

Continuation of Countermeasures to Large-Scale Acquisitions of the Company's Shares (Takeover Defense Measures)

Sanden Corporation (hereinafter the "Company") introduced at the Board of Directors meeting held on May 26, 2008 the "Countermeasures to Large-Scale Acquisitions of the Company's Shares" (hereinafter the "Current Plan") and has continued the Current Plan with the approval of shareholders at the 82nd Ordinary General Meeting of Shareholders of the Company held on June 24, 2008, which is to expire at the conclusion of the Ordinary General Meeting of Shareholders to be held on June 23, 2011. After its introduction, in order to secure and enhance the Company's corporate value and, in turn, the common interests of its shareholders, the Company has reviewed the Current Plan, including whether or not to continue it, with a view to changes in social and economic conditions, and various trends and arguments regarding the takeover defense measures.

As a result, the Board of Directors of the Company determined at its meeting held on May 11, 2011 to amend a part of the Current Plan (hereinafter the amended countermeasures are referred to as the "Plan") and continue the Plan subject to the approval of shareholders at this Ordinary General Meeting of Shareholders.

The Plan was approved at the 85th Ordinary General Meeting of Shareholders held on June 23, 2011 and came into effect. Also, the Independent Committee, which is the organ to rule out arbitrary judgments by Directors and perform objective and substantial judgments on the operation of invocation etc. of the Plan for shareholders, has been established with the appointment of 4 individuals for its members.

1. Purpose of the Plan

The Plan was introduced as an initiative to prevent inappropriate parties from taking control over the decision-making on the Company's financial and business policies in accordance with the Company's basic policy on Company's control and to secure and enhance its corporate value and, in turn, the common interests of its shareholders.

The purpose of the Plan is to secure and enhance the Company's corporate value and, in turn, the common interests of its shareholders when the Company faces large-scale acquisitions of the shares of the Company or such proposals, by enabling the Company to prevent acquisitions that will cause obvious harm to the common interests of its shareholders, or may virtually coerce shareholders into selling their shares, and by securing necessary information, consideration period, and bargaining power so that the Board of Directors of the Company may request the acquirer to provide information when it is difficult for its shareholders to judge the acquirer's proposals, or offer more advantageous terms than the acquisition terms proposed by the acquirer.

2. Outline of the Plan

The Plan provides that the Company shall require the person who emerged as an acquirer provide information in advance and also provides other procedures necessary to achieve the "Purpose of the Plan" described in 1. above (see "Procedures for invoking the Plan" described in 3. below for the details).

If it is decided that the gratis allotment of stock acquisition rights shall not be implemented in accordance with the Plan, the acquirer may thereafter carry out a large-scale acquisition of the shares of the Company, in which case, shareholders shall make their decision on their own as to whether to accept the acquirer's acquisition proposal or not.

On the contrary, in the case where the acquirer carries out a large-scale acquisition of the shares of the Company without complying with the procedures prescribed in the Plan, or in

such exceptional case where the acquisition meets the requirements for invoking the Plan prescribed in the Plan and that, it is determined on reasonable grounds that such acquisition will cause obvious harm to the Company's corporate value and, in turn, the common interests of its shareholders, the Company will allot the stock acquisition rights to all the shareholders at the time other than the Company itself, in the manner of the gratis allotment of stock acquisition rights that are subject to conditions that the acquirer may not exercise the right as a general rule and that the Company may acquire the stock acquisition rights from the shareholders in exchange for delivering shares of the Company to them other than the acquirer.

If the gratis allotment of stock acquisition rights is implemented in compliance with the Plan and the shares of the Company are delivered to those shareholders other than the acquirer by the exercise of those rights or the acquisition thereof by the Company, the ratio of the acquirer's voting rights in the Company may be diluted down to 50% at most.

It will be the Board of Directors of the Company which shall make a final decision on the implementation or non-implementation of gratis allotment of stock acquisition rights, or the acquisition thereof, but the Company continues to have the Independent Committee consisting of members who are highly independent from the management of the Company as it currently is in accordance with the Current Plan and to respect its fair and independent judgments, in order to exclude the arbitrariness of the Board of Directors and to ensure the objectivity and rationality of its judgments. In addition, the Board of Directors may convene a general meeting of shareholders to confirm the will of shareholders concerning the implementation of a gratis allotment of stock acquisition rights as prescribed in the Plan.

The Company will properly announce or disclose to its shareholders any information on the process of the procedures to ensure its transparency.

3. Procedures for invoking the Plan

(1) Acquisitions to which the Plan is applied

The Plan will be applied to any acquisition that falls under (i) or (ii) below, or any transaction or proposal similar thereto (excluding cases where the Board of Directors of the Company has separately approved to the contrary; hereinafter collectively referred to as the "Acquisition"):

- (i) With respect to share certificates, etc. (note 1) issued by the Company, any acquisition or other transaction that will increase the holding ratio (note 4) of such share certificates, etc. held by the holder (note 2) and joint holders (note 3) up to 20% or more; or
- (ii) With respect to share certificates, etc. (note 5) issued by the Company, a tender offer (note 6) that would increase the total of the owning ratio (note 7) of such share certificates, etc. relating to that tender offer and the owning ratio of such share certificates, etc. of those who have special relationship therewith (note 8) up to 20% or more.

Any party carrying out or proposing the Acquisition (hereinafter the "Acquirer") must comply with the procedures predetermined in the Plan and must not carry out the Acquisition until the Board of Directors of the Company adopts a resolution concerning the implementation or non-implementation of the gratis allotment of stock acquisition rights, in which the stock acquisition rights shall be allotted for free (hereinafter the "Stock Acquisition Rights") for the purpose of diluting the ratio of the Acquirer's voting rights in the Company (or until the approval or rejection at the general meeting of shareholders concerning the implementation of the gratis allotment of Stock Acquisition Rights, in cases where such meeting shall be convened to confirm the will of shareholders of the Company (hereinafter the "Shareholders Will Confirmation Meeting") in compliance with

3. (7) below).

(2) Submission of the Letter of Intent

The Company will require any Acquirer carrying out the Acquisition submit written promissory letters, including a written consent stating that the Acquirer will comply with the procedures established under the Plan (with the signature, or name and seal of the representative of the Acquirer) and the certificate of qualification of the representative who placed such signature or seal thereon (hereinafter collectively referred to as the “Letter of Intent”) to the Company in advance and in a form prescribed by the Company. The Acquirer must also specify in Japanese the name of the Acquirer, address or location of its head office or other offices, the law governing the incorporation of the Acquirer, name of the representative, contact information in Japan, and details of the intended Acquisition in that Letter of Intent.

(3) Request to the Acquirer for the provision of information

Unless otherwise approved by the Board of Directors of the Company, the Company will deliver to the Acquirer a list of information to be submitted to the Company in advance, which is necessary for the Company to examine the Acquisition terms (hereinafter the “Essential Information”), within ten (10) business days from the following day of the receipt date of the Letter of Intent. The Company will require the Acquirer submit the Essential Information as described in the list in a form prescribed by the Company (hereinafter the “Acquisition Statements”). Specific contents of the Essential Information shall vary, depending on attributes of the Acquirer and terms of the Acquisition, however, in any case, they shall be required only to the extent necessary and sufficient for the judgment of shareholders and formation of the opinion of the Board of Directors of the Company. A part of the Essential Information required to be submitted as general items are described in (i) through (vii) below.

- (i) Details (including the specific name, line of business, career or history, capital composition, financial condition, experience in the similar type of business of the Company and Company Group, and experience in transactions similar to Acquisition and the results thereof) of the Acquirer and its group (including joint holders, parties having special relationship with the Acquirer, and, in the case of funds, every partner and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including the amount and type of the consideration for the Acquisition, the Acquisition timing, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
- (iii) The basis for the calculation of the consideration for the Acquisition (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, and the details of any expected synergetic effect from any series of transactions relating to the Acquisition, such as synergetic effects that are to be shared with other shareholders).
- (iv) Financial supports for the Acquisition (including the specific name, financing methods and the terms of any related transactions of the funds providers (including all indirect but substantial funds providers)).
- (v) The candidates for officers (including information regarding the experience in the similar type of business of the Company and Company Group), management policies, business plans, financial plans, capital and dividend policies, and asset management plans for the Company and Company Group that are expected after the completion of the Acquisition.
- (vi) The details of any changes, if any, in the relationship between Company’s customers, business partners, employees, and any other stakeholders and the Company and Company Group that are expected after the completion of the Acquisition.

- (vii) Any other information that the Independent Committee reasonably considers necessary.

Upon the receipt of the Acquisition Statements, the Board of Directors of the Company will promptly send them to the Independent Committee (see Appendix 1 “Outline of the Rules of the Independent Committee” for the standards for appointing members, requirements for resolution, and resolution matters of the Independent Committee, and see Appendix 2 “Profiles of the Members of the Independent Committee” for the profiles of the members of the Independent Committee). When the Independent Committee decides that the contents of the Acquisition Statements are insufficient as the Essential Information, it may request either directly or through the Board of Directors of the Company that the Acquirer additionally provide the Essential Information within a reasonable period of time fixed by the Independent Committee (provided, however, that the above period shall not be longer than sixty (60) days in principle), in which case, the Acquirer shall additionally provide the Essential Information within such period.

Provided, however, that even in the case where the Acquirer does not additionally provide the Essential Information notwithstanding the Independent Committee’s above request, if the Acquirer gives a rational explanation on the reason for not submitting the information, the Independent Committee may stop negotiations with the Acquirer regarding the provision of information, announce to that effect, and start the consideration of the Acquisition terms described in 3. (4) below.

If the Independent Committee deems that the Acquirer has initiated the Acquisition without complying with the procedures set forth in the Plan, it will, as a general rule, recommend the Board of Directors of the Company to implement a gratis allotment of Stock Acquisition Rights in accordance with 3.(5) (i) below, unless there are special circumstances that require the continuation of discussions and negotiations, etc. with the Acquirer for the submission of Acquisition Statements and Essential Information.

- (4) Consideration of the Acquisition terms, negotiation with the Acquirer, and consideration of an alternative proposal

- (i) Assessment, consideration, and presentation of an opinion to the Independent Committee by the Board of Directors

Upon completion of the submission of Acquisition Statements and additional provision of Essential Information from the Acquirer, the Board of Directors of the Company will set a period up to sixty (60) days (or a deadline, if the Independent Committee requests the Board of Directors of the Company present its opinion by any deadline prior to the end of the sixty (60)-days-period) to assess and consider the Acquisitions, negotiate, form an opinion, and make an alternative proposal. During such period, the Board of Directors of the Company will fully assess and consider the Essential Information provided by the Acquirer, carefully form an opinion of the Board of Directors of the Company about such Acquisition terms, announce the outline of its opinion if necessary, and present such opinion, materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Independent Committee may properly consider necessary.

- (ii) Independent Committee consideration

When the Independent Committee regards that it is provided with sufficient Essential Information from the Acquirer in compliance with 3. (3) above and with sufficient opinions from the Board of Directors of the Company in compliance with 3. (4) (i) above, it will, as a general rule, set a consideration period up to sixty (60) days, (including any extended period, if the Independent Committee adopts a resolution to

extend the initial period in compliance with 3. (5) (iii) below) (hereinafter the “Independent Committee Consideration Period”) taking into consideration the scale of operation, and nature and diversity of the business of the Company Group that operates globally, and inform thereof to the Acquirer and the Board of Directors of the Company. The Independent Committee will examine the Acquirer’s Acquisition terms, collect information on business plans, etc. from both the Acquirer and the Board of Directors of the Company, make comparison thereof, and consider any alternative proposals provided by the Board of Directors of the Company during the Independent Committee Consideration Period. Further, if it is necessary in order to improve the terms of such Acquisition from the standpoint of securing and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will, directly or indirectly through the Board of Directors of the Company, discuss and negotiate with such Acquirer, or recommend the Board of Directors of the Company to present alternative proposals, and then present the results thereof to the shareholders, etc.

When the Independent Committee requests further materials or other information, discussions, negotiations, etc., directly or indirectly through the Board of Directors of the Company, the Acquirer must respond to this request promptly. The Acquirer must not initiate the Acquisition until the Independent Committee Consideration Period expires and the Board of Directors of the Company adopts a resolution concerning the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights (or the Shareholders Will Confirmation Meeting adopts a resolution to approve or reject the proposal concerning the implementation of the gratis allotment of Stock Acquisition Rights, in cases where such meeting shall be convened).

If necessary, the Independent Committee may seek advice from independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts), at the expense of the Company, to secure that the Independent Committee’s judgment furthers the corporate value of the Company and, in turn, the common interests of its shareholders.

(5) Procedures for recommendations, etc. by the Independent Committee

If the Acquirer emerges, the Independent Committee will make recommendations, etc. to the Board of Directors of the Company in accordance with the following procedures. If the Independent Committee makes any recommendations, etc. to the Board of Directors of the Company as listed in (i) through (iii) below, or considers it to be appropriate, the Independent Committee shall promptly announce the fact and the outline of such recommendations, etc. and any other matters that the Independent Committee considers appropriate (including the extension period and the reason for such extension, in the case where the Independent Committee extended the Independent Committee Consideration Period in compliance with (iii) below).

- (i) Cases where the Independent Committee recommends the invocation of the Plan
If the Independent Committee determines that the Acquisition by the Acquirer falls under any one of the grounds for invoking the Plan set forth in 4. “Requirements for the gratis allotment of Stock Acquisition Rights” below (hereinafter collectively referred to as the “Grounds for Invocation”), it will recommend the implementation of the gratis allotment of Stock Acquisition Rights (details of which are set forth in 5. “Outline of the gratis allotment of Stock Acquisition Rights” below) to the Board of Directors of the Company, regardless of whether the Independent Committee Consideration Period has commenced or expired. If the applicability to the second invocation ground (hereinafter the “Grounds for Invocation 2”) is at issue, the

Independent Committee may request that the implementation of the gratis allotment of Stock Acquisition Rights shall be subject to the approval of shareholders in advance.

Notwithstanding the foregoing, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if it determines that either of (A) or (B) below has come to apply to the case, the Independent Committee may newly recommend that the Company suspend the gratis allotment of Stock Acquisition Rights (in cases on or before the preceding date of the effective date regarding the above gratis allotment of Stock Acquisition Rights) or that the Company acquire the Stock Acquisition Rights without consideration (in cases after the effective date regarding the above gratis allotment of Stock Acquisition Rights). The Stock Acquisition Rights of shareholders shall expire upon the acquisition thereof by the Company.

- (A) The Acquirer withdraws the Acquisition or the Acquisition has ceased due to any other reason.
- (B) There is a change in the underlying facts or other conditions upon which the initial recommendation was made, and that the Acquisition by the Acquirer no longer applies to the Grounds for Invocation.

- (ii) Cases where the Independent Committee recommends not to invoke the Plan
If the Independent Committee determines that the Acquisition by the Acquirer does not apply to any of the Grounds for Invocation, it will recommend the Board of Directors of the Company not to implement the gratis allotment of Stock Acquisition Rights, whether or not the Independent Committee Consideration Period has expired.

Notwithstanding the foregoing, even after the Independent Committee has already made the above recommendation not to implement the gratis allotment of Stock Acquisition Rights, if there is a change in the underlying facts or other conditions upon which the recommendation was made and that the Grounds for Invocation have come to exist, the Independent Committee may make a new recommendation to the Board of Directors of the Company to implement the gratis allotment of Stock Acquisition Rights.

- (iii) Cases where the Independent Committee extends the consideration period
If the Independent Committee did not reach its conclusion as to whether or not it shall recommend the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiry of the initial Independent Committee Consideration Period, the Independent Committee will adopt a resolution to extend the Independent Committee Consideration Period for some period of time reasonably considered necessary for the examination of the terms of the Acquirer's Acquisition, negotiation with the Acquirer and the examination of an alternative proposal (which period shall be no longer than thirty (30) days in principle).

If the Independent Committee Consideration Period is extended as a result of the resolution described above, the Independent Committee will continue its information collection, examination process and similar activities, and make its best efforts to provide recommendations within the extended period as to whether or not the gratis allotment of Stock Acquisition Rights shall be implemented.

- (6) Resolution of the Board of Directors
The Board of Directors of the Company shall properly continue its consideration on the

Acquisition even after presenting its opinions to the Independent Committee. If the Board of Directors of the Company received any recommendation as set forth above from the Independent Committee, the Board of Directors shall, by paying the utmost respect to such recommendations, promptly adopt a resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organ under the Companies Act of Japan (including resolutions with respect to the suspension of the gratis allotment of Stock Acquisition Rights and the acquisition of Stock Acquisition Rights without consideration). However, if the Shareholders Will Confirmation Meeting has been convened in compliance with 3. (7) below, the Board of Directors of the Company shall obey the resolution adopted in such meeting and adopt its resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights as an organ under the Companies Act of Japan in accordance therewith.

(7) Convocation of the Shareholders Will Confirmation Meeting

Notwithstanding 3. (6) above, the Board of Directors of the Company shall, prior to the implementation of the gratis allotment of Stock Acquisition Rights pursuant to the Plan, convene the Shareholders Will Confirmation Meeting to confirm the will of shareholders of the Company concerning such implementation:

- (i) if the applicability to the Grounds for Invocation 2 is at issue; and
- (ii) if the Independent Committee made a recommendation, requesting that the implementation of the gratis allotment of Stock Acquisition Rights shall be subject to the approval of the general meeting of shareholders in advance in compliance with 3. (5) (i) above; or
- (iii) if the Board of Directors of the Company judges that it is appropriate to confirm the will of shareholders in light of the Directors' duty to exercise due care, even after considering the length of time necessary to convene a general meeting of shareholders.

If the Shareholders Will Confirmation Meeting is to be convened, the Acquirer must not carry out any acquisition or similar acts for the period from the commencement of the procedures described in the Plan until the Shareholders Will Confirmation Meeting adopts a resolution to approve or reject the proposal concerning the implementation of the gratis allotment of Stock Acquisition Rights.

When the Board of Directors of the Company adopted a resolution relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or a resolution to convene the Shareholders Will Confirmation Meeting described above, or when the general meeting of shareholders adopted a resolution concerning the implementation of the gratis allotment of Stock Acquisition Rights, the Board of Directors of the Company shall promptly disclose the outline of such resolution and any other matters it considers appropriate.

(8) Disclosure of information to shareholders

In implementing the Plan, the Company will announce the progress of each procedure in the Plan (including the fact that the Acquirer has emerged, that the Acquirer has submitted the Letter of Intent and the Acquisition Statements, that the Board of Directors of the Company has initiated its assessment and consideration, that the Independent Committee Consideration Period has begun, and that the Independent Committee Consideration Period has been extended attached with the extended period and the reason for such extension), the outline of the Essential Information submitted by the Acquirer, the outline of the opinions of the Board of Directors of the Company, the fact that the Board of Directors of the Company has presented an alternative proposal to the Independent Committee and its outline, the outline of the recommendations by the Independent

Committee, and at the same time, disclose promptly and properly to its shareholders the outline of the resolution of the Board of Directors of the Company, the outline of the resolution of the Shareholders Will Confirmation Meeting, and any other matters the Independent Committee or the Board of Directors of the Company considers appropriate in compliance with applicable laws and regulations, stock exchange rules or the like.

4. Requirements for the gratis allotment of Stock Acquisition Rights

The requirements to invoke the Plan and implement the gratis allotment of Stock Acquisition Rights are described below. Decision as to whether or not the Acquisition by the Acquirer falls under any of the requirements described below and furthermore whether or not it is reasonable to implement the gratis allotment of Stock Acquisition Rights must always be made after the determination of the Independent Committee in accordance with 3. (5) (i) above.

Grounds for Invocation 1: The Acquisition is not in compliance with the procedures described in the Plan (including cases where the Company is not allowed enough time or is not provided with information reasonably necessary to assess the Acquisition terms) and it is considered reasonable to implement the gratis allotment of Stock Acquisition Rights

Grounds for Invocation 2: The Acquisition falls under any of the requirements mentioned from items (1) through (5) below and it is considered reasonable to implement the gratis allotment of Stock Acquisition Rights

- (1) The Acquisition may cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through actions such as:
 - (i) A buyout of share certificates, etc., followed by a request to the Company to buy them back at an inflated price;
 - (ii) Management that provides advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management, obtaining the Company or Company Group's material assets at an unreasonable low price;
 - (iii) Diversion of the Company or Company Group's assets to the security for or repayment of the debts of the Acquirer or its group company; or
 - (iv) Temporary control of the Company's management to sell high-value assets that currently have no relevance to the Company or Company Group's business and make temporarily high dividends from the profits of such sale, or sell the shares at a higher price, taking advantage of the sudden rise in share prices resulting from such temporarily high dividends.
- (2) Certain Acquisitions that may virtually coerce shareholders into selling their shares, such as coercive two-tiered tender offers (which means such tender offer or acquisition of shares, in which the Acquirer does not offer to acquire all shares in its initial acquisition, and sets unfavorable acquisition terms or only unclear terms for the second acquisition stage).
- (3) Acquisitions whose terms (including the amount and type of the consideration for the Acquisition, the Acquisition timing, the legality of the Acquisition method, the feasibility of the Acquisition, post-Acquisition management policies and business plans, and post-Acquisition policies on measures to deal with the Company's other shareholders, customers, business partners, employees and any other stakeholders) are inadequate or inappropriate in light of the corporate value of the Company and, in turn, the common interests of its shareholders.

- (4) Acquisitions that may materially threaten the corporate value of the Company and, in turn, the common interests of its shareholders by destroying the relationship with the Company Group's customers, business partners, employees, community members and any other stakeholders, or any other sources of the Company and Company Group's corporate value, which are indispensable to the generation of the Company's corporate value.
 - (5) Acquisition contemplated by the Acquirer, who shall be deemed inappropriate as being the controlling shareholder of the Company from the viewpoint of public order and morals, in such cases as where the management or investors of the Acquirer include or are connected with anti-social groups.
5. Outline of the gratis allotment of Stock Acquisition Rights
Set forth below is the outline of the gratis allotment of Stock Acquisition Rights under the Plan.
- (1) Number of Stock Acquisition Rights
The number of the Stock Acquisition Rights to be allotted will be the same as the final and total number of the Company's shares issued and outstanding (excluding the number of Company's shares held by the Company at that time) as of a certain date (the "Allotment Date") that is separately determined by the resolution of the Board of Directors of the Company or a general meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights (the "Resolution for the Gratis Allotment of Stock Acquisition Rights").
 - (2) Shareholders eligible for allotment
The Company will allot the Stock Acquisition Rights without consideration to those shareholders, other than the Company, who are recorded in the Company's final shareholder registry as of the Allotment Date, at a ratio of one Stock Acquisition Right for every one Company's share held by such shareholder.
 - (3) Effective date of gratis allotment of Stock Acquisition Rights
The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights.
 - (4) Number of shares to be delivered upon exercise of the Stock Acquisition Rights
The number of shares to be delivered upon exercise of each Stock Acquisition Right (the "Applicable Number of Shares") shall be one share as a general rule.
 - (5) The amount of properties to be contributed upon exercise of the Stock Acquisition Rights
All contributions that are to be made upon the exercise of the Stock Acquisition Rights shall be made in cash, and the amount to be so contributed per share shall be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of a Company's share.
 - (6) Exercise period of the Stock Acquisition Rights
The commencement date of the exercise period of the Stock Acquisition Rights shall be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights (this commencement date shall hereinafter be referred to as the "Exercise Period Commencement Date"), and the exercise period shall also be separately determined within the range of one (1) month to six (6) months by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights. Further, if the final day of the above exercise period falls on a holiday at the place where the payment of the above assets to be contributed upon the exercise of the Stock Acquisition

Rights is handled, the final day shall be the preceding business day.

- (7) Conditions for the exercise of the Stock Acquisition Rights
As a general rule, the following parties can not exercise the Stock Acquisition Rights (the parties falling under any one of the items from (I) through (VI) below shall hereinafter collectively be referred to as “Non-Qualified Parties”):
- (I) Specified large holders (note 9);
 - (II) Joint holders of specified large holders;
 - (III) Specified large-scale acquirers (note 10);
 - (IV) Parties having a special relationship with specified large-scale acquirers;
 - (V) With respect to the Stock Acquisition Rights, any transferee of or successor to any party falling under any one of the items from (I) through (IV) above, without the approval of the Board of Directors of the Company; or
 - (VI) Any affiliated party (note 11) of any party falling under any one of the items from (I) through (V) above.

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and regulations in order to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by these nonresidents will also be subject to the acquisition by the Company in exchange for the Company’s shares as set forth in 5. (9) (ii) below, so long as it is in compliance with applicable laws and regulations). In addition, any party, who does not submit a document in writing and in a form specified by the Company, which contains representations and warranties clauses regarding the satisfaction of all requirements for the exercise of the Stock Acquisition Rights, etc., indemnification clauses, and any other words of honor, may not exercise the Stock Acquisition Rights.

- (8) Restriction on assignment of the Stock Acquisition Rights
Any acquisition of the Stock Acquisition Rights by ways of assignment shall be subject to the approval of the Board of Directors of the Company.
- (9) Acquisition of the Stock Acquisition Rights by the Company
- (i) At any time on or before the preceding date of the Exercise Period Commencement Date, if the Board of Directors of the Company deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, with the arrival of the day separately determined by the Board of Directors of the Company, acquire all of the Stock Acquisition Rights without consideration.
 - (ii) With the arrival of the day separately determined by the Board of Directors of the Company as above, the Company may acquire all of the Stock Acquisition Rights that have not yet been exercised by or on the preceding business day of such date determined by the Board of Directors of the Company, and that are held by parties other than Non-Qualified Parties and, deliver in exchange therefor, Applicable Number of Shares of the Company for every one Stock Acquisition Right.
Further, if, on or after the date upon which such acquisition takes place, the Board of Directors of the Company recognizes the existence of any party other than Non-Qualified Parties holding Stock Acquisition Rights, the Company may, with the arrival of the day separately determined by the Board of Directors of the Company after the date upon which the above acquisition has taken place, acquire all of the Stock Acquisition Rights held by such party and that have not yet been exercised by or on the preceding business day of such date additionally determined by the Board of Directors of the Company as above, and, in exchange, deliver Applicable Number of Shares of the Company for every one Stock Acquisition Right. The same will apply thereafter.

(10) Delivery of the Stock Acquisition Rights in the case of merger, absorption-type demerger, incorporation-type demerger, share exchange, and equity transfer
The Board of Directors of the Company will separately determine these matters in the Resolution for the Gratis Allotment of Stock Acquisition Rights.

(11) Issuance of certificates representing the Stock Acquisition Rights
Certificates representing the Stock Acquisition Rights will not be issued.

(12) Others
In addition to provisions set forth above, terms and conditions of the Stock Acquisition Rights will be separately determined in the Resolution for the Gratis Allotment of Stock Acquisition Rights.

6. Effective period, repeal, and amendment of the Plan

The Plan shall be effective until the conclusion of the Ordinary General Meeting of Shareholders concerning the final fiscal year ending within three (3) years after the conclusion of this Ordinary General Meeting of Shareholders, on the condition that the proposal for the partial amendment and continuation of the Current Plan is approved by shareholders at this Ordinary General Meeting of Shareholders.

However, the Plan may be terminated by the resolution to that effect at the general meeting of shareholders of the Company or the Board of Directors of the Company even before the above expiration date, in which case the Plan shall be repealed in accordance with such resolution.

Further, if any laws and regulations, stock exchange rules or the like concerning the Plan are established, amended or repealed and it is appropriate to reflect such establishment, amendment or repeal, if it is appropriate to make corrections of typographical errors and omissions, or if the revision or amendment of the Plan does not impair the purpose of the resolution of this Ordinary General Meeting of Shareholders such as in cases where the revision or amendment of the Plan does not have any adverse affect on the Company's shareholders, then the Board of Directors of the Company may modify or amend the Plan even during the effective period of the Plan, subject to the approval of the Independent Committee.

If the Plan is repealed, modified or amended, the Company will promptly disclose the fact thereof as well as the details of the modification, amendment and any other relevant matters (in the event of modification or amendment).

The provisions of laws and regulations, rules or the like quoted in the Plan are those in effect as of May 11, 2011, and if it is required to modify the provisions, definition of terms or the like set forth in each item above due to the establishment or repeal of the laws and regulations on or after that day, the provisions, definition of terms or the like set forth in each item above may be read properly within reasonable bounds taking into consideration the purposes of such establishment or repeal.

(Note 1)

The word "share certificates, etc." is defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law. Unless otherwise provided for in this document, this definition shall apply throughout this document.

(Note 2)

The word "holder" includes any party described as a holder under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Law (including such party considered to fall under this category by the Board of Directors of the Company).

This definition shall apply throughout this document.

(Note 3)

The word “joint holders” means any joint holder defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law and includes such party deemed as a joint holder under Paragraph 6 of the same Article (including a party considered by the Board of Directors of the Company to fall under these “joint holders” defined in the said Articles of Financial Instruments and Exchange Law). This definition shall apply throughout this document.

(Note 4)

The word “holding ratio” is defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law. This definition shall apply throughout this document.

(Note 5)

The word “share certificates, etc.” is defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law. This definition shall apply only in sub-item (ii).

(Note 6)

The word “tender offer” is defined in Article 27-2, Paragraph 6 of the Financial Instruments and Exchange Law. This definition shall apply throughout this document.

(Note 7)

The word “owning ratio” is defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law. This definition shall apply throughout this document.

(Note 8)

The word “those who have special relationship therewith” is defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law (including a party considered to fall under this category by the Board of Directors of the Company); provided, however, that a party provided for in Item 1 of the same Paragraph excludes a party provided for in Article 3, Paragraph 2 of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than by the Issuing Company. This definition shall apply throughout this document.

(Note 9)

The word “Specified large holders” means, as a general rule, a party who is a holder of share certificates, etc. issued by the Company and whose holding ratio of such share certificates, etc. is at least 20% (including a party considered to fall under this category by the Board of Directors of the Company). However, a party that the Board of Directors of the Company recognizes as a party whose acquisition or holding of share certificates, etc. of the Company does not impair the Company’s corporate value and, in turn, the common interests of its shareholders, and a party separately determined by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights shall be excluded from the Specified large holders. This definition shall apply throughout this document.

(Note 10)

The word “Specified large-scale acquirers” means, as a general rule, a party who makes a public announcement of purchase, etc. (as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies in this Note 10) of share certificates, etc. (as defined in Article 27-2, Paragraph 1 of the same Law; the same applies in this Note 10) issued by the Company through a tender offer and the total owning ratio of such share certificates, etc. owned by that party after such purchase, etc. (including those considered equivalent to the ownership of such share certificates, etc. as prescribed in Article 7, Paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Law) and by those who have special relationship therewith (including a party considered to fall under this category by the Board of Directors of the Company) shall amount to at least 20%. However, a party that the Board of Directors of the Company recognizes as a party whose acquisition or holding of share certificates, etc. of the Company does not impair the Company’s corporate value and, in turn, the common interests of its shareholders, and a party separately determined by the Board of Directors of the Company in the Resolution for the Gratis Allotment of Stock Acquisition Rights shall be excluded from the Specified large-scale acquirers. This definition shall apply throughout this document.

(Note 11)

The word “affiliated party” of a given party means a party who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed by the Board of Directors of the Company to fall under this category), or a party deemed by the Board of Directors of the Company to act in concert with such given party. “Control” is defined as the “controlling power on decision-making on financial and business policies” of other companies (as defined in Article 3, Paragraph 3 of the Ordinance for Enforcement of the Companies Act).

Appendix 1. Outline of the Rules of the Independent Committee

- The Independent Committee shall be established by resolution of the Board of Directors of the Company.
- The number of the members of the Independent Committee shall be three (3) or more, and the Board of Directors of the Company shall appoint them from among outside directors of the Company, outside corporate auditors of the Company, and knowledgeable persons outside the Company who are independent of the management that executes the business operations of the Company. Such knowledgeable persons must be experienced corporate managers, persons with expertise of the investment banking business, persons with expertise of the Company's business, attorneys, certified public accountants, academic experts specialized in the Companies Act of Japan or the like, or persons of similar qualifications, and must have made an agreement with the Company, separately specified by the Board of Directors of the Company that contains a provision obligating such experts to the Company to exercise the duty of care and diligence or a similar provision.
- The term of office of members of the Independent Committee shall be until the conclusion of the Ordinary General Meeting of Shareholders concerning the final fiscal year ending within three (3) years after the conclusion of this Ordinary General Meeting of Shareholders, unless otherwise determined by resolution of the Board of Directors of the Company. Additionally, when a member of the Independent Committee who also acts as an outside director or an outside corporate auditor ceases to be a director or a corporate auditor of the Company (except for cases where he/she is reappointed), his/her term of office as a member of the Independent Committee shall also terminate.
- The Independent Committee shall make decisions on the matters listed below and submit recommendations to the Board of Directors of the Company containing the details of and reasons for the recommendation. Paying the utmost respect to such recommendations and as an organ under the Companies Act of Japan, the Board of Directors of the Company shall adopt a resolution relating to the implementation, non-implementation or other actions pertaining to the gratis allotment of Stock Acquisition Rights. Each member of the Independent Committee and each director of the Company must make such decisions with a view to whether or not the corporate value of the Company and the common interests of its shareholders will be enhanced, and they must not serve the sole purpose of their own interests or those of the management of the Company.
 - (i) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
 - (ii) The suspension of the gratis allotment of Stock Acquisition Rights or the acquisition of Stock Acquisition Rights without consideration.
 - (iii) Any other matters regarding which the Board of Directors of the Company seeks advice of the Independent Committee among matters to be judged by the Board of Directors of the Company.
- In addition to the matters prescribed above, the Independent Committee may conduct the matters listed below:
 - (i) Determining the information that the Acquirer and the Board of Directors of the Company should provide to the Independent Committee, and the deadline for the provision of such information;
 - (ii) Inspection and examination of the terms of the Acquirer's Acquisitions;
 - (iii) Negotiation and discussion with the Acquirer;
 - (iv) Request to the Board of Directors of the Company for the submission of an alternative proposal and examination of the proposal;
 - (v) Determining the extension of the Independent Committee Consideration Period;
 - (vi) Approval of modification or amendment of the Plan;
 - (vii) Advice to the Board of Directors in determining whether to introduce takeover defense measures other than the Plan;
 - (viii) Any other matters authorized to the Independent Committee in the Plan; and
 - (ix) Any matters the Board of Directors has separately determined to authorize the Independent Committee to perform.
- If the Independent Committee decides that the Acquisition Statements and the information submitted are insufficient as the Essential Information, it shall request that the Acquirer submit additional information. Further, if the Independent Committee receives from the Acquirer the Acquisition Statements and the Essential Information, it may request that the Board of Directors of the Company present within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Independent Committee may properly consider necessary.
- If necessary, in order to improve the terms of the Acquisition from the standpoint of securing and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer, or require the Board of Directors of the Company, etc. to present an alternative proposal. The results of such discussion, negotiation and presentation shall be disclosed to shareholders.
- In order to collect necessary information, the Independent Committee may request the attendance of directors, corporate auditors or employees of the Company, or any other person that the Independent Committee considers necessary, and

may require explanation of any matter it requests.

- If necessary, the Independent Committee may, at the Company's expense, obtain advice of independent third parties (including financial advisors, certified public accountants, attorneys, consultants and other experts) and similar actions.
- Any member of the Independent Committee may convene a meeting of the Independent Committee when the Acquisition is effected, or at any other time.
- As a general rule, matters are resolved at the Independent Committee by the overwhelming majority of votes with the presence of at least two-thirds of the members of the Independent Committee.

Appendix 2. Profiles of the Members of the Independent Committee

Isao Tada

(Date of birth: July 5, 1945)

Outside Director of Sanden Corporation

April 1969 Joined Daiwa Securities Co., Ltd.

June 1999 Standing Corporate Auditor, Daiwa Securities

June 2005 Counselor, Daiwa Institute of Research Ltd.; Deputy Director, Strategic Management Laboratory

June 2007 Outside Director, Sanden Corporation (present)

October 2007 Lecturer, Tokai University Law School (present)

Takuji Tsuchikane

(Date of birth: August 18, 1931)

Outside Corporate Auditor of Sanden Corporation

April 1954 Joined Bank of Japan

June 1990 Representative Director & President, The Gunma Bank, Ltd.

June 1998 Outside Corporate Auditor, Sanden Corporation (present)

Akinobu Hatsushika

(Date of birth: March 15, 1941)

Outside Corporate Auditor of Sanden Corporation

April 1964 Joined Fuji Xerox Co., Ltd.

January 1996 Managing Director

August 2003 Chief Executive Officer, AlphaPurchase Co., Ltd.

June 2004 Outside Corporate Auditor, Sanden Corporation (present)

Mitsuhiko Iwasaki

(Date of birth: November 16, 1941)

Outside Corporate Auditor of Sanden Corporation

April 1964 Joined The Fuji Bank, Limited

February 1992 Director and General Manager of Securities Department

June 1996 Corporate Senior Executive Vice President of the Fuji Securities Co., Ltd.

June 2008 Outside Corporate Auditor, Sanden Corporation (present)

The Company does not have any special vested interests in any of the candidates for members of the Independent Committee listed above.

Outside Director Isao Tada and Outside Corporate Auditors Takuji Tsuchikane, Akinobu Hatsushika and Mitsuhiko Iwasaki have been registered as independent officers to the stock exchange where the Company is listed.