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(Securities code: 6849)
June 5, 2013

To Shareholders with Voting Rights

Fumio Suzuki
Representative Director, President and
Chief Operating Officer
NIHON KOHDEN CORPORATION
31-4, Nishiochiai 1-chome, Shinjuku-ku,
Tokyo, Japan

NOTICE OF THE 62ND ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 62nd Ordinary General Meeting of Shareholders of NIHON KOHDEN CORPORATION (the "Company") to be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter), indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form, and return it by no later than 5:10 p.m. on Tuesday, June 25, 2013 (JST).

- 1. Date and Time:** Wednesday, June 26, 2013 at 10:00 a.m. (JST)
- 2. Venue:** Fourth floor hall, No. 1 building of the Company's head office, 31-4, Nishiochiai 1-chome, Shinjuku-ku, Tokyo, Japan
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company's 62nd Fiscal Year (from April 1, 2012 to March 31, 2013), and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the Company's 62nd Fiscal Year (from April 1, 2012 to March 31, 2013)

Proposals to be resolved:

- Proposal No. 1:** Distribution of Surplus
- Proposal No. 2:** Election of Ten Directors
- Proposal No. 3:** Election of One Corporate Auditor
- Proposal No. 4:** Renewal of Policy toward Large-Scale Purchases of the Company's Shares

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- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk for the General Meeting.
 - Any updates to the Reference Documents for the General Meeting of Shareholders and attached documents will be posted on the Company's website at the following URL: (<http://www.nihonkohden.co.jp/>)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Distribution of Surplus

With respect to allocation of profit, the Company adopts a basic policy of continuing stable dividend payments to shareholders over a long period while duly pursuing the enhancement of internal reserves in order to strengthen its corporate structure and support future business development.

Based on this policy, the Company hereby proposes the distribution of surplus as follows.

1. Matters related to the year-end dividend:

(1) Matters concerning allotment of dividend property to shareholders and total amount

30 yen per share of the Company's common stock

Total amount: 1,317,937,950 yen

Note: Combined with the interim dividend (22 yen per share), the total annual dividend for the fiscal year ended March 31, 2013 will be 52 yen per share.

(2) Effective date of distribution of surplus

June 27, 2013

2. Other matters related to distribution of surplus:

(1) Item of surplus increased and amount

General reserve	6,000,000,000 yen
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(2) Item of surplus decreased and amount

Retained earnings brought forward	6,000,000,000 yen
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Proposal No. 2: Election of Ten Directors

The terms of office for all (twelve) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of ten Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Kazuo Ogino (January 4, 1941)	<p>April 1966 Joined Nippon Telegraph and Telephone Public Corporation</p> <p>July 1981 General Manager of Facility Dept., Tokai Telecommunication Bureau</p> <p>February 1984 Assistant to General Manager, in charge of Image Communication Div., Technology Bureau</p> <p>March 1985 Retired</p> <p>April 1985 Joined the Company; Advisor</p> <p>August 1985 General Manager of Electrocardiographs Business Dept.</p> <p>October 1985 Director</p> <p>October 1986 Managing Director</p> <p>June 1988 Senior Managing Director</p> <p>June 1989 Representative Director and President</p> <p>June 2007 Representative Director, President and Chief Operating Officer</p> <p>June 2008 Representative Director, Chairman and Chief Executive Officer (current position)</p>	168,930 shares
2	Fumio Suzuki (November 3, 1948)	<p>April 1973 Joined the Company</p> <p>April 1994 Representative Director and President of Nihon Kohden America, Inc.</p> <p>April 1998 General Manager of Business Planning Office</p> <p>April 1999 General Manager of Human Resources Dept.</p> <p>June 1999 Director</p> <p>June 2003 Managing Director</p> <p>April 2005 General Manager of System Business Division</p> <p>April 2006 General Manager of Medical Equipment Technology Center</p> <p>April 2007 General Manager of General Affairs and Human Resources Dept.</p> <p>June 2007 Director and Senior Managing Executive Officer</p> <p>June 2008 Representative Director, President and Chief Operating Officer (current position)</p>	33,000 shares

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Kenji Hakuta (July 25, 1951)	<p>April 1975 Joined Saitama Bank Ltd.</p> <p>March 2002 Executive Officer of Asahi Bank Ltd.</p> <p>June 2003 Director and Executive Officer of Saitama Resona Bank Limited</p> <p>March 2004 Retired as Director and Executive Officer</p> <p>May 2004 Joined the Company</p> <p>October 2004 Internal Auditor</p> <p>April 2005 General Manager of Accounting Dept.</p> <p>June 2005 Director (current position)</p> <p>April 2006 General Manager of Administration</p> <p>June 2007 Managing Executive Officer</p> <p>June 2008 Senior Managing Executive Officer (current position) [Responsible for accounting, information systems and legal affairs]</p>	15,200 shares
4	Toshitsugu Izawa (December 4, 1949)	<p>April 1973 Joined the Company</p> <p>April 1997 General Manager of 1st Technology Dept. of Medical Equipment Business Division</p> <p>April 2000 Director of Supply Business</p> <p>April 2002 President of Shanghai Kohden Medical Electronic Instrument Corporation</p> <p>April 2007 General Manager of Medical Equipment Technology Center</p> <p>June 2007 Operating Officer</p> <p>April 2008 Representative Director and President of Nihon Kohden Tomioka Corporation</p> <p>June 2008 Director (current position)</p> <p>June 2008 Senior Executive Officer</p> <p>June 2009 Managing Executive Officer</p> <p>April 2011 General Manager of Reliability and Safety (current position)</p> <p>June 2011 General Manager of Medical Equipment Technology Center</p> <p>June 2012 Senior Managing Executive Officer (current position)</p> <p>April 2013 Representative Director and President of Nihon Kohden Tomioka Corporation (current position) [Responsible for technology and production]</p>	14,600 shares

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Yoshito Tsukahara (December 25, 1952)	<p>July 1980 Joined the Company</p> <p>April 1994 Representative Senior Managing Director of Nihon Kohden Mebiko Tokai Corporation</p> <p>April 1999 Representative Director and President of Nihon Kohden Kita Kanto Corporation</p> <p>April 2002 Representative Director and President of Nihon Kohden Mebiko Higashi Hanbai Corporation</p> <p>April 2003 Representative Director and President of Nihon Kohden Tokyo Corporation</p> <p>June 2007 Operating Officer</p> <p>June 2008 Director and Senior Executive Officer (current position)</p> <p>April 2011 General Manager of Sales Division (current position)</p>	7,100 shares
6	Hirokazu Ogino (May 28, 1970)	<p>April 1995 Joined the Company</p> <p>April 2007 President of Nihon Kohden Europe GmbH</p> <p>April 2011 General Manager of Marketing Strategy Dept. (current position)</p> <p>June 2011 Operating Officer</p> <p>June 2012 Director and Senior Executive Officer (current position)</p> <p>April 2013 General Manager of Overseas Business Division (current position)</p>	4,600 shares
7	Takashi Tamura (March 22, 1959)	<p>April 1983 Joined the Company</p> <p>April 2003 Representative Director and President of Nihon Kohden Kansai Corporation</p> <p>April 2007 General Manager of Sales Division</p> <p>June 2007 Operating Officer</p> <p>June 2008 Director and Senior Executive Officer (current position)</p> <p>April 2011 General Manager of Overseas Business Division</p> <p>April 2013 General Manager of Service Business Division (current position)</p>	7,700 shares
8	Hiroshi Aida (October 8, 1952)	<p>April 1973 Joined the Company</p> <p>April 2005 Deputy General Manager of Product Business Division</p> <p>June 2007 General Manager of Product Business Division (current position)</p> <p>June 2007 Operating Officer</p> <p>June 2011 Director and Senior Executive Officer (current position)</p>	9,700 shares

No.	Name (Date of birth)	Career summaries, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Masaya Yamauchi (March 20, 1960)	<p>April 1988 Registered as an attorney (Tokyo Bar Association)</p> <p>September 1993 Established Nakagawa & Yamauchi Law Office</p> <p>August 2001 Integrated into Hibiki-Sogo Law Office (current position)</p> <p>June 2010 Director of the Company (current position)</p>	0 shares
10	Minoru Obara (September 29, 1947)	<p>April 1986 Assistant Professor at Dept. of Electrical Engineering, Faculty of Science and Technology, Keio University</p> <p>April 1993 Professor at Dept. of Electrical Engineering (Current Dept. of Electronics and Electrical Engineering), Faculty of Science and Technology, Keio University</p> <p>June 2012 Director of the Company (current position)</p> <p>April 2013 Professor Emeritus at Keio University (current position)</p>	0 shares

Notes: 1. No material conflict of interest exists between the Company and any of the above candidates for Director.

2. Mr. Masaya Yamauchi is a candidate for Outside Director.

(1) Although Mr. Masaya Yamauchi has not been engaged in corporate management in any capacity other than as an Outside Director or Outside Corporate Auditor, he is closely acquainted with corporate legal affairs as an attorney. We anticipate that in his work with the Company's management systems he will make the most of the expertise and experience he has accumulated to date. Accordingly, we propose that he be elected as Outside Director. He will have been in office as Outside Director of the Company for three years at the conclusion of this General Meeting of Shareholders.

(2) The Company has concluded a liability limitation agreement with him to limit his liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If his re-election is approved, we will continue the liability limitation agreement with him.

(3) The Company has filed with the Tokyo Stock Exchange a notification to establish that he is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

3. Mr. Minoru Obara is a candidate for election as Outside Director.

(1) Although Mr. Minoru Obara has not been directly engaged in corporate management in any capacity other than as an Outside Director or Outside Corporate Auditor, we anticipate that in his work with the Company's management system he will make the most of his knowledge and experience as a university professor specialized in electronics engineering and laser medical treatment. Accordingly, we propose that he be elected as Outside Director. He will have been in office as Outside Director of the Company for one year at the conclusion of this General Meeting of Shareholders.

(2) The Company has concluded a liability limitation agreement with him to limit his liability under the provisions of Article 423, Paragraph 1 of the Companies Act up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act. If his re-election is approved, we will continue the liability limitation agreement with him.

(3) The Company has filed with the Tokyo Stock Exchange a notification to establish that he is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

4. Present responsibilities at the Company are described in [].

Proposal No. 3: Election of One Corporate Auditor

The term of office for Mr. Takeshi Akahane as Corporate Auditor will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of one Corporate Auditor is proposed.

The Board of Corporate Auditors has given its approval in advance.

The candidate is as follows:

Name (Date of birth)	Career summaries, positions, and significant concurrent positions	Number of shares of the Company held
Toshinobu Mayuzumi* (November 21, 1949)	March 1968	13,700 shares
	April 1999	
	April 2008	
	June 2008	
	June 2009	
	June 2009	
	April 2010	
June 2012		

Notes: 1. No material conflict of interest exists between the Company and Mr. Toshinobu Mayuzumi.

2. Mr. Toshinobu Mayuzumi will retire due to the expiration of his term of office as Director of the Company at the conclusion of this General Meeting of Shareholders.

3. The person marked with * is a new candidate.

Proposal No. 4: Renewal of Policy toward Large-Scale Purchases of the Company's Shares

The Company adopted the policy toward large-scale purchases of the Company's shares (hereinafter referred to as the "Former Basic Rule") based on the shareholder approval at the 56th General Meeting of Shareholders held on June 28, 2007, and its renewal with partial amendment was approved at the 59th General Meeting of Shareholders held on June 29, 2010. However, the effective period of the Former Basic Rule will expire at the conclusion of this General Meeting of Shareholders.

Before the Former Basic Rule expires, the Company resolved at the Board of Directors meeting held on May 8, 2013 to partially revise and renew the Former Basic Rule as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (as set forth in Article 118, Paragraph 3 (b) (2) of the Enforcement Regulations of the Companies Act), subject to approval at this General Meeting of Shareholders (hereinafter the amended policy shall be referred to as the "Basic Rule"). The Company hereby requests the shareholders to approve the renewal of Policy toward Large-Scale Purchases of the Company's Shares.

The Basic Rule shall remain in effect from the expiration of the Former Basic Rule until the conclusion of the 65th General Meeting of Shareholders to be held in June 2016.

The principal alterations to the Former Basic Rule of this renewal are as follows, and are not considered highly significant:

- (1) The Basic Rule clarifies that if the Large-Scale Purchaser Group reasonably explains why it is difficult to provide parts of the additional information requested by the Board of Directors of the Company and the Independent Committee, the Independent Committee may finish the negotiations regarding information provision and begin deliberation before all of the information requested is provided in full.
- (2) The Basic Rule clarifies that if the Independent Committee recommends that the approval of the Shareholders' Meeting be obtained before the implementation of Defense Measures in accordance with the Basic Rule, the Company shall convene the Shareholders' Meeting without exception and confirm the intent of the shareholders on the implementation of Defense Measures.

I. Basic Principles regarding persons who control decisions on the Company's financial and business policies

The Company believes that persons involved in financial and operational decision-making processes should demonstrate an adequate understanding of the Company's corporate philosophy, the diversity of sources of corporate value, and the importance of maintaining the trust and confidence of the many stakeholders who constitute the foundations of the Company, and should also have the ability and capacity to enhance the corporate value of the Company and in turn the common interests of the shareholders over the medium to long term.

The Company believes that its shareholders should make the final decision as to whether to accept a Large-Scale Purchase. The Company does not necessarily reject Large-Scale Purchases if they would contribute to the corporate value and the common interests of the shareholders. However, the Company cannot rule out the possibility of an inappropriate Large-Scale Purchase that may harm corporate value and benefits for all shareholders. Some examples are, but not limited, the following:

- those with a purpose that would apparently harms corporate value and common interests of the shareholders ;
- those with the potential to practically coerce shareholders to sell shares; or
- those that do not provide sufficient disclosure of information on the proposal given to and sufficient time allowed for the Board of Directors and shareholders to review the proposal.

A person who proposes a Large-Scale Purchase or equivalent undertaking that would not contribute to the corporate value of the Company or the common interests of the shareholders shall be deemed unsuitable for involvement in the financial and operational decisions of the Company. A necessary and appropriate response shall be applied to the actions of such persons in order to preserve the corporate value and common interests of the shareholders.

II. The Source of Corporate Value of the Company and Special Initiatives for Realization of the Basic Principles

1. The Source of Corporate Value of the Company

Founded in 1951 under the vision of "Fighting Disease With Electronics," Nihon Kohden has supplied medical institutions with various medical devices across the globe as one of the top medical electronic equipment manufacturers. The Company provides an extensive line-up of medical equipment using

advanced technology, ranging from physiological measuring equipment (including EEG and ECG), patient monitors and treatment equipment such as defibrillators to basic healthcare devices and home medical appliances.

In the industry of medical equipment, it is essential to identify needs of customers such as doctors, nurses, engineers and patients adhering tightly to actual medical care scene and to continue to develop and provide timely user-oriented products. Given that medical equipment has a direct bearing on human lives, it is vital to maintain the highest standards of quality and safety and to provide full customer service and support so that products can be used with total confidence.

At Nihon Kohden, we believe that our main sources of corporate value include technology development in collaboration with end users in clinical practice; a loyal clientele base in Japan and around the world; a commitment to quality products and services backed by development, production, sales and service teams; and a solid brand reputation established over many years in the industry.

The Company has been nurturing expertise and know-how and wealth of experience accumulated since its foundation and has been maintaining good cooperative relationship with domestic and overseas customers established through collaboration between industry, government and academia, all of which helped the Company strengthen capability of technological development and provide high-value added products with high international competitiveness. And the confidence the Company gained from its customers, clients and other stakeholders through many years of business activities is now the valuable assets of the Company, or, "Nihon Kohden" brand, which cannot be replaced by anything else.

2. Measures for the Enhancement of Corporate Value

With the Company's corporate philosophy of "Fighting disease and enhancing health by advanced technology in order to contribute to the world as well as creating affluent life of employees", the Company aims at achieving sustained group growth and enhancement of the Company's corporate value.

In 2010, the Company set out a long-term vision "The CHANGE 2020 –The Global Leader of Medical Solutions–" for the next ten years. The vision describes a future where the Company aims to (1) lead the world in the development of revolutionary breakthrough technology, (2) achieve the highest level of quality in the world, and (3) attain top share in applicable global markets.

The Company's next mid-term business plan, Strong Growth 2017, is a four-year plan launched from 2013 as the second stage towards realizing the long-term vision. The coming four-year period is crucial for building a more solid foundation. Nihon Kohden will implement six key strategies in an aim to achieve sustainable growth in Japan under the national future vision to reorganize the medical and nursing care systems by 2025 and to achieve strong growth in international markets: (1) pursue the highest level of quality in the world, (2) strengthen technological development capabilities, (3) strengthen business expansion by region, (4) achieve further growth in core businesses, (5) develop new businesses, and (6) consolidate corporate fundamentals. The Company will also enhance its operating base to ensure its growth.

The Company will endeavor to contribute to society and enhance corporate value and common interests of the shareholders by continuously addressing healthcare issues through technology development rooted in clinical performance and providing security and safety to customers. (For details on the new mid-term business plan, please see the Company's press release announced on May 8, 2013.)

3. Strengthening of Corporate Governance

In order to achieve its basic management policy, the Company believes that it is an essential business challenge to enhance corporate governance by establishing a business management system that aims to improve soundness and efficiency of management.

As part of the Company's commitment to better Corporate Governance, we have introduced an operating officer system that provides a clear segregation between managerial decision making and supervisory functions on the one hand and the execution of operations on the other. The maximum number of Directors has been limited to 12 in order to speed up decision-making procedures, while appointment terms have been limited to one year in order to clarify the management responsibilities of Directors in each business year. The Company has also strengthened its internal auditing section for more stringent internal controls.

The Company also elected two Outside Directors, both of whom are independent and can be relied up to provide supervisory oversight on the execution of Directors' duties from objective and neutral standpoints and to make the most of their expertise and experience in the management of the Company.

III. Purpose and Contents of the Basic Rule

1. Purpose of the Basic Rule

The Basic Rule has been introduced as a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate (as defined in the Basic Principles

described in I above).

Based on the perspective of protecting and increasing corporate value and benefits for all shareholders, the purpose of the Basic Rule is, (i) to clarify the procedures that should be taken by a Large-Scale Purchaser when conducting Large-Scale Purchase of shares of the Company, (ii) to ensure necessary and sufficient information and time that allow shareholders to make appropriate judgment, and (iii) to ensure opportunity to the Company to negotiate with the Large-Scale Purchaser and offer shareholders alternative plans.

Currently the Board of Directors is not received any proposal regarding Large-Scale Purchases of the Company's share certificates or other securities by specific third parties.

2. Contents of the Basic Rule

(1) Targeted Large-Scale Purchase

The Basic Rule will be applied to cases where there is Large-Scale Purchase that falls under (a) or (b) below; or any similar action (except where the action has been previously approved by the Board of Directors of the Company). Hereafter a person or a company intending to conduct a Large-Scale Purchase shall be referred to as "Large-Scale Purchaser" and referred to as "Large-Scale Purchaser Group" combined with persons in special relationship as defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act.

- (a) A purchase or other acquisition that would result in the holding ratio (*1) of share certificates (*2) of a holder and its joint holder (*3) amounting to 20% or more of share certificates or other securities issued by the Company; or
- (b) A tender offer (*4) that would result in the ownership ratio of share certificates (*5) of a tender offerer (*6) and persons in special relationship (*7) totaling 20% or more of share certificates or other securities issued by the Company (*8).

The Large-Scale Purchaser Group must follow the procedures set out in the Basic Rule, and may not commence a Large-Scale Purchase until the Board of Directors of the Company decides whether or not to implement the gratis allotment of stock acquisition rights as a Defense Measure (see (5) below) in accordance with the Basic Rule.

Notes:

- (*1) Holding Ratio as defined in Paragraph 4, Article 27-23 of the Financial Instruments and Exchange Act.
- (*2) Share certificates or other securities as defined in Paragraph 1, Article 27-23 of the Financial Instruments and Exchange Act.
- (*3) Holder includes persons described as a holder in Paragraph 3, Article 27-23 of the Financial Instruments and Exchange Act; joint holder as defined in Paragraph 5, Article 27-23 of the Financial Instruments and Exchange Act, including persons considered to be joint holders in Paragraph 6, Article 27-23 of the Financial Instruments and Exchange Act.
- (*4) Tender Offer as defined in Paragraph 6, Article 27-2 of the Financial Instruments and Exchange Act.
- (*5) Ownership ratio as defined in Paragraph 8, Article 27-2 of the Financial Instruments and Exchange Act.
- (*6) Tender offerer as defined in the text of Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act.
- (*7) Persons in special relationship as defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act.
- (*8) Share certificates or other securities as defined in Paragraph 1, Article 27-2 of the Financial Instruments and Exchange Act.

(2) Submission of a Statement of Intent of Purchase

- a. A Large-Scale Purchaser Group, prior to making a Large-Scale Purchase, must first submit a proposal of Large-Scale Purchase which includes the following items and a written statement containing a pledge to comply with the Basic Rule (together with a proposal of Large-Scale Purchase, referred to as a "Statement of Intent of Purchase") to the Board of Directors. Statement of Intent of Purchase and any other information must be made in the Japanese language.:
 - i) An overview of the Large-Scale Purchaser Group, including the Large-Scale Purchaser's name, address, governing law for incorporation, structure of the ownership, contact information in Japan, description of business, financial conditions, etc.
 - ii) The purpose, method and terms of the Large-Scale Purchase
 - iii) Purchase price of the Company's shares and the basis for its determination thereof
 - iv) Source of funds for the purchase, including names of the lenders and repayment plan in case of

- borrowing
- v) When the Large-Scale Purchase is not made in cash, type of considerations and basis for its evaluation thereof
- vi) Management policies, business plans, capital policies, and dividend policies for the Company that the Large-Scale Purchaser intends to adopt after the completion of the Large-Scale Purchase
- vii) Policies on the treatment of employees, clients, customers, and other stakeholders that the Large-Scale Purchaser intends to adopt after the completion of the Large-Scale Purchase
- viii) Any other information that the Board of Directors or the Independent Committee reasonably considers necessary
- b. The Board of Directors will disclose the information as regards to the fact that a Large-Scale Purchase has been proposed as well as the information included in the Statement of Intent of Purchase submitted to the Board of Directors in a timely manner, when deemed appropriate.
- c. Upon receipt of the Statement of Intent of Purchase, the Board of Directors of the Company shall immediately forward the document to the Independent Committee. Should the Board of Directors and the Independent Committee determine that the contents included in the Statement of Intent of Purchase are deemed insufficient or unclear, they may set a reply period and require the Large-Scale Purchaser Group to provide additional information directly or via the Board of Directors to the reasonable extent. The Board of Directors and Independent Committee may continue to require additional information until such time as necessary and sufficient information has been provided, subject to a maximum response period of 60 days from the initial receipt of the Statement of Intent of Purchase. If, however, the Large-Scale Purchaser Group reasonably explains why it is difficult to provide parts of the additional information requested by the Board of Directors of the Company and the Independent Committee, the Independent Committee may finish the negotiations regarding information provision with the Large-Scale Purchaser Group and begin deliberation as described in (3) below before all of the information requested has been provided in full.

(3) Deliberation made by the Independent Committee

- a. To eliminate arbitrary decisions by the Board of Directors and to ensure fair judgment as regards to the compliance with the Basic Rule by the Large-Scale Purchaser Group and as regards to whether Defense Measures should be triggered, the Company establishes the Independent Committee, in accordance with resolution at the Board of Directors, comprised of three or more Independent Committee members. Those members are appointed by the Board of Directors from Outside Directors or Outside Corporate Auditors or Independent Outside Advisors (Please see Reference Material (3) for the outline of the Independent Committee, and see Reference Material (4) for candidates for members of the Independent Committee).
- b. The Board of Directors shall, after a Large-Scale Purchase or Large-Scale Purchase proposal, promptly requests the Independent Committee to be convened.
- c. The Independent Committee shall, as an advisory body of the Board of Directors, review and examine the contents of the Statement of Intent of Purchase and alternative plans (if such alternative plans are submitted by the Board of Directors) and submit an opinion as regards to whether Defense Measures should be triggered to the Board of Directors attached with basis of such opinion. Deliberation made by the Independent Committee, shall be disclosed in a timely and appropriate manner. The Independent Committee shall deliberate on the following items:
 - i) Status of compliance with the Basic Rule by the Large-Scale Purchaser Group
 - ii) Examination as to whether the information provided in the Statement of Intent of Purchase is deemed necessary and sufficient in light of items described in 2. (2) a.
 - iii) Request to the Large-Scale Purchaser Group for additional information or conduct an interview with the Large-Scale Purchaser Group
 - iv) Examination of contents included in the Statement of Intent of Purchase and information additionally provided
 - v) Examination of alternative plans submitted by the Company
 - vi) Evaluation of results of discussions and negotiations conducted by the Board of Directors with the Large-Scale Purchaser Group
 - vii) As to whether to convene a General Meeting of Shareholders in relation to the use of Defense Measures
 - viii) As to whether Defense Measures should be triggered
 - ix) As to whether Defense Measures should be cancelled

- x) Other items that should be determined by the Board of Directors, among which are consulted to the Independent Committee
- d. The Independent Committee, when it deems necessary to compare the details of the relevant Large-Scale Purchase proposal described on the Statement of Intent of Purchase with the Company's business plans, may set a reasonable reply period (up to 60 days) and request that the Board of Directors present (i) an opinion on the contents of proposal of the relevant Large-Scale Purchase, (ii) supporting materials and alternative proposal (if any), and (iii) any other information or materials that the Independent Committee considers necessary and appropriate .
- e. The Board of Directors of the Company shall provide the above information and other materials as requested by the Independent Committee. The Board of Directors may, when necessary, discuss and negotiate with the Large-Scale Purchaser Group and offer shareholders alternative plans.
- f. Should the Independent Committee determine that sufficient and necessary information regarding the Large-Scale Purchase has been provided, it will notify the relevant Large-Scale Purchaser of the fact that it has commenced a process of the Deliberation on the prospective Large-Scale Purchase proposal. Then the Independent Committee makes Deliberation within a set period of time (hereinafter referred to as "Deliberation Period"). Such Deliberation Period shall be either (i) or (ii) below, depending on the difficulty level for reviewing the Large-Scale Purchase proposal.
 - i) A 60-day period shall be granted for a prospective Large-Scale Purchase in which all shares of the Company are to be purchased via a cash offer in Japanese yen
 - ii) A 90-day period shall be granted for any prospective Large-Scale Purchase other than (i) above
- g. The Independent Committee may, at the expense of the Company, seek advice from independent outside experts which include financial advisors, certified public accountants, attorneys, academic experts, etc. to ensure that its decision ensures and enhances the Company's corporate value and common interests of its shareholders.

(4) Recommendations by the Independent Committee

- a. Recommendation for the triggering of a Defense Measure

The Independent Committee shall, where it adjudges that the Large-Scale Purchase falls into any one of the following categories, recommend the implementation of Defense Measures in the form of gratis allotment of stock acquisition rights to the Board of Directors, except where it is deemed necessary to obtain further information from or conduct further negotiations or discussions with the Large-Scale Purchaser.

The Independent Committee may, if it is uncertain whether the Large-Scale Purchase will fall into the categories ii) through iv), recommend the implementation of Defense Measures subject to the approval of a General Meeting of Shareholders in advance (hereinafter referred to as the "Shareholders' Meeting").

 - i) If the Large-Scale Purchaser Group does not comply with the Basic Rule (including the case in which a written statement containing a pledge to comply with the Basic Rule is not submitted)
 - ii) Cases in which it is clear that the relevant Large-Scale Purchase damages common interests of shareholders of the Company which includes:
 - Buying out the Company's share certificates in order to require such share certificates to be compulsorily purchased by the Company or the parties concerned with the Company at an inflated price (so-called "green mailer" case)
 - Management that achieves an interest for the Large-Scale Purchaser Group to the detriment of the Company, such as temporarily taking control of the Company in order to acquire important assets of the Company (including intangible assets such as intellectual properties, know-how, and customer base, etc.) at low prices
 - Diverting the Company's assets as collateral for or repayment of debts of the Large-Scale Purchaser Group
 - Temporary control of the Company's management to dispose the assets of the Company so that the Large-Scale Purchaser may cause the Company to temporarily distribute high dividends or sell the shares at a temporarily higher price as a result of the high dividends
 - iii) Cases that threaten to have the effect of forcing the Company's shareholders into selling their shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial acquisition, and set unfavorable acquisition terms for the second stage or do not set clear terms for the second stage)
 - iv) In the event that conditions for the purchase (including the amount and type of considerations, the purchase schedule, legality, probability of the purchase, post-purchase management policies and business plans) are significantly insufficient or inappropriate from the Company's intrinsic

value

- b. Recommendation for the non-triggering of a Defense Measure

In the event that the Independent Committee does not consider the Large-Scale Purchase to warrant the use of Defense Measures, it shall recommend to the Board of Directors that Defense Measures should not be used. Such a recommendation may be made regardless of the expiry of the Deliberation Period.

(5) Resolution of the Board of Directors

- a. The Board of Directors make the decision as to whether Defense Measures should be triggered, fully respecting the opinion of the Independent Committee, except where a Shareholders' Meeting is held as described in (6) below, in which case the decision of the Board of Directors shall be based on the resolution adopted at the Meeting.
- b. The Board of Directors may, when necessary, discuss and negotiate with the Large-Scale Purchaser Group even after the triggering of the Defense Measures. Such discussions or negotiations may result in material change in matters which were the basis of the judgment made by the Board of Directors to trigger a Defense Measure, which includes the Large-Scale Purchaser Group proposing any change in matters that may affect the basis of the Large-Scale Purchase. In such circumstances, the Company, in accordance with resolution at the Board of Directors, may cancel the Defense Measures after consulting with the Independent Committee on the condition. (The announcement of such cancellation shall be disclosed in a timely and appropriate manner in accordance with the relevant legislation and the regulations of Financial Instruments Exchanges). Specifically, the Company may stop the gratis allotment of stock acquisition right, or acquire all of the allocated stock acquisition free of charge.

(6) Convocation of the Shareholders' Meeting

If the Independent Committee recommends the implementation of Defense Measures subject to the approval of the Shareholders' Meeting in advance as described in (4) a. above, the Board of Directors may convene the Shareholders' Meeting on the issue of gratis allotment of stock acquisition rights in accordance with the Basic Rule.

(7) Information disclosure

The Company shall provide information in a timely and appropriate manner regarding the status and progress of procedures set out in Basic Rule (including receipt of the Statement of Intent to Purchase and commencement of the Deliberation Period) as well as summaries of recommendations provided by the Independent Committee, decisions made by the Board of Directors, resolutions approved by the Shareholders' Meeting, and any other information deemed appropriate by the Independent Committee or the Board of Directors, in line with the Basic Rule and in accordance with the relevant legislation and the regulations of Financial Instruments Exchanges.

(8) Gratis allotment of stock acquisition rights

Where a gratis allotment of stock acquisition rights is implemented as a Defense Measure in accordance with the Basic Rule, the implementation thereof shall be undertaken as detailed in Reference Material (2).

(9) Effective term and abolition or amendment of the Basic Rule

- a. Basic Rule shall remain in effect from the introduction thereof after being adopted at this General Meeting of Shareholders until the conclusion of the 65th General Meeting of Shareholders scheduled to be held in June 2016. Continuance of the implementation of the Basic Rule shall be presented again to the General Meeting of Shareholders of the Company for approval.
- b. The Basic Rule may be changed or revised at the Board of Directors before the expiration of the effective term to reflect possible revisions of laws and ordinances and rules of financial instruments exchanges, or other reasons, on the condition that such changes or revisions are not inconsistent with the resolution of this General Meeting of Shareholders. The Basic Rule shall be abolished when (a) a General Meeting of Shareholders of the Company passes a resolution to abolish the Basic Rule, or (b) the Board of Directors passes a resolution to abolish the Basic Rule. When the Basic Rule is amended or abolished, timely and appropriate disclosure of the fact that such amendment or abolishment shall be made by the Board of Directors.

(10) Interpretation of the laws and ordinances

The provisions of the laws and ordinances referred in the Basic Rule are based on the laws and

ordinances effective as of May 7, 2013. If the meanings of the provisions or terms as set forth in each item referred therein are required revisions due to the enactment, amendment or abolishment of laws and ordinances after May 7, 2013, the Board of Directors may interpret the meanings of the provisions or terms as set forth in each item therein to the reasonable extent as required, taking into consideration of the purposes of such enactment, amendment or abolishment.

IV. Impact on shareholders and investors

1. Impact on shareholders and investors upon introduction of the Basic Rule

At the time of introduction of the Basic Rule, no actual gratis allotment of stock acquisition rights will be implemented. Accordingly, it is expected that the introduction of the Basic Rule will have no economic impact on shareholders and investors.

2. Impact when Defense Measures are triggered

When the Board of Directors implements Defense Measures with the purpose of protecting the common interest of its shareholders, a gratis allotment of stock acquisition rights will be implemented on the registered shareholders of the Company as of the Allotment Date that will separately be determined by the Board of Directors, at a ratio of one stock acquisition right per one share held. In order to exercise stock acquisition rights, shareholders are required to pay 1 Japanese Yen for each stock acquisition right during the prescribed period in addition to performing prescribed procedures. If the shareholders do not perform the aforementioned procedure during the prescribed period, the shares they hold in the Company will be diluted. If the stock acquisition rights are issued with the condition that such rights may be compulsorily acquired by the Company, the shareholders receive the Company's shares as consideration for acquired stock acquisition rights. In such cases, shareholders are not required to make any payment and the shares they hold in the Company will not be diluted.

3. Impact upon the cancellation of the Defense Measures

In the event that the Company either cancels the gratis allotment of stock acquisition rights or purchases the allocated rights on a gratis basis after the registered shareholders of the Company as of the Allotment Date are confirmed, the shares they hold in the Company will not be diluted. In such cases, subsequent fluctuations in the share price could potentially disadvantage investors who have purchased or sold stock on the expectation of dilution of the price per share.

V. Rationale of the Basic Rule

1. Fully satisfying the requirements of the Guidelines Regarding Takeover Defense

The Basic Rule fully satisfies the three principles set out in the "Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

2. Respecting the intent of shareholders

The Basic Rule will be introduced subject to the approval at this General Meeting of Shareholders. As the term of Directors is 1 year, intention of the shareholders regarding the Basic Rule may be reflected through election of board members that takes place every year. If the General Meeting of Shareholders makes a resolution to abolish the Basic Rule after its introduction, the Basic Rule will be abolished at that time to reflect the intent of the shareholders.

3. Elimination of arbitrary decisions by the Board of Directors

To eliminate arbitrary decisions by the Board of Directors and to ensure fair judgment as regards to compliance with the Basic Rule by the Large-Scale Purchaser Group and as regards to whether Defense Measures should be triggered, the Company establishes the Independent Committee, in accordance with the resolution at the Board of Directors. By disclosing outlines of the Deliberation to the shareholders, the Independent Committee ensures a structure which contributes to the corporate value of the Company and the common interests of its shareholders.

4. Establishing reasonably objective requirements for the triggering of the Defense Measures

As set out in III 2. (4) a., Defense Measures established by the Basic Rule will not be triggered unless pre-determined reasonable and objective requirements have been satisfied, which ensures a structure to eliminate arbitrary triggering of the Defense Measures by the Board of Directors.

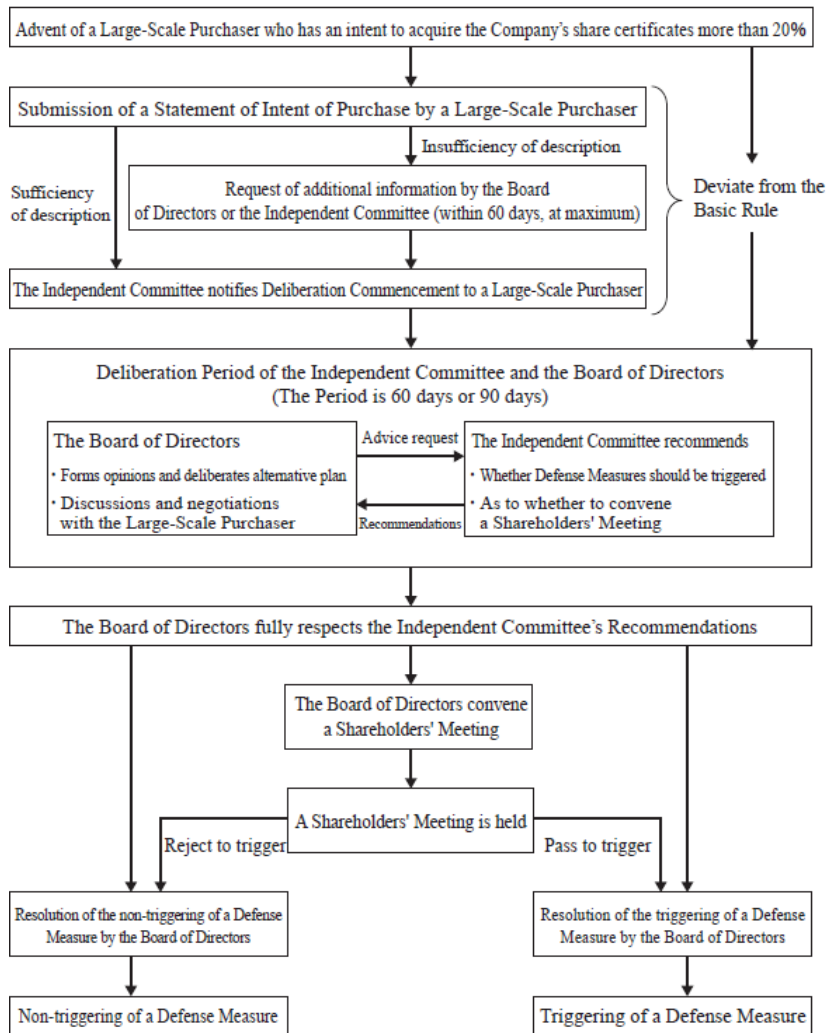
5. No dead-handed or slow-handed takeover defense measures

The Basic Rule may be abolished by a meeting of the Board of Directors composed of Directors who are elected at the Company's General Meeting of Shareholders in accordance with a person who acquired a large quantity of share certificates or other securities of the Company. Accordingly, the Basic Rule is not a dead-handed takeover defense measure (a takeover defense measure in which even if a majority of the members of the Board of Directors are replaced, the triggering of the measure cannot be stopped).

Further, since the appointment terms of the Directors are not staggered, the Basic Rule is not a slow-handed takeover defense measure (a takeover defense measure that requires a considerable period of time to repeal because the Directors cannot all be replaced at once).

Reference Material (1):

Flowchart of response procedures in the event of a Large-Scale Purchase of Company share certificates or other securities



Note: This flowchart is an outline of the Basic Rule. For details of the Basic Rule, please refer to the text.

Reference Material (2): Terms and Conditions of the Stock Acquisition Rights

1. Total number of stock acquisition rights to be issued

The maximum number of stock acquisition rights is the number of outstanding shares of the Company (excluding the number of shares of the Company held by the Company at that time) on a date that is determined as an allotment date by a resolution at the Board of Directors regarding issuance of the stock acquisition rights (hereinafter referred to as the "Allotment Date").

2. Shareholders to whom the stock acquisition rights are granted and terms and conditions of allotment thereof

One stock acquisition right will be granted for each share held by shareholders, other than the Company, who are recorded in the last register of shareholders of the Company as of the Allotment Date.

3. Class and number of shares issued upon the exercise of stock acquisition rights

Class of shares subject to stock acquisition rights is common stock and the number of shares issued upon the exercise of stock acquisition rights shall be one share for each stock acquisition right. If the Company conducts a stock split or reverse stock split after the issuance of stock acquisition rights, number of shares issued will be adjusted.

4. Issue price of stock acquisition rights

Stock acquisition rights are issued without considerations as they are allotted to shareholders without considerations.

5. Amount to be paid upon exercising the stock acquisition rights

The amount required to be paid to exercise a stock acquisition right is one Japanese Yen for each common stock of the Company. If the stock acquisition rights are issued with the condition that such rights may be compulsorily acquired by the Company, the shareholders receive the Company's shares as considerations for acquired stock acquisition rights. Accordingly the shareholders are not required to make any payment.

6. Restriction on transfer of stock acquisition rights

Any transfer of stock acquisition rights shall be subject to the approval of the Board of Directors.

7. Conditions for the exercise of the stock acquisition rights

Except where previously agreed by the Board of Directors, persons affiliated with a Large-Scale Purchaser Group which has an intent to acquire 20% or more of the total voting rights of the Company are not generally permitted to exercise their stock acquisition rights. Further details of this requirement will be determined separately by the Board of Directors.

8. Exercise period of the stock acquisition rights

The period for exercising stock acquisition rights and other terms and conditions shall be determined separately by the Board of Directors. The Board of Directors may impose conditions that gives it the right to obtain stock acquisition rights from holders thereof (except from those holders who are not permitted to exercise their stock acquisition rights as described in 7. above) and to issue one share per acquisition right thus obtained.

Reference Material (3) Outline of the Independent Committee

1. The Independent Committee shall be comprised of three members or more. The members of the Independent Committee shall be elected from outside director of the Company, Outside Auditors of the Company, or outside experts (including attorneys, licensed tax accountants, certified public accountants, academic experts, experienced corporate managers, and parties with knowledge of the investment banking industry) and may not be those included in the following categories (1) to (5). The Chairman of the Independent Committee shall be elected by mutual election by the members of the Committee.
 - (1) Major shareholders (shareholders holding over 5% of the outstanding shares of the Company), a person in special relationship (as defined in Paragraph 7, Article 27-2 of the Financial Instruments and Exchange Act) with the major shareholders, or a person representing the interest thereof
 - (2) A person who is or was a Director or an employee of an affiliate of the Company (An affiliate refers to a company in which the Company holds the majority of voting rights and includes a company in which a subsidiary or a sub-subsubsidiary of the Company holds the majority of voting rights).
 - (3) A person who is a Director, an Executive Officer or an employee of a company which has a significant business relationship with the Company or a company which had a significant business relationship with the Company in the past 3 years. (A company which has a significant business relationship with the Company refers to a company which has paid to the Company or has received from the Company a total amount which exceeds the higher of the ¥ 100 million per year or 2% of annual consolidated sales of the relevant company in consideration of goods or services.)
 - (4) A person who receives or received in the past 3 years a substantial amount of compensation (¥10 million or higher per year) as an advisor to the Company (including a corporate attorney and a management consultant, etc. and excluding an Outside Director and an Outside Auditor)
 - (5) Close relatives of a person described in (1) to (4) above (relatives within 2 degrees of relationship or relatives living together)
2. The term of office of members of the Independent Committee shall be 3 years provided that their re-appointment shall not be prevented.
3. The Independent Committee shall review and examine the contents of the Statement of Intent of Purchase and alternative plans (if such alternative plans are submitted by the Board of Directors) and submit an opinion as regards to whether Defense Measures should be triggered to the Board of Directors attached with basis of such opinion. The Independent Committee shall deliberate on the following items:
 - i) Status of compliance with the Basic Rule by the Large-Scale Purchaser Group
 - ii) Examination as to whether the information provided in the Statement of Intent of Purchase is deemed necessary and sufficient in light of items described in 2. (2) a.
 - iii) Request to the Large-Scale Purchaser Group for additional information or conduct an interview with the Large-Scale Purchaser Group
 - iv) Examination of contents included in the Statement of Intent of Purchase and information additionally provided
 - v) Examination of alternative plans submitted by the Company
 - vi) Evaluation of results of discussions and negotiations conducted by the Board of Directors with the Large-Scale Purchaser Group
 - vii) As to whether to convene a General Meeting of Shareholders in relation to the use of Defense Measures
 - viii) As to whether Defense Measures should be triggered
 - ix) As to whether Defense Measures should be cancelled
 - x) Other items that should be determined by the Board of Directors, among which are consulted to the Independent Committee
4. As a general rule, a resolution shall be adopted with the attendance of all members of the Independent Committee and by the majority of voting rights. Under a circumstance which is deemed unavoidable, a resolution may be adopted with a majority of voting rights when a majority of the members of the Independent Committee holding the voting rights as regards to the relevant resolution are in attendance.

Reference Material (4): Candidates for members of The Independent Committee

Masaya Yamauchi

Born in 1960

(Career Summary)

April 1988 Registered as an attorney (Tokyo Bar Association)

September 1993 Established Nakagawa & Yamauchi Law Office

August 2001 Integrated into Hibiki-Sogo Law Office (current position)

June 2010 Director of the Company (current position)

June 2010 Member of the Independent Committee of the Company (current position)

Mr. Masaya Yamauchi is an Outside Director as set forth in Paragraph 15, Article 2 of the Companies Act.

The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Yamauchi is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

No material conflict of interest exists between the Company and Mr. Yamauchi.

Minoru Obara

Born in 1947

(Carrier Summary)

April 1986 Assistant Professor at Dept. of Electrical Engineering, Faculty of Science and Technology, Keio University

April 1993 Professor at Dept. of Electrical Engineering (Current Dept. of Electronics and Electrical Engineering), Faculty of Science and Technology, Keio University

June 2012 Director of the Company (current position)

April 2013 Professor Emeritus at Keio University (current position)

Mr. Minoru Obara is an Outside Director as set forth in Paragraph 15, Article 2 of the Companies Act.

The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Obara is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

No material conflict of interest exists between the Company and Mr. Obara.

Osamu Kato

Born in 1944

(Career Summary)

April 1976 Assistant Professor at Faculty of Law, Keio University

April 1981 Professor at Faculty of Law, Keio University

September 1983 Doctor of Judicial Science at Keio University

September 2003 Registered as an attorney (Tokyo Bar Association)

June 2004 Outside Corporate Auditor of the Company (current position)

June 2007 Member of the Independent Committee of the Company (current position)

April 2010 Professor Emeritus at Keio University (current position)

Mr. Osamu Kato is an Outside Corporate Auditor as set forth in Paragraph 16, Article 2 of the Companies Act.

The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Kato is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

No material conflict of interest exists between the Company and Mr. Kato.

Masahiro Kawamura

Born in 1949

(Career Summary)

June 1977 Registered as a Tax Accountant

March 1979 Register as a Certified Public Accountant

August 1979 Joined Kawamura Tax Accounting Office (current position)

June 2010 Outside Corporate Auditor of the Company (current position)

June 2010 Member of the Independent Committee of the Company (current position)

Mr. Masahiro Kawamura is an Outside Corporate Auditor as set forth in Paragraph 16, Article 2 of the Companies Act.

The Company has filed with the Tokyo Stock Exchange a notification to establish that Mr. Kawamura is an independent officer as provided by the Exchange, because he satisfies the requirements therefor.

No material conflict of interest exists between the Company and Mr. Kawamura.

Sumio Moriwaki

Born in 1957

(Career Summary)

April 1981 Registered as an attorney (2nd Tokyo Bar Association), joined Ishii Law Office

April 1991 Partner at Ishii Law Office (current position)

April 1999 Instructor in Civil Practice at the Supreme Court Legal Training and Research Institute (until January 2002)

April 2005 Grader of New National Bar Examination (Civil Law) (FY2006, 2007, and 2008)

April 2007 Guest professor at University of Tokyo School of Law (until March 2010)

June 2007 Member of the Independent Committee of the Company (current position)

Mr. Sumio Moriwaki is a Substitute Outside Corporate Auditor of the Company.

No material conflict of interest exists between the Company and Mr. Moriwaki.