

*Translation: Please note that the following purports to be an accurate and complete translation of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.*

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June 3, 2008

To: Shareholders

### Notice of Convocation of the 29th Ordinary General Meeting of Shareholders

We are pleased to inform you that the 29th Ordinary General Meeting of Shareholders of the Company will be held as described below. Your presence at the Meeting is cordially requested.

If you are unable to attend the Meeting, it is still possible to exercise your voting rights either the methods stated below. To exercise voting rights, please study the Reference Document Concerning the General Meeting of Shareholders below and exercise your rights by 5:30 PM, June 18 2008 (Wednesday), JST.

[In case of exercising voting rights by mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your approval or disapproval of each proposal listed thereon and return the form to the Company before the deadline stated above.

[In case of exercising voting rights via the Internet]

*Note: Voting via Internet other than ICJ platform is only available for registered shareholders in Japan with Japanese language only. The ICJ platform is an electronic voting platform for institutional investors via ProxyEdge® system of Broadridge. For further details, please consult with your custodian(s), nominee(s) and/or broker(s).*

Exercising a voting right can only be made by accessing the website of the administrator of shareholders' register (<http://www.evot.jp/>). Please use the log-in ID and temporary password which are shown on the Voting Right Exercise Form. After logging in, please indicate your approval or disapproval of each proposal by following the instructions on the display screen before the deadline stated above.

Please see the Guidance for the Exercise of Voting Rights via the Internet attached below (p.\*-p.\* *note: intentionally omitted*).

In case that a voting right is exercised both by the Voting Right Exercise Form and via the Internet, only the vote registered via the Internet will be recognized as valid.

The Company is participating in the electronic voting right execution platform for institutional investors operated by ICJ.

*(note)*

*Your vote is important. We will appreciate your participation in the meeting through providing instruction to your custodians, brokers, nominees, voting agents or other authorized intermediaries to process your vote as soon as possible. We look forward to receiving your vote.*

Yours faithfully,

CAPCOM Co., Ltd.  
1-3, Uchihirano-machi 3-chome  
Chuo-ku, Osaka

By: Kenzo Tsujimoto  
Chairman and CEO  
Representative Director

## Particulars

1. Date & Time: June 19, 2008 (Thursday) at 10:00 a.m.
2. Place: Osaka Castle Hotel, 6F Hall  
1-1, Tenmabashikyomachi Chuo-ku, Osaka
3. Agenda:

### Matters to be reported:

- 1 Report on the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the 29th Fiscal Year (from April 1, 2007 to March 31, 2008); and
- 2 Report on the Results of Audit for Consolidated Financial Statements for the 29th Fiscal Year (from April 1, 2007 to March 31, 2008) by Accounting Auditor and the Board of Corporate Auditors.

### Matters to be resolved:

- |                         |  |
|-------------------------|--|
| <b>First proposal:</b>  | <b>Proposed Appropriation of Retained Earnings for the 29th fiscal year</b>  |
| <b>Second proposal:</b> | <b>Election of Four (4) Corporate Auditors</b>   |
| <b>Third proposal:</b>  | <b>Election of One (1) Substitute Corporate Auditor</b>  |
| <b>Fourth proposal:</b> | <b>Presentation of Retirement Gratuities to Corporate Auditors to Resign</b>   |
| <b>Fifth proposal:</b>  | <b>Introduction of Countermeasures (Takeover Defense) in response to a Large-Scale Purchase of Shares of the Company</b> |

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\*When you attend the meeting in person, please submit the Voting Right Exercise Form enclosed herewith to the receptionist at the place of the meeting.

\* In the event that any event occurs to amend the items to be presented in the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements or the Reference Document Concerning General Meeting of Shareholders, please be informed that the Company will display the amended items on the Company's website (<http://www.capcom.co.jp/>).

## Reference Document Concerning the General Meeting of Shareholders

### Proposals and reference matters:

#### First proposal: Proposed Appropriation of Retained Earnings for the 29th fiscal year

The Company considers returning profits to the shareholders is one of the most important management issues. Its fundamental dividend policy is to provide a stable and continued dividend to the shareholders, taking into account the future business development and changes in operating circumstances.

The Company proposes that a year-end dividend for the fiscal year under review be as follows:

- (1) Matters concerning the allotment of dividend property and the total amount paid to shareholders:

¥15 per share of common stock of the Company; the total amount ¥913,489,665

(note) The annual dividend for the fiscal year under review is ¥30 per share in total, including the interim dividend.

- (2) Date when dividends of retained earnings take effect:

June 20, 2008

#### Second proposal: Election of Four (4) Corporate Auditors

The term of office for all four (4) Corporate Auditors shall expire at the closing of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes to elect four (4) Corporate Auditors.

The Company has already obtained the approval of the Board of Corporate Auditors for the submission of this proposal.

Candidates for Corporate Auditors are as follows:

Candidate No.	Name (Date of Birth)	Resume Status as other company's representatives, if any	Number of shares of the Company Held
1	Shoji Yamaguchi (November 25, 1939)	Apr. 1962: Entered into National Tax Administration Agency June 1990: Nagoya Regional Tax Tribunal Chief Appeals Judge Aug. 1992: Councilor of Business Promotion Dept. of The Sumitomo Trust & Banking Co., Ltd. June 2001: Corporate Auditor of the Company (full-time) (to present)	400 shares
2	Kazushi Hirao (September 25, 1951)	Apr. 1975: Entered into Hitachi Zosen Corporation Apr. 1987: Assistant Manager of Hitachi Zosen Corporation June 1988: Entered into the Company Apr. 1997: General Manager of Overseas Business Dept. of the Company	3,200 shares

Candi- date No.	Name (Date of Birth)	Resume Status as other company's representatives, if any	Number of shares of the Company Held
		<p>July 1999: Corporate Officer, General Manager of Overseas Business Dept. of the Company</p> <p>Oct 2002: General Manager of General Affairs Dept. of the Company</p> <p>Apr. 2004: General Manager of Investor Relations Section of the Company</p> <p>June 2004: Corporate Auditor of the Company (full-time) (to present)</p>	
3	Masanao Iechika (July 18,1933)	<p>Apr. 1962: Lawyer (to present)</p> <p>Apr. 1981: Vice President of Osaka Bar Association, Director of Japan Federation of Bar Association</p> <p>Mar. 1988: Member of Commercial Law Committee of Judicial System and Research Dept. of Ministry of Justice</p> <p>June 2002: Director of the Company</p> <p>June. 2004: Professor of the Konan Law School (to present)</p>	600 shares
4	Koji Takito (July 11,1942)	<p>Apr. 1967: Entered National Police Agency</p> <p>Aug. 1970: Chief of Foreign Affairs Section, Security Bureau, Yamaguchi Prefectural Police Headquarters</p> <p>July 1978: Chief of Public Security First Section, Public Security Bureau, Tokyo Metropolitan Police Department</p> <p>Apr. 1986: Chief of Security Office, Public Security Second Section, Security Bureau, National Police Agency</p> <p>Aug. 1986: Head of Security Police Training Division, National Police Academy</p> <p>Sep. 1990: Chief, Okayama Prefectural Police Headquarters</p> <p>Sep. 1992: Deputy Director-General of Secretariat of the Commissioner General, National Police Agency</p> <p>Apr. 1994: Chief, Hyogo Prefectural Police Headquarters</p> <p>Aug. 1996: Deputy Superintendent-General, Tokyo Metropolitan Police Department</p> <p>July 2004: Chairman of the Board, Horse Racing Security Association</p> <p>May 2008: Advisor, Mitsubishi Motors Corporation (to present)</p>	0 shares

(Notes)

1. There are no special interests between each candidate and the Company.
2. Messrs. Shozo Yamaguchi and Koji Takito are candidates for External Corporate Auditors.

3. The Company appoints Mr. Shozo Yamaguchi as a candidate for External Corporate Auditor because it considers that his business experience in tax administration and his expertise as a certified tax accountant would be useful for the Company, though he has no experience in company management. The term of his office as External Corporate Auditor shall be seven (7) years at the closing of this Ordinary General Meeting of Shareholders.
4. The Company appoints Mr. Koji Takito as a candidate for External Corporate Auditor because it considers that his affluent experience and knowledge from his long-time police administration contribute for the further enhancement of the corporate governance of the Company.

**Third Proposal: Election of One (1) Substitute Corporate Auditor**

The Company recommends Mr. Shigeru Miki as Substitute Corporate Auditor for the offices of Messrs. Shoji Yamaguchi and Koji Takito as External Corporate Auditors, in preparation for the case where the number of Corporate Auditors of the Company fails to satisfy the minimum stipulated by the laws and regulations.

It is proposed that this resolution can be withdrawn by the resolution of the Board of Directors to be held with the consent by the Board of Corporate Auditors, provided that it shall be withdrawn before the assumption of office by Mr. Shigeru Miki.

The Company has already obtained the approval of the Board of Corporate Auditors for the submission of this proposal.

The candidate for the Substitute Corporate Auditor is as follows:

Name (Date of Birth)	Resume Status as other company's representatives, if any	Number of shares of the Company Held
Shigeru Miki (Jan. 15, 1946)	Apr. 1974: Admitted to Japanese Bar (Daini Tokyo Bar Association) Mar. 1985: Senior Partner, Miki & Yoshida Law and Patent Office (to present) Apr. 1987: Chairman of the Research Committee on Software Legal Protection, Software Information Center (to present) Apr. 1989: Special Lecturer, Chuo University Faculty of Law June 2002: Director, Software Information Center (to present) Mar. 2004: Member of the Study Committee concerning IT Development Projects to be implemented by Ministry of Economy, Trade and Industry	0 shares

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Shigeru Miki is a candidate for Substitute Corporate Auditor for External Corporate Auditors.
3. The Company appoints Mr. Shigeru Miki as candidate for Substitute External Corporate Auditor because it considers that his appropriate guidance and advice as a legal expert would be advantageous for the Company, though he has no experience in company management.

**Fourth Proposal: Presentation of Retirement Gratuities to Corporate Auditors to Resign**

It is proposed that retirement gratuities be presented to Messrs. Morio Kuroda and Yoshio Nakayama, who will resign as Corporate Auditors due to expiration of their term of office at the closing of this Ordinary General Meeting of Shareholders, in order to reward their meritorious services, within a appropriate amount to be fixed based on the specified regulations for officers' retirement gratuities of the Company.

It is also proposed that the amount, the date of presentation and the procedures therefor shall be entrusted to the Board of Corporate Auditors.

Resumes of the Auditors to resign are as follows.

Name	Resume
Morio Kuroda	Jan. 1990: Corporate Auditor of the Company (full-time) June 2001: Corporate Auditor of the Company (to present)
Yoshio Nakayama	June 2001: Corporate Auditor of the Company (to present)

**Fifth Proposal: Introduction of Countermeasures (Takeover Defense) in response to a Large-Scale Purchase of Shares of the Company**

At the meeting of the Board of Directors of the Company held on April 17, 2008, the Company resolved and announced that, subject to the approval of the 29th Annual Shareholders' Meeting (the "Annual Shareholders' Meeting"), the Company will implement certain measures in response to a large-scale purchase of the Company's share certificates, etc.,<sup>1</sup> of or over a certain scale by a specific shareholder or a specific group of shareholders (the "Plan") as described below. In consideration of the importance of the Plan, the Company requests shareholders' approval to make clear that the Plan will be implemented based on intent of shareholders.

The Plan was determined to implement obtaining all directors' approval, and all of the Company's four (4) corporate auditors (three (3) of which are external corporate auditors) attended the meeting and each corporate auditor opined that he will agree to the Plan on condition that the specific operation of the Plan be appropriately conducted.

In addition, please be advised that, as of the day the Plan was implemented, the Company has not received any notice or offer for large-scale purchases from a specific third party. The details of the Plan are as follows.

I. Purpose of Introduction of the Plan

1. Purpose of the Plan

The purpose of the Plan is to appropriately respond to a purchase of the Company's share certificates, etc. aimed at increasing the holding ratio of voting rights of a specific group of shareholders to 20% or more, or a purchase of the Company's share certificates, etc. which would result in a specific group of shareholders' holding ratio of voting rights being 20% or more (irrespective of the specific method of purchase, such as purchase on an exchange-established securities market, tender offer, or others, but excluding those given consent to in advance by the Board of Directors; hereinafter, such purchase activity shall be referred to as the "Large-scale Share Purchase" and the party engaging in the Large-scale Share Purchase the "Large-scale Share Purchaser") in order to secure or enhance the corporate value of the Company group and the common interests of the shareholders where the Large-scale Share Purchase has a material impact on the Company group's corporate value.

A specific group of shareholders shall mean (i) the holders of the Company's share certificates, etc.<sup>2</sup> and their joint holders,<sup>3</sup> or (ii) a party engaging in purchase, etc.<sup>4</sup> of the Company's share certificates, etc., or a party having a special relationship<sup>5</sup> with such party. In addition, the holding ratio of voting rights means the holding ratio of share certificates, etc.<sup>6</sup> of such holder if the specific group of shareholders falls under (i) above, and the total of the holding ratio of share certificates, etc. of such Large-scale Share Purchaser

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<sup>1</sup> The term "share certificates, etc." refers to "share certificates, etc." as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law; hereinafter the same.

<sup>2</sup> The term "holder" refers to "holder" as defined in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Law, and includes a person who is included as a holder pursuant to Paragraph 3 of the same article; hereinafter the same.

<sup>3</sup> The term "joint holder" refers to "joint holder" as defined in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law, and includes a person who is included as a joint holder pursuant to Paragraph 6 of the same article; hereinafter the same.

<sup>4</sup> The term "purchase, etc." refers to "purchase, etc." as defined in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law, and includes such act conducted at the exchange-established securities market; hereinafter the same.

<sup>5</sup> The term "party(ies) having a special relationship" refers to "party(ies) having a special relationship" as defined in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law; hereinafter the same.

<sup>6</sup> The term "holding ratio of share certificates, etc." refers to the holding ratio of share certificates, etc. as defined in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law.

and such party(ies) having a special relationship<sup>7</sup> if the specific group of shareholders falls under (ii) above.

## 2. Attempts to Secure and Enhance the Corporate Value of the Company Group

### (1) Management Principles

The management principles of the Company group are to create a “play culture” through a type of entertainment in the form of games, and to become a “sensitivity cultivation corporation” whose main goal is to develop software which is “inspiring” to many. In addition, the Company endeavors to enhance the satisfaction of stakeholders such as shareholders, customers and employees, and to establish trust as well as conduct management which focuses on co-existence and co-prosperity.

### (2) Source of the Company Group’s Corporate Value

The Company group centrally engages in the development and sale of home game software, as well as engages in the operation of amusement facilities, the manufacture and sale of arcade game machines, and the development of contents business.

The Company group also endeavors to enhance its corporate value by a structural reform covering all areas of management such as by the repletion of contents, efficient business development of the entire group, reform of the financial structure, introduction of an executive officer system, acceleration of the decision making process by clarifying the roles of management and execution, in addition to the expansion of the development department which is the source of its corporate value, mobile marketing strategy and reinforcement of sales structure.

The Company group is currently pursuing the following measures:

- (a) The Company group is allocating its management resources for the development and sales expansion of home game software, which is its core business.
- (b) As its development strategy, the Company group is pursuing multi-platform development, taking into consideration the market trends.
- (c) In order to secure stable sales and profits for each fiscal term, the Company group is focusing on the expansion of amusement facilities.
- (d) In line with the development in the communications environment, the Company group is pursuing the establishment of online business.
- (e) In order to expand sales in the overseas markets, the Company group is engaging in active business development by the reinforcement of local entities.
- (f) By employing the Company’s wide variety of contents, the Company group is endeavoring to explore new markets and to more deeply cultivate existing markets, as well as endeavoring to open up new business opportunities by focusing on the peripheral equipment for game machines and entering portal site management.
- (g) The Company group is creating added value by effective employment of the Company’s contents and enhancing brand values by generating synergy effects.
- (h) In order to reinforce the financial structure, the Company group is endeavoring to generate stable cash flow for every fiscal term.

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<sup>7</sup> The term “holding ratio of share certificates, etc.” refers to the holding ratio of share certificates, etc. as defined in Article 27-2, Paragraph 8 of the Financial Instruments and Exchange Law.

### (3) The Company Group's Efforts toward Future Enhancement of Corporate Value

The alignment of powers in this business industry is currently being replaced from win and loss due to tides of restructuring transactions such as mergers, business consolidations, etc. and global competition among companies, in addition to the escalation of the developing costs due to the appearance of new types of games and fiercer competition with other industries which have overlapping clientele, such as the cellular phone industry.

Under such a severe business environment, in order to survive the competition, we acknowledge that the most essential issue is to establish a structure which enables responses to changes in the management environment.

We intend to exert efforts toward the enhancement of corporate value by pursuing and implementing the following strategic objectives for further growth in the future.

#### (a) Reinforcement of Important Strategic Sections

In order to achieve superiority in competition, the Company group will allocate its management resources to the development of home game software, which is its core business, and reinforcement of the marketing section.

#### (b) Focus on Overseas Development

With the maturing of the domestic market, focus on the overseas market is inevitable for future business expansion. Therefore, the Company group is pursuing the reconstruction of the business of the entire group and strategic overseas development through management reform of overseas local corporations, including important subsidiaries such as Capcom U.S.A. Inc.

#### (c) Business Selection and Focus

As a series of efforts to efficiently employ development resources, the Company group will endeavor to enhance its corporate value by the scrapping and building of the group companies by the selection and focus method, such as generating energy through clear vision and speedy management, as well as making investments in growing areas and withdrawing from non-performing areas in order to demonstrate the total power of the group as a whole.

#### (d) Expansion of Business Areas

In response to the change in the management environment, the Company group will focus on the expansion of contents business such as focusing on the business of the distribution of games to cellular phones and entering portal site management in order to expand business areas.

#### (e) Reinforcement of Corporate Culture

The Company group is endeavoring to enhance mobile business operations and efficient management by management reform, as well as pursuing the establishment of a system in order to reinforce the revenue base.

As a series of such efforts, the Company group is improving its management culture through strategic group management and reform of the financial structure by an appropriate management structure, including that of overseas and domestic affiliates.

### 3. Necessity of the Plan

Even if a Large-scale Share Purchase is conducted by a Large-scale Share Purchaser, whether or not the shareholders should accept and respond to such act shall ultimately be determined by the shareholders. However, the achievement of the Large-scale Share Purchase would mean the acquisition of management power capable of having an immediate impact on the management of the Company group, and has the

possibility of having a material impact on the corporate value of the Company group and the common interests of the shareholders.

On the other hand, in reality, it is difficult for the shareholders to appropriately determine the impact on the corporate value of the Company group by the Large-scale Share Purchase without the provision of sufficient information on the Large-scale Share Purchaser. In particular, taking into consideration the aforementioned matters inherent in the corporate value of the Company's group, the Company believes that it is the responsibility of the Company's director to: receive from the Large-scale Share Purchaser information necessary and sufficient for the shareholders' judgment; provide as reference for the shareholders' judgment the examination and evaluation of the Board of Directors on the impact that the management policies, etc. proposed by the Large-scale Share Purchaser would have on the Company group's corporate value; as the case may be, have the Board of Directors negotiate or consult with the Large-scale Share Purchaser regarding the Large-scale Share Purchase or policies of the management of the Company group; or present as the Board of Directors of the Company an alternative proposal regarding the management policies, etc. of the Company's group.

In addition, in connection with the recent Japanese capital markets and legal system, the possibility that a Large-scale Share Purchase which will clearly damage the corporate value of the Company group or the common interests of the shareholders is undeniable. Under such situation, the Company believes that it is also the responsibility of the Company's director to, in addition to securing processes such as the provision of information by the Large-scale Share Purchaser and the examination and evaluation by the Board of Directors, prepare countermeasures against the Large-scale Share Purchase in order to prevent clear damage to the corporate value of the Company group or the common interests of the shareholders.

The status of the Company's major shareholders as of September 30, 2007 is as indicated in Exhibit 1. The Company's directors and the affiliated parties hold approximately 24.97% of the issued shares of the Company. Meanwhile, the distribution status of the Company's shareholders ranges widely, mainly comprised of shareholders who are individuals, and the Company's shares are becoming increasingly current in nature. Due to such increasingly liquid situation, we believe that it is possible that there will be a Large-scale Share Purchase which is adverse to the corporate value of the Company group or the common interests of the shareholders. Furthermore, in addition to the dilution of the shareholding ratio of the Company's directors and its affiliated parties due to the exercise of rights over Euroyen convertible type bonds with share options which will mature in 2009, the possibility that their shareholding ratio will decrease further in the future due to transfer, inheritance, or other dispositions for respective reasons is undeniable.

As a consequence of such understanding of the current situation, the Company came to establish requirements and contents of the rules providing the procedures, etc. for the provision of information by the Large-scale Share Purchaser (the "Large-scale Share Purchase Rules"), and countermeasures that the Company may take if the Large-scale Share Purchaser fails to comply with the Large-scale Share Purchase Rules or if the corporate value of the Company group is undermined due to the Large-scale Share Purchase (the "Large-scale Share Purchase Countermeasures").

## II. The Plan

### 1. Outline of the Plan

The Plan is comprised of the Large-scale Share Purchase Rules which are to be complied with by the Large-scale Share Purchaser (indicated in 2. below), and the Large-scale Share Purchase Countermeasures which the Company may take against a Large-scale Share Purchase (indicated in 3. below).

The Plan firstly requires as the Large-scale Share Purchase Rules that the Large-scale Share Purchasers provide information for judgment making of the shareholders and the Board of Directors for the common interests of the shareholders (indicated in 2.(1) below), as well as a granting of a period for examination and evaluation by the Board of Directors (indicated in 2.(2) below).

The Plan secondly provides as the Large-scale Share Purchase Countermeasures that the elements for the Board of Directors to resolve to trigger appropriate countermeasure permitted by the Companies Act, other laws, regulations, and the Company's articles of incorporation shall be

limited to cases where the Large-scale Share Purchaser fails to comply with the Large-scale Share Purchase Rules, and cases where the corporate value of the Company group or the common interests of the shareholders will be materially undermined due to the Large-scale Share Purchase (indicated in 3.(2)(3) below).

## 2. Large-scale Share Purchase Rules

### (1) Information provision to the Board of Directors

Prior to the Large-scale Share Purchase, the Large-scale Share Purchaser shall provide the Board of Directors with information written in Japanese which is necessary and sufficient for the Company's shareholders to come to a decision and for the Board of Directors to formulate their decision (the "Information"). The purpose of such requirement is to enable the shareholders to make appropriate decisions on the Large-scale Share Purchase and for the Board of Directors to conduct an appropriate examination and evaluation.

Specifically, in conducting a Large-scale Share Purchase, the Large-scale Share Purchaser must submit to the location of the head office, addressed to the Representative Director and CEO of the Company, a Statement of Intention containing a pledge by the Large-scale Share Purchaser to comply with the Large-scale Share Purchase Rules, specifying the following: name and address or location of head office of the Large-scale Share Purchaser, name of representative, contact address in Japan, governing law (in the case of an overseas corporation), and outline of the Large-scale Share Purchase. Within ten (10) business days from (excluding the first day; hereinafter the same shall apply with respect to all periods referred to) the receipt of the Statement of Intention described above, the Company's representative director and CEO will deliver to the Large-scale Share Purchaser a list specifying the Information to be initially provided. The general items of the Information are as follows. In addition, when the Large-scale Share Purchaser submits the Statement of Intention to the Company and completes the provision of the Information, the Company shall make an announcement to that effect.

- (i) Outline of the specific group of shareholders (including the Large-scale Share Purchaser) related to the Large-scale Share Purchase (including the corporate history, composition of directors, major business description, major shareholders, a group organizational chart, securities reports for the most recent three (3) years or similar documents or consolidated financial statements).
- (ii) Purpose and specific substance of the Large-scale Share Purchase.
- (iii) Holding ratio of voting rights of a specific group of shareholders (including the Large-scale Share Purchaser) and the number of certificates held thereby.
- (iv) The calculation basis of the acquisition price of the Company's share certificates, etc., support of the acquisition fund and specific substance and conditions for financing pertaining to the Large-scale Share Purchase.
- (v) If a specific group of shareholders related to the Large-scale Share Purchase (including Large-scale Share Purchasers) acquires the management rights of the Company group, then the management policy, management plan, business plan, financial policy, capital policy, dividend policy, numerical targets and calculation basis of the management and financial statements for the three (3) years after acquiring the management rights, as well as candidates for officers and their career summary.
- (vi) Previous transactional and competition relationships between a specific group of shareholders (including Large-scale Share Purchasers) and the Company group's key business partners related to the Large-scale Share Purchase.
- (vii) The role of the Company's group within the group of Large-scale Share Purchasers after the implementation of the Large-scale Share Purchase.

- (viii) Substance of the changes scheduled for after the implementation of the Large-scale Share Purchase regarding the employees, key business partners, customers, local community, and other stakeholders of the Company group.
- (ix) Information regarding the price of consideration when the Large-scale Share Purchase is to be conducted with consideration other than cash.
- (x) A pledge of the person in charge to the effect that the substance of the document indicating the Information provided by the Large-scale Share Purchaser is true and accurate in material aspects, and does not include any misleading indications or omissions regarding material facts.
- (xi) In addition to each of the above, any information reasonably regarded as necessary by the Board of Directors and its independent committee (indicated in 2.(3) below).

If information initially submitted by the Large-scale Share Purchaser is considered to be insufficient as the Information, the Board of Directors may request the Large-scale Share Purchaser for the provision of additional information until there is sufficient Information. In addition, all or a part of the Information submitted by the Large-scale Share Purchaser will be disclosed at a time that is necessary and appropriate to the extent considered necessary and appropriate for the shareholders' judgment.

(2) Examination and Evaluation of the Board of Directors

The Large-scale Share Purchaser shall not conduct the Large-scale Share Purchase until the lapse of sixty (60) days since the date of completion of the provision of the Information to the Board of Directors (in the case where the Large-scale Share purchase involves the purchase of all of the shares of the Company by tender offer with consideration solely in the form of cash) or ninety (90) days (in the case of other Large-scale Share Purchases) (the "Board of Directors Evaluation Period"). The purpose of the foregoing is to provide the Board of Directors an opportunity to examine and evaluate the Information, negotiate and consult with the Large-scale Share Purchaser, formulate opinions on the Large-scale Share Purchase, as well as prepare and present alternative proposals to the shareholders for the common interests of the shareholders.

During the Board of Directors Evaluation Period, the Board of Directors shall examine and evaluate the Information provided with the advice of external experts, etc., respect the advice of the independent committee (indicated in 2.(3) below) to the greatest extent possible regarding such Large-scale Share Purchase or management policies, etc. regarding the proposal of such Large-scale Share Purchase, and make a decision on whether or not to trigger the Large-scale Share Purchase Countermeasures. If the Board of Directors decide not to trigger the Large-scale Share Purchase Countermeasures, it shall make a resolution to such effect, and if the Board of Directors makes a resolution not to trigger the Large-scale Share Purchase Countermeasures, the Large-scale Share Purchaser may conduct the Large-scale Share Purchase from the date of such resolution to the extent indicated in the Statement of Intention.

(3) Examination and Advice of the Independent Committee

The Board of Directors will establish an independent committee in order to appropriately manage the Large-scale Share Purchase and prevent arbitrary decisions by the Board of Directors. The independent committee will consist of three (3) to five (5) members, and in order to ensure the fairness and neutrality of its decision, the Board of Directors will appoint from the Company's external directors or corporate auditors, or external knowledgeable individuals who are independent from the management which executes the Company's business. The Board of Directors shall submit the Information indicated in 2.(1) above as well as the results of the evaluation and analysis of the Board of Directors on the Information to the independent committee. Pursuant to the seeking of advice by the Board of Directors, the Independent Committee shall collect and examine information necessary for the decision from outside third parties, and provide the Board of Directors with advice on the following matters using the results of the evaluation and analysis as well as the opinions of external experts as a reference.

- (i) Sufficiency of information provided by the Large-scale Share Purchaser.

During the period until the Board of Directors determines that the Large-scale Share Purchaser has completed the provision of the Information, the independent committee shall examine whether the Information which the Large-scale Share Purchaser provided to the Company is sufficient as the Information indicated in 2.(1) above, and shall provide the Board of Directors with advice on the result of such examination.

- (ii) Compliance or non-compliance of the Large-scale Share Purchase Rules by Large-scale Share Purchaser, and pros and cons of the triggering of the Large-scale Share Purchase Countermeasures.

The independent committee will examine whether the Large-scale Share Purchaser is complying with the Large-scale Share Purchase Rules (indicated in 3.(2)(i) below), and provide the Board of Directors with advice on the result of such examination. If the independent committee is to provide advice that the Large-scale Share Purchaser is not complying with the Large-scale Share Purchase Rules, it will also provide advice to the Board of Directors on the pros and cons of the triggering of the Large-scale Share Purchase Countermeasures. Even if the independent committee determines that the Large-scale Share Purchaser is not complying with the Large-scale Share Purchase Rules, if it determines that it is inappropriate to trigger the Large-scale Share Purchase Countermeasures, it will in principle provide advice that the Large-scale Share Purchase Countermeasures should not be triggered.

- (iii) Fulfillment or non-fulfillment of requirements for the triggering of the Large-scale Share Purchase Countermeasures, and pros and cons of the triggering of the Large-scale Share Purchase Countermeasures.

If the independent committee determines that the Large-scale Share Purchaser is complying with the Large-scale Share Purchase Rules, it will examine and advise the Board of Directors on whether the Large-scale Share Purchase fulfills the requirements for the triggering of the Large-scale Share Purchase Countermeasures (indicated in 3.(2)(ii) below). If the independent committee is to provide advice that the Large-scale Share Purchase fulfills the requirements for the triggering of the Large-scale Share Purchase Countermeasures, it will also provide advice to the Board of Directors on the pros and cons of triggering the Large-scale Share Purchase Countermeasures. Even if the independent committee determines that the Large-scale Share Purchase fulfills the requirements for the triggering of the Large-scale Share Purchase Countermeasures, if it determines that it is inappropriate to trigger the Large-scale Share Purchase Countermeasures, it will provide advice that the Large-scale Share Purchase Countermeasures should not be triggered. If the independent committee determines that the Large-scale Share Purchase does not fulfill the requirements for the triggering of the Large-scale Share Purchase Countermeasures, it will provide advice stating that the requirements are not fulfilled and that the Large-scale Share Purchase Countermeasures shall not be triggered.

- (iv) Other matters to be determined by the Board of Directors, for which the Board of Directors has consulted with the independent committee or which the independent committee deems it necessary to recommend to the Board of Directors.

Please refer to Exhibit 2 for the Outline of Rules for Independent Committee after introduction of the Plan.

In addition, the first independent committee after the introduction of the Plan is scheduled to be comprised of one (1) current external director and one (1) current external corporate auditor, as well as one (1) external expert, totaling three (3) members. The names and personal histories of the candidates are as indicated in Exhibit 3.

### 3. Large-scale Share Purchase Countermeasures

#### (1) Substance of the Large-scale Share Purchase Countermeasures

If the Large-scale Share Purchaser satisfies the requirements for triggering certain Large-scale Share Purchase Countermeasures indicated in (2) below such as the conducting of the Large-scale Share Purchase without following the procedures designated for the Large-scale Share Purchase Rules, the Board of Directors shall respect the advice of the independent committee to the greatest extent possible and may resolve to conduct appropriate Large-scale Share Purchase Countermeasures permitted under the Companies Act, other laws, regulations, and the Company's articles of incorporation, such as the allotment of share options without contribution, etc.

The outline of the share options issued in the manner of an allotment to shareholders without contribution as one of the specific Large-scale Share Purchase Countermeasures is as indicated in Exhibit 4. These share options may accompany conditions on exercise such as not belonging to a specific group of shareholders holding voting rights over a certain percentage, and a call clause providing that share options will be acquired in exchange for the Company's shares from a party other than a specific group of shareholders. The Board of Directors may submit an issuance registration of share options in order to facilitate the efficient issuance of share options.

#### (2) Requirements for Triggering the Large-scale Share Purchase Countermeasures

The Board of Directors may resolve to trigger a specific Large-scale Share Purchase Countermeasure only with the satisfaction of the requirements provided in the following items.

- (i) The Board of Directors may resolve to trigger the Large-scale Share Purchase Countermeasure if the Large-scale Share Purchaser fails to submit the Statement of Intention to the Board of Directors, or otherwise conduct the Large-scale Share Purchase without providing sufficient information provided in the Large-scale Share Purchase Rules, the Large-scale Share Purchaser conducts the Large-scale Share Purchase before the lapse of the Board of Directors Evaluation Period, or the Large-scale Share Purchaser otherwise fails to comply with the Large-scale Share Purchase Rules.
- (ii) The Board of Directors will not resolve to trigger the Large-scale Share Purchase Countermeasure in principle if the Large-scale Share Purchaser complies with the Large-scale Share Purchase Rules, although it may indicate its opinion against such Large-scale Share Purchase as a result of the examination and evaluation of the substance of the Statement of Intention and the Information, or present as the Board of Directors of the Company an alternative proposal regarding the management policies, etc. of the Company's group.

However, even if the Large-scale Share Purchaser otherwise complies with the Large-scale Share Purchase Rules, the Board of Directors will resolve to trigger appropriate Large-scale Share Purchase Countermeasure in principle if the independent committee determines that the Large-scale Share Purchase materially undermines the corporate value of the Company group and the common interests of the shareholders, and advise that the Large-scale Share Purchase Countermeasure be triggered. Provided further, that even if the independent committee advises that the Large-scale Share Purchase Countermeasure be triggered, it is possible that the Board of Directors will not resolve to trigger the Large-scale Share Purchase Countermeasure if the Board of Directors determines that it would be inappropriate to trigger the Large-scale Share Purchase Countermeasure. Specifically, a conduct falls under a Large-scale Share Purchase which materially undermines the corporate value of the Company group and the common interests of the shareholders group if it falls under any of the following types:

- (a) The purpose of the Large-scale Share Purchase or acquisition of management rights is to boost the share price and cause the parties interested in the Company to purchase the share certificates, etc. for a high price, without the true intention of participating in the company management (a so-called green-mailer case).

- (b) The purpose of the Large-scale Share Purchase or acquisition of management rights is mainly to cause the Company group to transfer immovable property, movable property, intellectual property rights, know-how, corporate proprietary information, key business partners, customers, etc. which are necessary for the business operations of the Company group and other assets of the Company group to a specific group of shareholders (including the Large-scale Share Purchaser) related to the Large-scale Share Purchase (a so-called scorching management case).
- (c) The purpose of the Large-scale Share Purchase or acquisition of management rights is mainly to divert all or an important part of the assets of the Company group to security or resources of the repayment of obligations of a specific group of shareholders (including the Large-scale Share Purchaser) related to the Large-scale Share Purchase.
- (d) The purpose of the Large-scale Share Purchase or acquisition of management rights is mainly to temporarily control the management of the Company, thus enabling the Large-scale Share Purchaser: (i) to sell or otherwise dispose of highly-valued assets, such as real property or securities, that are owned by the Company group; and (ii) to temporarily distribute higher dividends from the gains of such disposals, or to sell its shares at an inflated price caused by such temporarily higher dividends.
- (e) The manner of the Large-scale Share Purchase proposed by the Large-scale Share Purchaser may essentially force the shareholders to sell their Company shares by conducting a tender offer and not offering to acquire all of the shares in the initial acquisition, and setting unfavorable acquisition conditions or not setting clear conditions for the second stage.
- (g) It is objectively and reasonably determined that a Large-scale Share Purchaser's acquisition of management rights and treatment policies, etc. regarding the Company's customers, employees, and other interested parties after the acquisition threatens to materially undermine the Company's corporate value, including, without limitation, material damage to the interests of not only the shareholders but also the Company's customers, business partners, employees, and other stakeholders, or threatens to materially prevent the maintenance and enhancement of the Company's corporate value.
- (h) The conditions of the Large-scale Share Purchase (including the price/type of consideration, time of purchase, appropriateness of the purchase method, possibility of the actual execution of the purchase, as well as the treatment policies, etc. regarding the Company's employees, key business partners, customers, and other interested parties after the purchase) are materially insufficient or inappropriate in light of the essence of the Company's corporate value.

(3) Procedures for Triggering the Large-scale Share Purchase Countermeasures

In resolving to trigger a specific Large-scale Share Purchase Countermeasure, the Board of Directors shall receive advice of external experts and respect the opinion and advice of the independent committee to the greatest extent possible in order to ensure the objectiveness and reasonableness of the decision of the Board of Directors, and resolve pros and cons of triggering the Large-scale Share Purchase Countermeasures by the following procedures. In such a case, the Company shall announce the outline of such resolution.

- (i) Case where Large-scale Share Purchaser fails to comply with the Large-scale Share Purchase Rules

The Board of Directors may in principle resolve to trigger the Large-scale Share Purchase Countermeasures if the Large-scale Share Purchaser fails to comply with the Large-scale Share Purchase Rules and is advised by the independent committee to trigger the

Large-scale Share Purchase Countermeasures. However, the Board of Directors may resolve to trigger the Large-scale Share Purchase Countermeasures without the advice of the independent committee if it is objectively evident that the Large-scale Share Purchaser has failed to comply with the Large-scale Share Purchase Rules and triggering the Large-scale Share Purchase Countermeasures after the advice by the independent committee will give rise to a material disadvantage on the part of the Company or the Company's shareholders.

- (ii) Case where Large-scale Share Purchaser does comply with the Large-scale Share Purchase Rules

The Board of Directors will not resolve to trigger the Large-scale Share Purchase Countermeasures in principle if the Large-scale Share Purchaser complies with the Large-scale Share Purchase Rules. However, if advised by the independent committee that the Large-scale Share Purchase satisfies the requirements listed under each item of the proviso clause of 3.(2)(ii) above and that the Large-scale Share Purchase Countermeasures should be triggered, the Board of Directors may resolve to trigger the Large-scale Share Purchase Countermeasures.

In addition, the directors may negotiate and consult with the Large-scale Share Purchaser on the improvement of conditions for the Large-scale Share Purchase as necessary, and present as the Board of Directors of the Company an alternative proposal to the shareholder regarding the management policies, etc. of the Company's group.

However, if after having once resolved to implement the allotment of share options without contribution but subsequently being advised by the independent committee of the satisfaction of one of the following events, the Board of Directors may suspend the allotment share options without contribution (if before the allotment without contribution comes into effect), or resolve to acquire the share options without contribution (if after the allotment without contribution comes into effect) until the day before the exercise commencement period of such share options.

- (a) The Large-scale Share Purchaser withdraws the Large-scale Share Purchase or the Large-scale Share Purchase otherwise ceases to exist.
- (b) The factual situation changes and the Large-scale Share Purchase by the Large-scale Share Purchaser does not satisfy any of the requirements listed under each item of the proviso clause of 3.(2)(ii) above, or the Large-scale Share Purchase by the Large-scale Share Purchaser does satisfy the requirements but it is inappropriate to conduct the allotment of share options without contribution.

#### 4. Effective Period as well as Abolition and Amendment of the Plan

The effective period of the Plan shall be from the approval of the Annual Shareholders' Meeting until the end of the annual shareholders' meeting of the latest business year ending within two (2) years from the end of the Annual Shareholders' Meeting.

Despite being before the expiration of the effective period of the Plan, the Board of Directors may, from the perspective of the securing and enhancement of corporate value and the common interests of the shareholders, and taking into consideration the status of the development of relevant laws and regulations, amend and review the Plan from time to time to the extent consistent with the purpose of the entrustment of the Plan (including cases where laws, regulations, securities exchange rules, etc. regarding the Plan are enacted, revised or repealed and it is appropriate to reflect such enactment, revision or repeal, or cases where it is appropriate to correct the wording due to any typographical errors or omissions). In addition, if the Board of Directors comprised of directors elected at the Company's shareholders' meeting resolves to abolish the Plan, the Plan shall be abolished. If the Company abolishes or amends the Plan, the Company shall promptly make an announcement to that effect.

## 5. Amendment due to Revision of Laws and Regulations

The provisions of the laws and regulations cited in the Plan are based on the provisions which are in effect as of April 17, 2008. If it becomes necessary to amend the clauses or the meaning of the terms in each of the above paragraphs due to the enactment, revision or repeal of the laws and regulations thereafter, the Board of Directors may take into consideration the purpose of such enactment, revision or repeal, and deem the clauses or the meaning of the terms in each of the above paragraphs to be replaced as is appropriate to a reasonable extent.

## III. Reasonableness of the Plan

### 1. Purpose of the Securing and Enhancement of Corporate Value and Common Interests of the Shareholders

As mentioned in I. above, the Plan establishes in advance the Large-scale Share Purchase Rules to be complied with by the Large-scale Share Purchaser, and the requirements for, and the substance of the Large-scale Share Purchase Countermeasures to be triggered by the Company for the purpose of enabling the shareholders to make appropriate judgments as to whether to accept the Large-scale Share Purchase or not and preventing any evident violation against the Company group's corporate value and common interests of the shareholders, and aims for the securing and enhancement of the Company group's corporate value and common interests of the shareholders.

The Company believes that the substance of the Large-scale Share Purchase Rules and the substance of the Large-scale Share Purchase Countermeasures, and the requirements for the triggering thereof as mentioned in II. above, are reasonable in light of the purpose of the securing and enhancement of the Company group's corporate value and common interests of the shareholders and will not unreasonably limit the Large-scale Share Purchase that contributes to the securing and enhancement of the Company group's corporate value and common interests of the shareholders.

### 2. Prior Disclosure

The substance of the Large-scale Share Purchase Rules and the substance of the Large-scale Share Purchase Countermeasures and requirements for the triggering thereof in connection with the Plan are specifically and clearly indicated in II. above, which the Company believes will provide sufficient foreseeability for shareholders, investors and Large-scale Share Purchasers.

### 3. Procedures for Introduction; Possibility of Amendment and Abolishment

At the meeting of the Board of Directors held on April 17, 2008, the introduction of the Plan was determined by the unanimous consent of the Directors provided that the approval of the Annual Shareholders' Meeting will be obtained. At the meeting of the Board of Directors, all of the four (4) Corporate Auditors (of which three (3) Corporate Auditors were external corporate auditors) were present and respectively stated a favorable opinion of the Plan provided that specific operation of the Plan will be appropriately conducted.

As described in II.4. above, the Plan is intended to be able to be abolished by any Director who (i) is designated by any person who has purchased share certificates, etc. of the Company in large amounts, and (ii) is elected at a shareholders' meeting. Therefore, the Plan is not a so-called dead-hand takeover defense measure (a takeover defense measure that cannot prevent the triggering of the measure even if a majority of the members of the board of directors are replaced). In addition, since a so-called staggered term system is not adopted although the term of office of a Company director is two (2) years, the Plan is not a slow-hand takeover defense measure (a takeover defense measure which takes more time until the majority of the members of the board of directors are replaced to prevent the triggering of the measure because the members of the board of directors cannot be replaced at once).

Therefore, the Company believes that the shareholders' intention may, through resolutions of shareholders' meetings, be reflected in the judgment as to whether the continuation, abolishment or amendment of the Plan should be conducted.

#### 4. Securing of Objectivity and Reasonableness of the Judgment of the Board of Directors

As described in II.3.(2) above, the Plan specifies objective and clear requirements for the triggering of the Large-scale Share Purchase Countermeasures, which excludes the possibility that any arbitrary judgment of the Board of Directors would intervene in the judgment as to whether or not the requirements for the triggering are fulfilled, as much as possible.

As described in II.3.(3) above, the Plan specifies the procedures for triggering the Large-scale Share Purchase Countermeasures, which excludes any arbitrary judgment of the Board of Directors.

Therefore, the Company believes that the Plan has established a sufficient framework to secure the objectivity and reasonableness of the judgment when the Board of Directors resolves the triggering of the Large-scale Share Purchase Countermeasures.

#### IV. Impact of the Plan upon Shareholders and Investors

##### 1. Impact of Introduction of Large-scale Share Purchase Rules upon Shareholders and Investors

The Large-scale Share Purchase Rules are only the rules that should be complied with by the Large-scale Share Purchaser when conducting the Large-scale Share Purchase, and will not provide for the issuance of any share options or other share certificates, etc. when the Large-scale Share Purchase Rules are introduced. Accordingly, the rights and interests of shareholders and investors will not be affected.

The Company believes that the Large-scale Share Purchase Rules will enable the Company's shareholders to make appropriate judgments on the Large-scale Share Purchase with necessary and sufficient information, and will contribute to the common interests of the Company's shareholders.

Depending on whether or not the Large-scale Share Purchaser will comply with the Large-scale Share Purchase Rules, the Company's measures against such Large-scale Share Purchase may differ. Therefore, the shareholders and investors are advised to pay attention to any activity of the Large-scale Share Purchaser.

##### 2. Impact of Triggering the Large-scale Share Purchase Countermeasures upon Shareholders and Investors

If the Large-scale Share Purchase Countermeasures are triggered, any specific group of shareholders in respect of such Large-scale Share Purchase may incur any loss of their legal rights or economic interests. However, the Company does not suppose that other shareholders may incur any special loss of their legal rights or economic interests. If the Board of Directors resolves to trigger the Large-scale Share Purchase Countermeasures, the Company will make disclosure in a timely and appropriate manner in accordance with any laws, regulations and securities exchange rules.

If the share options are issued by means of an allotment to shareholders as the Large-scale Share Purchase Countermeasures, the share options will be allotted to shareholders entered or recorded in the latest shareholder register or beneficial shareholder register as of a record date fixed and publicized by the Board of Directors in accordance with the number of shares they hold. Therefore, the shareholders who have not entered their name changes in the shareholder register will be required to make such entries by the record date publicized. Upon the exercise of the share options, the shareholders will be required to make a payment of a certain amount within a specified term in order to acquire new shares, and if such shareholders fail to take such procedures, the holding ratio of voting rights of such shareholders will be diluted. However, if the terms and conditions for issuance of the share options include an acquisition clause to the effect that the Company acquires the share options and delivers the Company's shares in exchange for the share options so acquired, and the Company takes the procedures for such acquisition, then the shareholders who hold the share options with respect to such acquisition will receive the Company's shares without paying money (in this case, such shareholders may be required to separately submit a document in the form prescribed by the Company pledging that such shareholders are not persons belonging to a specific group of shareholders, or other matters).

If implementation of an allotment of share options without contribution is resolved as the Large-scale Share Purchase Countermeasures, and after the shareholders who shall receive an allotment of share options without contribution are determined, the Board of Directors suspends the allotment of share options without contribution or acquires the share options so allotted without contribution in accordance with the procedures specified in II. 3. (3) above, then the value of the shares per share will not be diluted as a result. Therefore, the investors who have purchased or sold after the shareholders who shall receive an allotment of share options without contribution are determined may incur damages in proportion to any change in share price.

**Status of Capcom Shares (as of September 30, 2007)**

- Total number of shares authorized to be issued: 150,000,000 shares
- Total number of issued shares: 64,836,791 shares
- Number of shareholders: 15,459 people (including the Company)
- Status of major shareholders

Ranking	Name of shareholder	Number of owned shares (thousand shares)	Ratio of number of owned shares to total number of issued shares (%)
1	Crossroad Limited	6,771	10.44
2	Japan Trustee Services Bank, Ltd. (Trust Account)	5,227	8.06
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	3,215	4.96
4	State Street Bank and Trust Company (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Clearance Office)	2,838	4.38
5	Kenzo Tsujimoto	2,416	3.73
6	Yoshiyuki Tsujimoto	1,669	2.57
7	Haruhiro Tsujimoto	1,546	2.38
8	Ryozo Tsujimoto	1,545	2.38
9	Morgan Stanley and Company International plc. (Standing Proxy: Morgan Stanley Japan Securities Co., Ltd.)	1,192	1.84
10	Deutsche Bank AG London-PB Irish Residents 619 (Standing Proxy: Deutsche Securities Inc.)	1,184	1.83

(Note 1) Among the shares owned by Japan Trustee Services Bank, Ltd. (Trust Account) and The Master Trust Bank of Japan, Ltd. (Trust Account), the numbers of their shares relating to trust services are 5,173 thousand shares and 3,192 thousand shares, respectively.

(Note 2) The Company holds 5,817 thousand treasury shares (8.97% of the total number of issued shares), which are excluded from the "Status of Major Shareholders" above.

## Outline of Rules for Independent Committee

## 1. Structure

The members (in this Exhibit, “Members”) of the independent committee (in this Exhibit, the “Committee”) shall consist of between three (3) to five (5) people, and shall be elected by the Board of Directors from external directors and external corporate auditors who are independent from the management who execute business. The Board of Directors may elect the above-mentioned number of external experts who are independent from the management who execute business and have entered into an engagement letter with the Company to the effect that such expert shall bear the duty of care of a good manager with respect to his/her duties as a Member.

## 2. Term of Office

The term of office of a Member shall expire upon the termination of an annual shareholders’ meeting for the last business year ending within two (2) years from the election of such Member, unless otherwise provided for by a resolution of the Board of Directors.

## 3. Authority of Committee

- (1) The Committee shall examine and evaluate the following matters, and make decisions as the Committee, and recommend the substance of such decisions and the reason for them to the Board of Directors:
  - (i) Sufficiency of information provided by the Large-scale Share Purchaser;
  - (ii) Compliance or non-compliance of the Large-scale Share Purchase Rules by Large-scale Share Purchaser, and pros and cons of the triggering of the Large-scale Share Purchase Countermeasures;
  - (iii) Fulfillment or non-fulfillment of requirements for the triggering of the Large-scale Share Purchase Countermeasures, and pros and cons of the triggering of the Large-scale Share Purchase Countermeasures; and
  - (iv) Other matters to be determined by the Board of Directors, for which the Board of Directors has consulted with the Committee or which the Committee deems it necessary to recommend to the Board of Directors.
- (2) In addition to the foregoing, the Committee shall conduct the following matters:
  - (i) Examination and evaluation of the substance of information, materials or other data provided by the Large-scale Share Purchaser and the Board of Directors;
  - (ii) Request of submission of alternative proposals by the Board of Directors, and examination and evaluation of the alternative proposals; and
  - (iii) In addition to the foregoing, any other matters that are determined by the Board of Directors to be able to be conducted by the Committee.
- (3) The Committee may give instructions to the Board of Directors with respect to the following matters, based on the premise that the Committee will make a recommendation to the Board of Directors:

- (i) Request of additional provision of information by the Large-scale Share Purchaser if the information provided by the Large-scale Share Purchaser is deemed to be insufficient as Information;
- (ii) Announcement of the fact that the proposal for the Large-scale Share Purchase was made, and all or any part of information provided by the Large-scale Share Purchaser;
- (iii) Announcement if the information provided by the Large-scale Share Purchaser is deemed to be sufficient as the Information; and
- (iv) Negotiation with the Large-scale Share Purchaser in connection with the enhancement of conditions for the Large-scale Share Purchase.

#### 4. Resolutions of Committee

A resolution of the Committee shall be adopted by a majority of the Members present at the meeting where all of the Members are present. However, if there is an unavoidable reason, a resolution of the Committee may be adopted by a majority of the Members present at the meeting where at least two-thirds (2/3) of the Members are present.

#### 5. Others

- (1) In order to collect necessary information, the Committee may request the attendance of any of the Company's Directors, Corporate Auditors, employees or other person deemed necessary by the Committee, and may request explanations with respect to the matters deemed necessary by the Committee for the purpose of making a recommendation.
- (2) The Committee may, at the expense of the Company, obtain advice from any third party (including any financial advisor, attorney, certified public accountant, consultant and other experts) who is independent from the management that executes the Company's business.

### Personal History of Candidates for Members of Independent Committee

The members of the independent committee at the time of the introduction of the Plan will consist of three (3) people as follows.

Hiroshi Yasuda (Date of birth: May 14, 1932)

[Personal History]

April 1957:	Joined the Ministry of Finance
November 1973:	Secretary to the Minister of Finance
January 1977:	Secretary to the Prime Minister
June 1988:	Deputy Vice Minister of Finance
June 1990:	Director-General, Budget Bureau of the Ministry of Finance
June 1991:	Administrative Vice Minister of Finance
May 1994:	Governor of The Export-Import Bank of Japan
October 1999:	Governor of Japan Bank for International Cooperation
September 2001:	Advisor of The Kansai Electric Power Co., Ltd. (currently holds this position)
January 2002:	Chairman of Yomiuri International Economic Society (currently holds this position)
July 2002:	Chairman of Japan Investor Protection Fund
June 2004:	Corporate Auditor of Shiseido Company, Limited
August 2004:	Chairman of Foundation for Capital Markets Promotion (currently holds this position)
June 2007:	Director of the Company (currently holds this position)

(Note 1) Mr. Hiroshi Yasuda is an external director set forth in Article 2, Paragraph 15 of the Companies Act.

(Note 2) No special interests exist between Mr. Yasuda and the Company.

Shoji Yamaguchi (Date of birth: November 25, 1939)

[Personal History]

April 1962:	Joined National Tax Administration Agency
June 1990:	Chief Appeals Judge, Nagoya Tax Tribunal
August 1992:	Councilor of Business Promotion Department of The Sumitomo Trust and Banking Co., Ltd.
June 2001:	Corporate Auditor of the Company (full-time) (currently holds this position)

(Note 1) Mr. Shoji Yamaguchi is an external corporate auditor set forth in Article 2, Paragraph 16 of the Companies Act.

(Note 2) No special interests exist between Mr. Yamaguchi and the Company.

Yoshiyuki Matsui (Date of birth: August 4, 1936)

[Personal History]

April 1959:	Joined Daiwa Seiko, Inc.
April 1962:	Director and Vice President of Daiwa Seiko
May 1971:	Representative Director and Vice President of Daiwa Seiko
October 1982:	Representative Director and President of Daiwa Seiko
June 1987:	Representative Director and Chairman of Daiwa Seiko

June 1995: Representative Director and President of Daiwa Seiko  
July 2000: Representative Director and Chairman of Daiwa Seiko  
March 2001: Director and Chairman of Daiwa Seiko  
June 2003: Honorary Chairman of Daiwa Seiko (currently holds this position)

(Note) No special interests exist between Mr. Matsui and the Company.

## Outline of an Allotment of Share Options without Contribution

### 1. Shareholders Subject to Allotment of Share options and Conditions for Allotment

To shareholders entered or recorded in the Company's latest shareholder register or substantial shareholder register as of a record date fixed and publicly notified by the Board of Directors, the share options (*shinkabu-yoyakuken*) shall be allotted in proportion to the respective numbers of their shares held (excluding common shares of the Company held by itself) at a ratio of one (1) share option per one (1) share.

### 2. Class and Number of Shares Subject to Share options

The class of shares subject to the share options is the Company's common shares. The total number of shares subject to the share options is, at most, the total number of shares authorized to be issued by the Company as of a date specified as a record date by the Board of Directors, minus the total number of common shares issued by the Company (excluding common shares of the Company held by itself). The number of shares subject to one (1) share option is separately specified by the Board of Directors. However, if the Company carries out a stock split or stock consolidation, the number of subject shares shall be adjusted as necessary.

### 3. Total Number of Allotted Share options

The total number of allotted share options shall be specified by the Board of Directors.

### 4. Amount to be Paid-in for Share options

Without contribution.

### 5. Value of Assets Contributed upon the Exercise of Share options

The amount of the capital contribution to be made upon the exercise of a share option shall be the amount specified by the Board of Directors, but not less than one (1) yen.

### 6. Restriction on the Transfer of Share options

The transfer of share options may be subject to Board of Directors' approval.

### 7. Exercise Period of Share Options

The exercise period, acquisition clause and other necessary matters regarding the share options shall be determined separately by the Board of Directors.

### 8. Conditions for the Exercise of Share Options

The following persons may not exercise any share options:

- (1) Specified large holder<sup>8</sup>;

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<sup>8</sup> The term "specified large holder" means a person who is a holder of share certificates, etc. issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is 20% or more or a person who is determined to be a specified large holder by the Board of Directors. However, the specified large holder shall not include (x) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors to not be in conflict with the Company's corporate value and common interests of the shareholders; and (y) any other person as separately specified by the Board of Directors in the BOD resolution.

- (2) Joint holder of specified large holder;
- (3) Specified large-scale purchaser<sup>9</sup>;
- (4) Person having a special relationship with a specified large-scale purchaser;
- (5) Person who acquires or succeeds to the share options from a person falling under any of items (1) through (4) without the approval of the Board of Directors; or
- (6) An affiliate of any person falling under any of items (1) through (5)<sup>10</sup> (those mentioned in items (1) through (6) are collectively referred to as the “Ineligible Person”).

The particulars of the conditions for exercising share options shall be separately specified by the Board of Directors.

#### 9. Acquisition Clause

At any time on or before the day immediately preceding the first day of the exercise period of share options, the Company may acquire all of share options without contribution on a date separately specified by the Board of Directors if the Board of Directors deems appropriate for the Company to acquire share options.

On a day separately specified by the Board of Directors, the Company may acquire all of the share options that are held by a person other than an Ineligible Person and that have not been exercised on or before the business day immediately preceding such date specified by the Board of Directors, and deliver the Company’s shares equivalent to the number of subject shares per share option to him/her in exchange for the share options so acquired. Other particulars of acquisition clause shall be separately specified by the Board of Directors.

#### 10. Share Option Certificates

No share option certificates for share options shall be issued.

#### 11. Others

Any other necessary matters shall be separately specified by the Board of Directors.

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<sup>9</sup> The term “specified large-scale purchaser” means (x) a person who makes a public announcement of purchase, etc. of share certificates, etc. (as set forth in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; the same applies hereafter) issued by the Company through a tender offer and whose holding ratio of share certificates, etc. in respect of the holding (as similar acts, including acts set forth in Article 7, Paragraph 1 of the Enforcement Order of the Financial Instruments and Exchange Law) of such share certificates, etc. after such purchase, etc. is 20% or more together with those of a person having a special relationship with such person or (y) a person who is determined to be a specified large-scale purchaser by the Board of Directors. However, the specified large-scale purchaser shall not include (x) any person whose acquisition and holding of the share certificates, etc. of the Company is determined by the Board of Directors to not be in conflict with the Company’s corporate value and common interests of the shareholders and (y) any other person as separately specified by the Board of Directors in the BOD resolution.

<sup>10</sup> The term “affiliate” of any person means a person deemed by the Board of Directors to substantially control, be controlled by, or be under such common control with such person (including any person who is deemed by the Board of Directors to be an affiliate) or a person deemed by the Board of Directors to act with such person. The term “control” means to “control the determination of the financial and business policies” (as set forth in Article 3, Paragraph 3 of the Enforcement Regulations of the Company Law) of other company or entity.

End