 Grant of Retirement Allowances to the Retiring Corporate Auditor

The Board of Directors proposes to grant, within reasonable amounts based on the regulations of the Corporation, a retirement allowance to Shushi Sakamoto as compensation for his invaluable service to the Corporation during his term. Shushi Sakamoto will retire as Corporate Auditor due to the expiration of his office term at the close of this Annual General Meeting of Shareholders.

It is proposed that the amount, date and procedure of the grant be entrusted to the Board of Director's determination.

The following is a career summary of Shushi Sakamoto:

Name	Career summary
Shushi Sakamoto	June 1998 Standing Corporate Auditor (incumbent)

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Proposal No. 6 Issuance of the Rights to Subscribe for New Shares as Stock Options for Directors

Pursuant to the provisions under Articles 238, et seq. of the Corporations Act, the Board of Directors proposes: (i) to issue rights to subscribe for new shares as stock options without consideration; (ii) to authorize the Board of Directors of the Corporation to determine matters regarding the offering of shares; and (iii) the details of stock options to be allotted to Directors of the Corporation as non-cash remuneration other than money pursuant to the provisions of Article 361 of the Corporations Act.

1. Purpose of the issuance of rights to subscribe for new shares without consideration
The Corporation plans to issue rights to subscribe for new shares of the Corporation without consideration to directly link the remuneration of Directors to the creation of medium-and long-term shareholder value; to raise the motivation and morale of the Directors of the Corporation for the purpose of improving the Corporation's business results; and to further enhance shareholder value and customer satisfaction.
2. Details of rights to subscribe for new shares
 - (1) Grantees of rights to subscribe for new shares
Directors of the Corporation (except for Outside Directors)
 - (2) Class and number of shares to be issued for rights to subscribe for new shares
Maximum 53,700 shares of common stock of the Corporation.

The number of shares of common stock to be issued for one (1) right to subscribe for new shares shall be 100 shares. In the event the Corporation conducts a free share allotment, a splitting of shares or consolidation of shares, the number of shares to be issued shall be adjusted in accordance with the formula set forth below; provided, however, that the adjustment shall be made solely to the number of shares to be issued for rights to subscribe for new shares that have not yet been issued upon the exercise of rights to subscribe for new shares at the time of the splitting of shares or consolidation of shares, and any fraction of a share that is less than one share arising out of such adjustment shall be disregarded.

Number of shares after adjustment = Number of shares before
adjustment x Percentages of free share allotment, splitting of shares, or
consolidation of shares.

Also, in the event that it is appropriate to change the number of shares by means of merger or a reduction of the stated capital other than those described in the above, the Corporation may adjust the number of shares to be issued for rights to subscribe for new shares as it deems necessary.

- (3) Aggregate number of rights to subscribe for new shares

Maximum of 537 rights to subscribe for new shares shall be issued within one (1) year after the day of this Annual General Meeting of Shareholders. (However, in the event

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any adjustment is made to the number of shares as stated in 2. (2) above, the number of shares to be issued for one right to subscribe for new shares shall be adjusted in the same way.)

(4) Amount to be paid for rights to subscribe for new shares

As regards the rights to subscribe for new shares for which the matters pertaining to offering of shares may be determined based on the authorization by this Annual General Meeting of Shareholders, the amount to be paid shall be zero (i.e., payment of an amount of money in return for such rights to subscribe for new shares is not required).

(5) Value of the property to be contributed upon the exercise of each right to subscribe for new shares

The value of the property to be contributed upon the exercise of each right to subscribe for new shares shall be the amount to be paid per share to be determined as set forth below (hereinafter referred to as the “Exercise Price”) multiplied by the number of shares to be allotted for one right to subscribe for new shares as provided under 2. (3) above.

The Exercise Price shall be the average of the closing prices (hereinafter, the “Closing Price”) of the Corporation’s shares of common stock on the Osaka Securities Exchange on each day (other than any day on which no sales are reported) of the month immediately preceding the month during which the date of the allotment of rights to subscribe for new shares falls (hereinafter referred to as the “Closing Price”). Any amount less than one yen arising out of this calculation shall be rounded upward to the nearest yen.

Notwithstanding the foregoing, if such amount is less than the Closing Price as of the date immediately preceding the date on which the rights to subscribe for new shares are allotted (in case there is no Closing Price of such date, the date immediately prior to such date), then the Closing Price reported on the date immediately preceding the date on which the rights to subscribe for new shares are allotted shall be the amount to be paid.

In the event the Corporation conducts a consideration-free share allotment, a splitting of shares or consolidation of a shares, the Exercise Price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\begin{array}{l} \text{Exercise Price} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Exercise Price} \\ \text{before adjustment} \end{array} \times 1 / \begin{array}{l} \text{Percentage of a free share allotment,} \\ \text{splitting or consolidation of shares} \end{array}$$

In the event the Corporation issues new shares at a price less than the current market price (excluding the case in which new shares are issued upon exercise of rights to subscribe for new shares) or conducts a disposition of treasury stock after the allotment date, the Exercise Price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward

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to the nearest yen:

$$\begin{array}{r} \text{Exercise Price} \quad \text{Exercise Price} \quad \text{Number of} \quad \text{Number of new} \quad \text{Amount to be} \\ \text{after adjustment} = \text{before adjustment} \times \text{shares issued} \quad + \quad \frac{\text{Shares issued} \times \text{paid per share}}{\text{Market price}} \\ \text{Number of shares issued} + \text{Number of new shares to be issued} \end{array}$$

Please be informed that the number of shares of treasury stock held by the Corporation shall be deducted from the “number of shares issued” set forth in the above formula; also, in the event that the Corporation conducts a disposition of treasury stock, the “number of new shares issued” shall be deemed to be replaced with the “number of shares of treasury stock disposed of.”

Furthermore, through unavoidable circumstances, including a reduction of the stated capital of the Company, the Exercise Price shall be appropriately adjusted to a reasonable extent considering relevant conditions.

- (6) Period during which rights to subscribe for new shares may be exercised:
From June 27, 2009 to June 26, 2017
- (7) Conditions of exercising rights to subscribe for new shares
- 1) A person who has been granted rights to subscribe for new shares shall be required to hold the post of Director of the Corporation during the period for exercising rights to subscribe for new shares; however, the grantee may exercise the right to subscribe for new shares in the event that the grantee retires for legitimate reasons, such as expiry of the term of the office.
 - 2) Partial exercise of one right to subscribe for new shares can only be exercised as long as the number of shares to be issued for the right to subscribe for new shares is an integral multiple of the number of shares for one stock trade unit of the Corporation.
 - 3) In the event of the death of a holder of rights to subscribe for new shares, a successor may exercise rights to subscribe for new shares.
 - 4) Other details relating to the exercise of rights to subscribe for new shares shall be determined in accordance with agreements with respect to the granting of rights to subscribe for new shares, which shall be concluded between the Corporation and the grantees, pursuant to resolutions to be made at this Annual General Meeting of Shareholders and a meeting of the Board of Directors regarding the issuance of rights to subscribe for new shares.
- (8) Amount of stated capital and capital reserve to be increased in the event that new shares are issued upon exercise of rights to subscribe for new shares
- 1) The amount of the stated capital to be increased in the event that new shares are issued upon exercise of rights to subscribe for new shares shall be one half of the maximum increased amount of the stated capital, etc., calculated pursuant to paragraph 1, Article 40 of the Ordinance for the Settlements of Accounts of Corporations. Any amount less than one yen arising out of this calculation shall be rounded upward to the nearest yen.
 - 2) The amount of the capital reserve to be increased in the event that new shares are

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issued upon exercise of rights to subscribe for new shares shall be the aforementioned maximum increased amount of the stated capital, etc., deducted by the amount of the stated capital to be increased as provided under the 1) above.

- (9) Events and conditions relating to the revocation of rights to subscribe for new shares
 - 1) If a merger agreement, under which the Corporation becomes the disappearing corporation, is approved, or if a proposal for approval of a share-for-share exchange agreement or a proposal for a share transfer under which the Corporation shall become a wholly-owned subsidiary is approved at a General Meeting of Shareholders or the Board of Directors of the Corporation, the Corporation may revoke the rights to subscribe for new shares without consideration on a day separately determined by the Board of Directors of the Corporation.
 - 2) If a grantee is not able to exercise his or her rights to subscribe for new shares because the grantee no longer falls under the conditions stated in 2. (7) 1) above before exercising his or her rights, the rights to subscribe for new shares may be revoked without consideration on a day separately determined by the Board of Directors of the Corporation.
- (10) Restriction on the transfer of rights to subscribe for new shares:

The transfer of rights to subscribe for new shares shall require the approval of the Board of Directors of the Corporation.
- (11) Treatment of fractional shares

Any fractional share, included in the number of shares issued to the holder of the right to subscribe for new shares who has exercised such right, shall be rounded downward to the nearest whole number of shares.

Proposal No. 7 Issuance of the Right to Subscribe for New Shares as Stock Options for Corporate Officers

Pursuant to the provisions under Articles 238, et seq., of the Corporations Act, the Board of Directors proposes to issue rights to subscribe for new shares without consideration to Corporate Officers of the Corporation in accordance with the following terms and conditions, and delegating to the Board of Directors the determination of the matters concerning the invitation for subscription:

1. Purpose of the issuance of rights to subscribe for new shares without compensation

The Corporation plans to issue rights to subscribe for new shares of the Corporation without compensation to directly link the remuneration of Corporate Officers to the creation of medium-and long-term shareholder value; to raise the motivation and morale of the Corporate Officers of the Corporation, for improvement in the Corporation's business results; and to further enhance shareholder value and customer satisfaction.

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2. Details of rights to subscribe for new shares

- (1) Grantees of rights to subscribe for new shares
Corporate Officers of the Corporation
- (2) Class and number of shares to be issued for rights to subscribe for new shares
Maximum 45,600 shares of common stock of the Corporation.

The number of shares of common stock to be issued for one (1) right to subscribe for new shares shall be 100 shares. In the event the Corporation conducts a free share allotment, a splitting of shares or consolidation of shares, the number of shares to be issued shall be adjusted in accordance with the formula set forth below; provided, however, that the adjustment shall be made solely to the number of shares to be issued for rights to subscribe for new shares that have not yet been issued upon the exercise of rights to subscribe for new shares at the time of the splitting of shares or consolidation of shares, and any fraction of a share that is less-than-one-share arising out of such adjustment shall be disregarded.

Number of shares after adjustment = Number of shares before
adjustment x Percentages of free share allotment, splitting of shares, or
consolidation of shares.

Furthermore, for cases other than those described above, in the event that it is appropriate to adjust the number of shares because of a merger or a reduction of the stated capital, the Corporation may adjust the number of shares to be issued for rights to subscribe for new shares, as it deems necessary.

- (3) Aggregate number of rights to subscribe for new shares

Maximum 456 rights to subscribe for new shares shall be issued within one (1) year after the day of this Annual General Meeting of Shareholders. (However, in the event any adjustment is made to the number of shares as stated in 2. (2) above, the number of shares to be issued for one right to subscribe for new shares shall be adjusted in the same way.)

- (4) Amount to be paid for rights to subscribe for new shares

As regards the rights to subscribe for new shares for which the matters pertaining placing of shares may be determined based on the authorization by this Annual General Meeting of Shareholders, the amount to be paid shall be without compensation (i.e., it is not required to pay any amount of money in return for such rights to subscribe for new shares).

- (5) Value of the property to be contributed upon the exercise of each right to subscribe for new shares

The value of the property to be contributed upon the exercise of each right to subscribe for new shares shall be the amount to be paid per share to be determined as set forth below (hereinafter referred to as the "Exercise Price") multiplied by the number of shares

Translation

to be allotted for one right to subscribe for new shares as provided under 2.(3) above.

The Exercise Price shall be the average of the closing prices (hereinafter, the “Closing Price”) of the Corporation’s shares of common stock on the Osaka Securities Exchange on each day (other than any day on which no sales are reported) of the month immediately preceding the month during which the date of the allotment of rights to subscribe for new shares falls (hereinafter referred to as the “Closing Price”). Any amount less than one yen arising out of this calculation shall be rounded upward to the nearest yen.

Notwithstanding the foregoing, if such amount is less than the Closing Price as of the date immediately preceding the date on which the rights to subscribe for new shares are allotted (in case where there is no Closing Price of such date, the most immediate date prior to such date), then the Closing Price reported on the date immediately preceding the date on which the rights to subscribe for new shares are allotted shall be the amount to be paid.

In the event the Corporation conducts a free share allotment, a splitting of shares or consolidation of shares, the Exercise Price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times 1}{\text{Percentage of a free share allotment, splitting or consolidation of shares}}$$

In the event the Corporation issues new shares at a price less than the current market price (excluding the case in which new shares are issued upon exercise of rights to subscribe for new shares) or conducts a disposition of treasury stock after the allotment date, the Exercise Price shall be adjusted in accordance with the following formula and any amount less than one yen arising out of such adjustment shall be rounded upward to the nearest yen:

$$\text{Exercise Price after adjustment} = \frac{\text{Exercise Price before adjustment} \times \frac{\text{Number of Shares issued} \times \text{Amount to be paid per share}}{\text{Market price before issuance of new shares}}}{\text{Number of shares issued} + \text{Number of new shares to be issued}}$$

Please be informed that the number of treasury stock held by the Corporation shall be deducted from the “number of shares issued” set forth in the above formula; also, in the event that the Corporation conducts a disposition of treasury stock, the “number of new shares issued” shall be deemed to be replaced with the “number of shares of treasury stock disposed of.”

Furthermore, through unavoidable circumstances, including a reduction of the stated capital of the Company, the Exercise Price shall be appropriately adjusted to a reasonable extent considering relevant conditions.

(6) Period during which rights to subscribe for new shares may be exercised:

Translation

From June 27, 2009 to June 26, 2017

- (7) Conditions of exercising rights to subscribe for new shares
 - 1) A person who has been granted rights to subscribe for new shares shall be required to hold the post of Corporate Officer of the Corporation during the period for exercising rights to subscribe for new shares; however, the grantee may exercise the right to subscribe for new shares in the event that the grantee retires for legitimate reasons, such as expiry of the term of the office.
 - 2) Partial exercise of one right to subscribe for new shares can only be exercised as long as the number of shares to be issued for the right to subscribe for new shares is an integral multiple of the number of shares for one stock trade unit of the Corporation.
 - 3) In the event of the death of a holder of rights to subscribe for new shares, a successor may exercise rights to subscribe for new shares.
 - 4) Other details relating to the exercise of rights to subscribe for new shares shall be determined in accordance with the agreement with respect to the granting of rights to subscribe for new shares, which shall be concluded between the Corporation and the grantees, pursuant to resolutions to be made at this Annual General Meeting of Shareholders and the meeting of the Board of Directors regarding the issuance of rights to subscribe for new shares.

- (8) Amount of stated capital and capital reserve to be increased in the event that new shares are issued upon exercise of rights to subscribe for new shares
 - 1) The amount of the stated capital to be increased in the event that new shares are issued upon exercise of rights to subscribe for new shares shall be one half of the maximum increased amount of the stated capital, etc., calculated pursuant to paragraph 1, Article 40 of the Ordinance for the Settlements of Accounts of Corporations. Any amount less than one yen arising out of this calculation shall be rounded upward to the nearest yen.
 - 2) The amount of the capital reserve to be increased in the event that new shares are issued upon exercise of rights to subscribe for new shares shall be the aforementioned maximum increased amount of the stated capital, etc., deducted by the amount of the stated capital to be increased as provided under 1) above.

- (9) Events and conditions relating to the revoking of rights to subscribe for new shares
 - 1) If a merger agreement, under which the Corporation becomes the disappearing corporation, is approved, or if a proposal for approval of a share-for-share exchange agreement or a proposal for a share transfer under which the Corporation shall become a wholly-owned subsidiary is approved at a general meeting of shareholders or the Board of Directors of the Corporation, the Corporation may revoke the rights to subscribe for new shares without consideration on a day separately determined by the Board of Directors of the Corporation.
 - 2) If a grantee is not able to exercise his or her rights to subscribe for new shares because the grantee no longer falls under the conditions stated in 2. (7) 1) above before exercising his or her rights, the rights to subscribe for new shares may be revoked without consideration on a day separately determined by the Board of Directors of the Corporation.

Translation

- (10) Restriction on the transfer of rights to subscribe for new shares:
The transfer of rights to subscribe for new shares shall require the approval of the Board of Directors of the Corporation.
- (11) Treatment of fractional shares
Any fractional share, included in the number of shares issued to the holder of the right to subscribe for new shares who has exercised such right, shall be rounded downward to the nearest whole number of shares.

Proposal No. 8 Introduction of the Countermeasures to Large-scale Purchase of the Corporation's Shares (Takeover Defense Measures)

The Board of Directors proposes to introduce the Countermeasures to Large-scale Purchase of the Corporation's Shares (the "Plan"), 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 in light of the Corporation's intrinsic value; or

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.

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- (6) Purchases that raise a strong concern of violation of the corporate value of the Corporation and, consequently, the common interests of the shareholders, by damaging relations with employees, business partners 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 that proposes such an action is, in this case, inappropriate to control decisions regarding 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 to implement management of the Corporation that reflects the intent of shareholders to enable the continued creation of corporate value of the Corporation and, consequently, the common interests of shareholders.

The Corporation's core values are "Act with the Sanction of Heaven" and "to focus on specific areas of expertise, starting with 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 these core values, we can enhance the corporate value of the Corporation and, consequently, the common interests of shareholders.

Based on the Corporation's core values, the Corporation 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 its 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 JPY 32 billion, net income of JPY 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

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long-term growth strategy. 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 dividends-on-equity (DOE) ratio as a new 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% by fiscal 2010.

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; to clarify management's responsibilities to the shareholders of the Corporation, the term of office of directors is one year. In addition, the Corporation has established three committees: 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 ITS THE CONTENTS **(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, in case of an acquisition of the Corporation's shares and other securities or a similar action or proposal, clarifying procedures with which the acquirer or a proponent thereto shall comply, and securing information, the period necessary for shareholders to make appropriate decisions and an opportunity to negotiate with the acquirer occurs, thereby 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 proposal and the like of a large-scale purchase of the Corporation's shares.

2. Definitions of Terms

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

(1) Large-scale Purchase

A "Large-scale Purchase" means either of the acts set forth below (except where 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

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)

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- 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 Board's opinion;
- (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, consisting of all of the outside directors of the Corporation (please refer to the outline of the Independent Committee in EXHIBIT 1), as an organization independent from the Board of Directors;
- (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 of 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 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 to be a joint holder pursuant to Paragraph 6, Article 27-23 thereof), or a person or a corporation that 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.

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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 necessary for the Corporation's shareholders to make their decision and for the Independent Committee and the Board of Directors to form their respective opinions 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 items listed below. 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, in the case of a fund, partners and other constituent members);
- (ii) the purposes⁴ and conditions of the Large-scale Purchase (including the nature 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, probability of the exercise of the purchase, 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

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

⁵ It is required to state the possibility of conducting additional acquisitions of Certificates of Shares and Other Securities of the Corporation, as well as the reason, a summary, and the necessity of such additional acquisitions. If there is any possibility of the delisting of Certificates of Shares and Other Securities of the Corporation, a statement to that effect along with an 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 provide the name of such third party and an outline of such opinion.

⁷ It is required to provide 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).

⁸ It is required to state the process used to determine the purchase price and, if the Purchaser sought the opinion of any third party in calculating such price, the name of such third party, a summary of such opinion, and the process by which the Purchaser conclusively determined the purchase price using such opinion.

⁹ It is required to provide information about the contemplated post-Large-scale-Purchase reorganization of the Corporation, the disposal or takeover of material assets, significant borrowing, appointment or dismissal of

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- 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 partners, 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, the 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 therefor¹⁰; 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 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 make the Large-scale Purchase Information sufficiently complete 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 Large-scale Purchase Information necessary for the shareholders of the Corporation to make their decisions, the Corporation will disclose all or part of such 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 level of difficulty of assessing the Large-scale Purchase, commencing on the date immediately following the date when the Corporation discloses that the Independent Committee and the Board of Directors of the Corporation have determined that sufficient

representative directors or other directors, changes in the organization of management, material changes in dividend policies and capital policies as well as the necessity thereof.

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

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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.

In addition, 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 therefor, 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, meetings of the Independent Committee to provide explanations and necessary information. The Independent Committee shall endeavor to understand 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 recommendations of 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

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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 seek to persuade the shareholders of the Corporation against a Large-scale Purchase only 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 clearly harmful to the corporate value of the Corporation, 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 could clearly harm the corporate value of the Corporation 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) managerial acts that serve 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 a 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) temporary control of the Corporation's management to dispose of the Corporation's 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 taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends and selling shares at a high price; or
 - (e) any other conduct that may cause substantial damage to the corporate value of the Corporation, and, consequently, the common interests of shareholders.

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- (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 effected at the time when the Plan is introduced; as a result, such allotment 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 allotment 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 allotment 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. Because 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 allotment date to obtain rights to subscribe for new shares.

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

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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 on 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 a Purchaser with Exercise Restrictions, and then issues a share of common stock of the Corporation for each right, the ratio of voting rights of the shareholders of the Corporation other than a Purchaser with Exercise Restrictions shall not be diluted. Also, in this case, the shareholders of the Corporation, other than a 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 sent 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.”

Following 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 corporate value and, consequently, shareholder value, taking into account legislative enactments, etc. If necessary, the Corporation may amend or terminate the Plan. Termination 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 to the Plan may be made by a resolution of the Board of Directors. When any change or termination 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 or not the Large-scale Purchaser complies with this Plan, 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)", and the Large-scale Purchase clearly harms the Corporation's corporate value and the common interests of shareholders.

(2) Constitution

Only outside directors of the Corporation 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 a 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 a majority of the directors present who shall constitute a 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;
- if the Large-scale Purchase Information provided is insufficient, to require the Large-scale Purchaser, directly or through 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;
- 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;

Translation

during the Independent Committee Assessment Period, to require the Directors, Statutory Auditors or employees and the like of the Corporation to attend, as necessary, 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 understand the intent of the shareholders of the Corporation;

during the Independent Committee Assessment Period, to ask for the advice of the Corporation's customers, business partners, 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 advice; 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 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 that have not been exercised and delivers common stock of the Corporation to the relevant shareholder pursuant to section (8) 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 new shares by way of assignment thereof shall require the approval of the Board of Directors of the Corporation.

Translation

- (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, that belongs to a Group of Shareholders and that owns 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 new shares, the exercise period, the conditions of acquisition and other conditions of the right to subscribe for 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 therefor, the Corporation will deliver one share of 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.

End.

Consolidated balance sheets

As of March 31, 2007

(Millions of yen)

Assets

Current assets:	100,820
Cash and deposits	34,295
Notes and accounts trade receivables	35,034
Marketable securities	16,914
Inventories	10,357
Deferred tax assets	1,625
Other current assets	2,593
Allowance for doubtful receivables	(0)
Fixed assets:	58,228
Tangible assets	30,485
Buildings and structures	16,063
Machinery, equipment and vehicles	1,817
Land	8,842
Construction in progress	1,806
Other tangible assets	1,955
Intangible assets	2,771
Goodwill	385
Software	1,660
Other intangible assets	726
Investments and other assets	24,971
Investment securities	21,019
Other assets	3,951
Deferred assets:	50
Total assets	<u><u>159,098</u></u>

Liabilities and net assets

Current liabilities:	22,369
Trade accounts payable	6,089
Current portion of long-term debt	168
Other payables	8,572
Income taxes payable	3,917
Reserve for bonuses	2,477
Other reserves	67
Other current liabilities	30,485
Non current liabilities:	8,084
Long-term debt	5,278
Deferred tax liabilities	426
Reserve for retirement benefits	1,405
Reserve for retirement benefits for directors and auditors	513
Other liabilities	460
Total liabilities	30,453
Shareholders' equity:	124,997
Common stock	6,382
Capital surplus reserves	7,077
Retained earnings	111,645
Treasury stock at cost	(106)
Valuation, translation adjustment and others:	3,587
Unrealized holding gains on securities	5,202
Deferred gains (losses) on hedges	3
Foreign currency translation adjustments	(1,618)
Stock acquisition rights:	59
Total net assets	128,645
Total liabilities and net assets	159,098

Consolidated statements of income

(Millions of yen)

Year ended March 31, 2007

Net sales	100,485
Cost of sales	35,483
Selling, general and administrative expenses	44,589
Operating income	20,412
Non-operating income:	1,138
Interest and dividend income	459
Gain on insurance received	119
Other	559
Non-operating expense:	707
Interest expense	90
Amortization of goodwill	357
Loss on foreign currency transactions	181
Other	78
Ordinary income	20,843
Extraordinary gain:	250
Gains on sales or disposal of fixed assets	250
Other	0
Extraordinary loss:	55
Loss on sales or disposal of fixed assets	36
Other	18
Income before income taxes	21,039
Income taxes:	
Current	7,902
Deferred	(10)
Net income	13,147

Consolidated statements of changes in shareholders' equity

(Millions of yen)

Year ended March 31, 2007

	Common stock	Capital surplus reserves	Retained earnings	Treasury stock at cost	Total Shareholders ' equity	
Balance as of March 31, 2006	6,319	7,014	104,133	(90)	117,377	
Changes during fiscal period						
New issue of stock	62	62			125	
Cash dividends from retained earnings			(5,636)		(5,636)	
Net income			13,147		13,147	
Repurchase of treasury stock, net				(16)	(16)	
Retirement of treasury stock		0		0	0	
Net changes in items other than shareholders' equity					-	
Total changes during fiscal period	62	62	7,511	(16)	7,620	
Balance as of March 31, 2007	6,382	7,077	111,645	(106)	124,997	
###						
	Unrealized holding gains on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation, translation adjustment and others	Stock acquisition rights	Total net assets
Balance as of March 31, 2006	3,995	-	(2,735)	1,260	-	118,637
Changes during fiscal period						
New issue of stock						125
Cash dividends from retained earnings						(5,636)
Net income						13,147
Repurchase of treasury stock, net						(16)
Retirement of treasury stock						0
Net changes in items other than shareholders' equity	1,206	3	1,117	2,327	59	2,387
Total changes during fiscal period	1,206	3	1,117	2,327	59	10,007
Balance as of March 31, 2007	5,202	3	(1,618)	3,587	59	128,645

Non consolidated balance sheets

As of March 31, 2007

(Millions of yen)

Assets

Current assets:	92,143
Cash and deposits	29,315
Notes receivable	403
Accounts receivable	32,953
Marketable securities	16,914
Finished goods and Merchandise	7,283
Semi-finished goods and work in process	519
Raw materials and supplies	1,149
Deferred tax assets	30,485
Other current assets	1,980
Allowance for doubtful receivables	(0)
Fixed assets:	68,991
Tangible assets	25,434
Buildings	13,339
Structures	314
Machinery and equipment	917
Vehicles	7
Tools, furniture and fixtures	1,512
Land	8,555
Construction in progress	789
Intangible assets	2,139
Patents	129
Trademarks	357
Software	1,482
Other intangible assets	169
Investments and other assets	41,417
Investment securities	21,014
Investments in subsidiaries	16,656
Other assets	3,746
Total assets	161,134

Liabilities and net assets

Current liabilities:	20,882
Trade accounts payable	5,442
Current portion of long-term debt	168
Other payables	8,824
Income taxes payable	3,884
Consumption taxes payable	335
Accrued expense	50
Deposits	74
Reserves for bonuses	30,485
Reserves for returned goods	67
Other current liabilities	33
Non current liabilities:	7,632
Long-term debt	5,278
Reserve for retirement benefit	1,391
Reserve for retirement benefits for directors and auditors	513
Deferred tax liabilities	449
Other liabilities	0
Total liabilities	28,515
Shareholders' equity:	127,353
Common stock	6,382
Capital surplus reserves	7,077
Additional paid-in capital	7,076
Other capital surplus reserves	0
Retained earnings	114,001
Earnings reserve	1,551
Other retained earnings	112,449
Reserve for retirement benefit	372
Special depreciation reserve	259
General reserve	89,109
Retained earnings carried forward	22,708
Treasury stock at cost	(106)
Valuation, translation adjustment and others:	5,206
Unrealized holding gains on securities	5,202
Deferred gains (losses) on hedges	3
Stock acquisition rights:	59
Total net assets	132,619
Total liabilities and net assets	161,134

Non consolidated statements of income

(Millions of yen)

Year ended March 31, 2007

Net sales	91,770
Cost of sales	31,265
Selling, general and administrative expenses	40,436
Operating income	20,067
Non-operating income:	1,006
Interest and dividend income	377
Other	628
Non-operating expense:	147
Interest expense	75
Other	71
Ordinary income	20,926
Extraordinary gain:	340
Gains on sales or disposal of fixed assets	250
Gains on discontinued operation of affiliates	90
Extraordinary loss:	92
Loss on sales or disposal of fixed assets	36
Loss on discontinued operation of affiliates	55
Other	0
Income before income taxes	21,174
Income taxes:	
Current	7,829
Deferred	(35)
Net income	13,381

Non consolidated statements of changes in shareholders' equity

(Millions of yen)

Year ended March 31, 2007

	Capital surplus reserves			Retained earnings					Treasury stock at cost	Total Shareholders' equity
	Common stock	Additional paid-in capital	Other capital surplus reserves	Earnings reserve	Other retained earnings			Retained earnings carried forward		
					Reserve for retirement benefit	Special depreciation reserve	General reserve			
Balance as of March 31, 2006	6,319	7,013	0	1,551	372	301	89,109	14,922	(90)	119,499
Changes during fiscal period										
New issue of stock	62	62								125
Cash dividends from retained earnings								(5,636)		(5,636)
Reversal of special depreciation reserve						(134)		134		-
Reserve for special depreciation reserve						93		(93)		-
Net income								13,381		13,381
Repurchase of treasury stock, net									(16)	(16)
Retirement of treasury stock			0						0	0
Net changes in items other than shareholders' equity										-
Total changes during fiscal period	62	62	0	-	-	(41)	-	7,786	(16)	7,853
Balance as of March 31, 2007	6,382	7,076	0	1,551	372	259	89,109	22,708	(106)	127,353

	Unrealized holding gains on securities	Deferred gains (losses) on hedges	Total valuation, translation adjustment and others	Stock acquisition rights	Total net assets
Balance as of March 31, 2006	3,995	-	3,995	-	123,495
Changes during fiscal period					
New issue of stock					125
Cash dividends from retained earnings					(5,636)
Reversal of special depreciation reserve					-
Reserve for special depreciation reserve					-
Net income					13,381
Repurchase of treasury stock, net					(16)
Retirement of treasury stock					0
Net changes in items other than shareholders' equity	1,206	3	1,210	59	1,269
Total changes during fiscal period	1,206	3	1,210	59	9,123
Balance as of March 31, 2007	5,202	3	5,206	59	132,619