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March 27, 2008

To whom it may concern;

Company name: Hisamitsu Pharmaceutical Co., Inc.
Representative: NAKAOMI, Hirotaka President & CEO
(Code No. 4530, Tokyo/Osaka/Fukuoka/Nagoya)
Inquiries should be directed to:
(Title) Executive Officer, HEAD of Investor
Relations Department
(Name) TAKAO, Shinichiro
(Telephone) 03-5293-1714

Information on Countermeasures (Takeover Defenses)
for Large-scale Purchases of Hisamitsu Stock

Hisamitsu Pharmaceutical Co., Inc. (the “Company”) hereby announces that at the meeting of its Board of Directors held on this day a resolution has been passed to adopt the countermeasures (takeover defenses) for large-scale purchases of the Company stock (the “Plan”). The purpose of this Plan is to preserve and enhance the Company’s corporate value and shareholders’ common interests. The Plan is in accordance with the Company’s fundamental policy on the eligibility of entities for controlling decision-making on the Company’s policy on financial affairs and business activities (meaning the fundamental policy defined in the main text of Article 127 of the Enforcement Regulations of the Companies Act¹; hereinafter referred to as the “Fundamental Policy), and represents a specific attempt to comply with this Fundamental Policy (see Article 127, Item 2, Sub-item (ro) of said Regulations). At the same meeting, the Board of Directors has passed a resolution to submit a proposal to approve the adoption of the Plan to the ordinary general meeting of shareholders for the fiscal year ending February 29, 2008 (the “Next Ordinary Meeting”). For your information, the meeting of the Board of Directors was attended by all corporate auditors including the two outside auditors, none of whom made any specific remarks on these resolutions.

While the potential adoption of the Plan has been triggered by a resolution of the Board of Directors, specific measures are planned to be established to terminate the Plan if it is the general intention of shareholders to do so. These measures include, as described in section III, 3, “Term, termination and modification of the Plan”: termination of the Plan by a resolution of the general meeting of shareholders; and a resolution by the Board of Directors consisting of Directors appointed at a general

¹ The provisions of the laws and regulations referenced in, and the contents of, the Plan are based on the laws and regulations as they stand as of this day. If in the future the establishment of any new law or regulation or any modification to any of the existing laws and regulations requires any modification to any of the provisions of the laws and regulations referenced in the Plan or to any of the meanings of the terms used in the Plan or to any other part of the Plan, the Board of Directors may change the wording of the relevant part of the Plan to the extent reasonable from time to time, taking into account the intentions of the relevant establishment of, or modification to, the relevant law or regulation.

meeting of shareholders. Thus, the Plan fulfills the principle of intentions of shareholders established by the “Guidelines Regarding Takeover Defense for the purpose of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests,” which was issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. Furthermore, with a view to reflecting shareholders’ intentions more closely, the Plan is scheduled to be referred as an agenda item to the Next Ordinary Meeting.

For your information, the major shareholders of the Company as of February 29, 2008 are as shown in Appendix (4). In addition, the Company has received no proposal or offer with respect to any large-scale purchase of its stock as of this day.

I. Contents of the Fundamental Policy

The Company believes that the entity which controls decision-making regarding the Company’s policy on financial affairs and business activities must have an understanding of the source of the Company’s corporate value and must allow it to continuously and sustainably preserve and enhance its corporate value and shareholders’ common interests.

The Company believes that it should ultimately be up to the individual shareholders to decide whether or not to accept a takeover proposal that would result in transfer of the control of the Company. In addition, the Company will not deny a large-scale purchase of its stock if it will increase corporate value and shareholders’ common interests.

However, not a few of the large-scale purchases of stock and takeover proposals are actually harmful to the target company’s corporate value and shareholders’ common interests. Examples of these purchases and proposals include: those that are likely to cause obvious damage to the target company’s corporate value and shareholders’ common interests, in light of the purpose and other aspects of the proposed purchase or proposal; those that are likely to practically force the target company’s shareholders to sell their stock; those that are put into action without allowing for a period reasonably necessary for the target company’s board of directors and/or shareholders to study the terms and conditions of the relevant large-scale purchase or takeover proposal, or for the target company’s board of directors to present an alternative proposal to replace the relevant large-scale purchase or takeover proposal; those whose terms and conditions (including the amount and kind of consideration, and timing and method of purchase) are inadequate or improper in light of the nature of the corporate value of the target company; and those that are likely to destroy relationships with employees, clients including customers, and creditors and other stakeholders who are essential for the continuous increase of the target company’s corporate value.

The Company believes that any entity which makes any of these types of large-scale purchases or takeover proposals that are harmful to the Company’s corporate value and shareholders’ common interests would be inappropriate as an entity for controlling decision-making regarding the Company’s policy on financial affairs and business activities and that the Company must protect its corporate value and shareholders’ common interests from any such large-scale purchase or takeover proposal that may be made by this kind of entity, by taking necessary and appropriate countermeasures.

II. Approaches to promote the achievement of the Fundamental Policy

Since its initiation of a pharmaceutical business in 1847, the Company has actively worked on the promotion of people's health by providing pharmaceutical products, mainly anti-inflammatory analgesic patches. Topical patches allow anyone to easily heal his/her body by simply applying them to the affected part of the body. They contribute to the improvement of drug compliance in therapeutic process and to the improvement of the QOL, both of which are currently attracting attention from the public. In this regard, topical patches are a "therapeutic culture" that Japan can boast to the world. To make the efficacy of this "Culture of Patch Treatment" and the excitement it brings known to the world is the Company's mission in developing its business.

Since the launch of "Salonpas" in 1934, the Company has accumulated know-how and experience through feedback from customers. By focusing on the creation of new drugs and products based on such know-how and experience, the Company has successfully developed and marketed topical patches, including the OTC product "Salonsip" and the prescription pharmaceuticals "Mohrus Pap" and "Mohrus Tape". The Company has also created products in new fields beyond anti-inflammatory analgesics, including the topical anti-fungal agent "Volley" and the transdermal hormone replacement therapeutic patches "Estrana". Furthermore, the Company has developed international aspects, such as sales and R&D activities and the acquisition of approvals in foreign countries.

The Company's management philosophy is to "contribute to the improvement of the QOL of the people in the world" by thus creating topical patches that meet the demands of customers. The Company believes that by practicing this philosophy, it can increase its corporate value and realize its shareholders' common interests.

In this regard, the sources of the Company's corporate value are: (i) the Company's R&D capability to approach, and develop topical patches based on a wide range of drugs in various fields created by many other companies; (ii) the manufacturing technologies and quality control system which allows the efficient and stable production of high-quality products; (iii) the marketing capability to produce a large number of long sellers and top sellers, including "Salonpas", "Salonsip", "Feitas", "Butenalock", "Mohrus Pap" and "Mohrus tape"; and (iv) the system which integrates the R&D, manufacturing and sales divisions to quickly reflect customer needs in product and service improvement.

By continuing to make ongoing and active investments, the Company intends to attempt to enhance its corporate value and to maximize its shareholders' common interests.

To this end, the Company aims to continuously increase its net profit by strengthening its business in and outside Japan, and to steadily achieve this increase, in order to establish a strong business structure which will ensure the achievement of target sales and net profit amid the extremely competitive environment. In addition, the Company intends to become a unique "R&D-oriented pharmaceutical company" by focusing its research activities on its fields of expertise in accordance with its basic management policy and by concentrating on the creation of new drugs and products.

As for licensing activities, the Company has actively developed its activities as seen in the execution of an agreement with Mundipharma K.K., whereby the Company has obtained an exclusive distributorship in Japan of NORSPAN, a Buprenorphine patch product for the treatment of noncancerous, moderate to severe low back pain and of chronic pain due to osteoarthritis.

The Company intends to increase its cash flow by active business activities as described above and to create future assets that will further its shareholders' common interests by promoting: the development of new products for topical or general use; the global development of its brand, including its trademarks, designs, manufacturing technologies and quality control system; and the rationalization of its operations and the reinforcement of its business structure.

In addition, the Company considers return of its profits to shareholders as a key issue in its operations and distributes appropriate dividends based on its performance and conducts financial measures, such as acquisition of treasury shares, in an agile manner while giving consideration to: investments in R&D activities that will contribute to the improvement of capital efficiency and the increase of corporate value; and to earning retention and similar measures to be prepared for the future developments of its growth strategy.

In particular, the Company aims at maintaining its ROE (return on equity) level at 15% or higher, which is a target level determined from the viewpoint of improving capital efficiency, and at achieving a payout ratio of 30% by distributing dividends in a continuous and stable manner.

Furthermore, in order to improve its management transparency and to ensure thorough compliance in its management, the Company has conducted a structural reform focused on the construction of an organizational structure that will allow the Company to quickly respond to changes in the business environment, while attempting to improve corporate governance. Specific measures have included: the establishment of the management advisory council; the adoption of the Executive Officer system; the establishment of a crisis management committee; the establishment of the "Hisamitsu Corporate Charter" which provides a summary of actions to be taken by the Company members, based on the high ethical and moral values, and the enforcement of the Charter among officers and employees through the compliance promotion committee and the Compliance Promotion Office; the adoption of the outside auditor system; the establishment of the basic internal control policies; the establishment of the internal control department; the establishment of the privacy protection committee; and the establishment of the disclosure policy in order to disclose corporate information in a timely and appropriate manner.

The Company will continue to work on the achievement of the Fundamental Policy by enhancing its corporate value and preserving its shareholders' common interests, while enhancing the trust of all stakeholders in the company as a good corporate citizen.

III. Approaches to prevent decision-making on the Company's policy on financial affairs and business activities from being controlled by an entity inappropriate under the Fundamental Policy

1. Purpose of adoption of the Plan

In accordance with the Fundamental Policy described in section I above, the Plan intends to prevent decision-making on the Company's policy on financial affairs and business activities from being controlled by an entity inappropriate under the Fundamental Policy and to preserve and enhance the Company's corporate value and shareholders' common interests in the event of any buy-out or similar activity with respect to the Company stock or any proposal of such activity (including a purchase made on the financial instrument market of a stock exchange, a takeover bid and otherwise regardless of the specific means of purchase, but excluding cases where the Board of Directors considers the activity or proposal to be a friendly one; hereinafter referred to as a "Purchase"), by: clarifying the procedures to be followed by the person who intends to make the Purchase ("Purchaser"); securing information and time necessary and sufficient for shareholders to make appropriate judgments; and securing opportunities to negotiate with and take other measures against the Purchaser.

2. Contents of the Plan

(1) Purchases subject to the Plan

If a Purchaser makes or intends to make a Purchase falling under any of the following, the Company will consider whether or not to make a gratis allotment of share acquisition rights or take any other appropriate countermeasures that the Board of Directors is permitted to take under the Companies Act or any other laws and the Company's articles of incorporation.

- (i) A Purchase of the Company Shares, etc.² which intends to create a situation where the Proportion of Voting Rights³ held by a Specific Group

² "Shares, etc." means the "shares, etc." as provided for in Article 27-23, Paragraph 1 or the "shares, etc." as provided for in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter.

³ "Proportion of Voting Rights" means (a) if the Specific Group of Shareholders falls under (i) of footnote 2, the holder's shareholding ratio (meaning "shareholding ratio" as provided for in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act, in which case the number of shares, etc. held (meaning "the number of shares, etc. held" as provided for in the said paragraph) by the holder's co-holders shall be included in the calculation of the shareholding ratio) held by the holder(s); and (b) if the Specific Group of Shareholders falls under (ii) of footnote 2, the total shares, etc. (meaning "proportion of shares, etc." as provided for in Article 27-2, Paragraph 8 of the same act) held by the Purchaser(s) and their special interested parties.

of Shareholders⁴ accounts for twenty percent (20%) or more of the total voting rights of the Company.

- (ii) A Purchase of the Company Shares, etc. which results in a situation where the Voting Rights held by a Specific Group of Shareholders account for twenty percent (20%) or more of the total voting rights of the Company.

(2) Establishment of an Independent Committee

In order to properly administer the Plan, to prevent the Board of Directors from making arbitrary decisions, and to ensure that the Board of Directors will make fair and reasonable decisions, a special committee independent from the Board of Directors will be established (the “Independent Committee”), the details of which are as described in the “Summary of the Independent Committee” shown in Appendix (1). The names and profiles of the proposed members of the Independent Committee who are scheduled to assume membership on the committee upon the adoption of the Plan are as described in the “Profiles of Independent Committee Members” shown in Appendix (2).

(3) Provision of information by a Purchaser to the Board of Directors

If a Purchaser commences any Purchase, the Purchaser will be requested, unless otherwise determined by the Board of Directors, to submit the following to the Board of Directors prior to commencing the Purchase: the information listed in the following (“Required Information”); and a document⁵ written in Japanese and containing, among others, covenants that the Purchaser will comply with the procedures set forth in the Plan in making the Purchase. Upon receipt of such document, the Board of Directors shall promptly provide it to the Independent Committee.

The Required Information includes substantially the following. However, since specific details of the Required Information will differ depending on the Purchaser’s attributes, the manner and terms and conditions of the

⁴ “Specific Group of Shareholders” means: (i) one or more holders (meaning “holders” as provided for in Article 27-23, Paragraph 1 of the Financial Instruments and Exchange Act, including those who shall be deemed holders pursuant to Paragraph 3 of the same article; the same shall apply hereinafter) of the Company shares, etc. (meaning “shares, etc.” as provided for in Article 27-23, Paragraph 1 of the same act) and their co-holders (meaning “co-holders” as provided for in Article 27-23, Paragraph 5 of the same act, including those who are deemed co-holders pursuant to Paragraph 6 of the same article); or (ii) one or more persons who make a purchase, etc. (meaning “purchase, etc.” as provided for in Article 27-2, Paragraph 1 of the same act, including any purchase, etc. made on the financial instrument market of a stock exchange) of the Company shares, etc. (meaning “shares, etc.” as provided for in Article 27-2, Paragraph 1 of the same act) and their special interested parties (meaning “special interested parties” as provided for in Article 27-2, Paragraph 7 of the same act).

⁵ The document must contain the name or trade name of the Purchaser, the address of its principal place of business or registered office, the governing law of its incorporation, the name of its representative, contact details in Japan and a summary of the proposed Purchase.

Purchase, and other factors, the following are not a restrictive list of the Required Information.

- (i) Details (including, without limitation, specific names, capital composition, contents of business, composition of officers, and composition of finances) of the Purchaser and its Specific Group of Shareholders (including co-holders and special interested parties and, if the Purchaser is a fund, its partners and other members);
- (ii) The purpose⁶ and contents of the proposed Purchase (including, without limitation, the kind and amount of consideration of the purchase, timing of the Purchase, a scheme for the series of transactions relating to the Purchase⁷, and the lawfulness of the Purchase⁸ method);
- (iii) The bases⁹ for, and process¹⁰ of determination of, the purchase price, and a proof of funds for the Purchase (including, without limitation, the names of the providers of the funds for the Purchase, the method of fundraising, and details of a series of transactions relating to the fundraising);
- (iv) If the intention of the Purchase is to acquire control of, or to participate in the management of, the Company: specific methods of acquisition of control or participation in the management; and the management

⁶ The Purchaser must make it clear whether the Purchase is intended: to acquire control of, or participate in the management of, the company; for investment purposes only; or for investment based on business politics.

⁷ The Purchaser must explain: whether or not it plans to purchase additional the Company Shares, etc. following the completion of the Purchase, and the reason for, details of, and necessity for such additional purchase (if any); and, if the Company Shares, etc. are expected to be delisted following the completion of the Purchase, such expectation and the reason therefor.

⁸ If the Purchaser has sought advice from any third parties on the lawfulness of the Purchase, the Purchaser must, in principle, provide the names of such third parties and a specific summary of their advice.

⁹ The Purchaser must provide information on the specific bases for determination of the purchase price and the difference, if any, between the purchase price and the market price (such as whether or not the purchase price includes any premium compared to the average price of the Company stock during the immediately preceding several months).

¹⁰ The Purchaser must explain the process of determination of the purchase price and, if it has sought advice from any third parties in determining the price, it must, in principle, provide the names of such third parties and a specific summary of their advice and a specific explanation of the circumstances leading to the determination of the Purchase Price based on such advice.

policies, business plans and dividend policies planned to be implemented following completion of the proposed Purchase¹¹;

- (v) If the intention of the Purchase is to acquire control of, or to participate in the management of, the Company: the policy for treatment of employees, clients and customers of, local communities surrounding, and other stakeholders of the Company and its group companies to be implemented following completion of the proposed Purchase;
- (vi) If the Purchase is intended for investment purposes only: the investment policies;
- (vii) If the Purchase is intended for business policy-oriented investment (*seisaku tousehi*): the policies for the holding of shares, purchase and sale policies, and policies for the exercise of voting rights, in each case to be implemented following the acquisition, and the reasons for these policies¹²;
- (viii) The details of and prospects for the procedures required to be completed to carry out the Purchase, including required approvals of government authorities and consent from third parties, and the possibility of the application to the Purchase of the Antimonopoly Act and other competition laws as well as important laws of all countries and regions where the Purchaser or the Company conducts business activities or sell products, and the Purchaser's opinion on whether or not these laws will constitute obstacles to the Purchase, and the basis of such opinion; and
- (ix) Any and all other information reasonably considered necessary by the Independent Committee or the Board of Directors.

If either of the Independent Committee or the Board of Directors finds the Required Information so provided by the Purchaser insufficient, the Purchaser may be requested to provide, directly or indirectly, additional information within a reasonable period determined from time to time, until the Required Information is provided sufficiently.

If the Independent Committee and the Board of Directors considers that the Required Information has been provided sufficiently, the Company will immediately disclose to its shareholders that such information has been provided. If any part of the Required Information provided to the Company is deemed necessary for shareholders to make their decisions, the Company will

¹¹ The Purchaser must provide information on the details and necessity of the following matters, as applicable, that are planned to be implemented following the completion of the proposed Purchase: reorganization of the Company; disposition or purchase of important assets; borrowing of large sums; appointment and discharge of the representative director and other officers; changes in the composition of officers; and important changes in the dividend and capital policies.

¹² In the case of a business policy-oriented investment intended to form a long-term capital tie-up, the Purchaser must also provide information on the necessity of such investment.

disclose all or part of the Required Information at such time as considered appropriate.

- (4) Discussion and negotiation by the Independent Committee; Examination Period; and Recommendations of the Independent Committee

Based on the information and materials provided by the Purchaser and the Board of Directors and others, the Independent Committee will designate a period for examining the terms and conditions of the proposed Purchase by the Purchaser and the contents of the opinion of the Board of Directors, from the viewpoint of preserving and enhancing the Company's corporate value and shareholders' common interests (the "Independent Committee Examination Period").

During the Independent Committee Examination Period, the Independent Committee will adequately and carefully examine and evaluate the information and materials provided by the Purchaser and the Board of Directors, will make its decision on whether or not to initiate any countermeasures in accordance with the conditions listed in (6) below, and will make recommendations to the Board of Directors.

In principle, the Independent Committee Examination Period shall be, depending on the level of difficulty of the proposed Purchase determined by the assessment, etc., either sixty (60) days in the case of a Purchase of all the Company stock by an all-cash public tender offer, or ninety (90) days in the case of any other Purchase, in each case following the day on which the Company disclosed that the Independence Committee and the Board of Directors have determined that the Required Information has been provided sufficiently. However, if at the end of the initial Independence Committee Examination Period the Independence Committee has made no recommendation as to whether or not to initiate countermeasures, the Independence Committee may pass a resolution to extend the Independent Committee Examination Period for a reasonable period, which shall not exceed thirty (30) days in principle, in order to examine the terms and conditions of the proposed purchase by the Purchaser, to discuss and negotiate with the Purchaser, to discuss an alternative proposal with the Purchaser, or to conduct other similar activities. In this case, the Company will promptly disclose: the passage of the resolution to extend the Independent Committee Examination Period; the specific period of extension or re-extension; and a summary of the specific reasons why the extension or re-extension is necessary (any re-extension of the period that has been extended shall be subject to the same procedures). If the Independent Committee Examination Period is extended by a resolution to do so as described above, the Independent Committee shall continue to collect information, hold discussions and conduct other activities and shall use its best efforts to make recommendations on whether or not to initiate countermeasures or present an alternative proposal or take other measures within the extended period. The proposed Purchase may be initiated only after the elapse of the Independent Committee Examination Period.

The Independent Committee may, if necessary, discuss or negotiate with the Purchaser, either directly or indirectly through the Board of Directors or another agent, in order to judge whether or not the relevant Purchase falls under any of the cases listed in (6) (b) below, from the viewpoint of preserving

and enhancing the Company's corporate value and shareholders' common interests. The Purchaser shall promptly comply with any request of the Independent Committee for provision of materials required for examination or other information or any request for discussion, negotiation or other activity directly or through the Board of Directors or any other agent.

The Independent Committee may also request the Board of Directors to provide, within a period considered reasonable by the Independent Committee (which shall not exceed sixty (60) days in principle), the Board's opinion on the terms and conditions of the Purchase, materials supporting such opinion, and other information, materials, etc. deemed necessary by the Independent Committee from time to time. Further, the Independent Committee may, during the Independent Committee Examination Period, request any of the Directors, auditors, employees, etc. of the Company to attend a meeting of the Independent Committee as necessary and to provide an explanation on necessary information. The Independent Committee shall strive to find out the intentions of the Company's shareholders and may also collect opinions from customers, clients, employees, etc. of the Company if necessary.

In order to enhance the rationality and objectivity of its judgment, the Independent Committee may, if necessary, seek advice from third parties independent from the Company's management (including financial advisors, certified public accountants, attorneys, consultants and other professionals) at the expense of the Company.

The contents of the recommendations made by the Independent Committee will be published promptly.

(5) Resolution of the Board of Directors

In accordance with the conditions listed in (6) below and by taking into consideration the recommendations of the Independent Committee to the maximum extent possible, the Board of Directors shall promptly pass a resolution as to whether or not to initiate countermeasures. If the Board of Directors decides to take countermeasures, such decision shall be disclosed to shareholders in a timely manner.

(6) Conditions for initiating countermeasures

(a) Cases in which countermeasures are not taken

If the Purchaser complies with the procedures set forth in the Plan, the Board of Directors will not initiate any countermeasures against the Purchase, except in cases described in (b) (ii) below. However, if the Board of Directors has formed an opinion against the Purchase after its examination and evaluation during the examination period, it may attempt to convince shareholders not to accept the Purchase, by expressing its objection to the Purchase, presenting an alternative proposal or otherwise.

(b) Cases in which countermeasures are taken

- 1) If the Purchaser fails to comply with the procedures set forth in the Plan, the Board of Directors may, on the grounds only of such failure to comply with the procedures set forth in the Plan and regardless of the

specific method of purchase, initiate any of the countermeasures listed in (7) below in order to preserve the Company's corporate value and shareholders' common interests, by taking into consideration to the maximum extent possible, and in accordance with, the recommendations of the Independent Committee.

- 2) Even if the Purchaser complies with the procedures set forth in the Plan, if the Board of Directors considers that the Purchase falls under any of the cases listed in (i) through (iv) below and would cause obvious damage to the Company's corporate value and shareholders' common interests and that it is reasonable to initiate countermeasures in order to preserve the Company's corporate value and shareholders' common interests, the Board of Directors may initiate any of the countermeasures listed in (7) below, by taking into consideration to the maximum extent possible, and in accordance with, the recommendations of the Independent Committee.
 - (i) If the Purchase is likely to cause obvious damage to the Company's corporate value and shareholders' common interests due to any of the following activities:
 - a. Speculative buying of the Company shares followed by a demand for purchase of the shares by the Company at high prices;
 - b. Gaining temporary control of the Company's management to acquire the Company's important assets at low prices or otherwise profiting the Purchaser at the cost of the Company;
 - c. Misappropriation of the Company's assets to secure or pay liabilities of the Purchaser or its group companies, etc.;
 - d. Gaining temporary control of the Company's management to cause the Company to sell high-priced assets that are not involved in the Company's business operations at that time, with the intention of causing the Company to pay temporarily high dividends using proceeds from such sale or of selling out the Company stock at the highest price by taking advantage of sharp rise in the stock price by the temporarily high dividends; or
 - e. Any other activity that will cause significant damage to the Company's corporate value and shareholders' common interests.
 - (ii) If the Purchase constitutes a coercive two-tiered tender offer (meaning a tender offer or other purchase offer in which the first round offer is directed to less than all shares, etc. and is made with terms (including, if any, the terms of consideration to be delivered to the Company shareholders as a result of a proposed merger, consolidation, amalgamation, etc. planned to take place after the completion of the Purchase) for a second round offer unfavorable to shareholders or without clearly disclosing the terms for a second

round offer to shareholders) or otherwise practically forces the Company shareholders to sell their stock.

- (iii) If the Purchase is made without allowing a period reasonably necessary for the Company to present an alternative proposal.
- (iv) If the conditions for purchase (including the price and kind of consideration, timing of purchase, lawfulness of the purchase method, feasibility of the purchase being conducted, and policy for treatment of the Company's employees, clients, customers and other stakeholders following purchase) are significantly inadequate or inappropriate in light of the nature of Company's corporate value.

(7) Contents of countermeasures

In any of the cases listed in (6) (b) above, countermeasures to be taken by the Board of Directors, by taking into consideration to the maximum extent possible, and in accordance with, the recommendations of the Independent Committee, shall be a gratis allotment of share acquisition rights or any other appropriate countermeasures that the Board of Directors is permitted to take under the Companies Act or other laws and the Company's articles of incorporation. Appendix (3) outlines the conditions for a gratis allotment of share acquisition rights as a specific countermeasure against a Purchase. Any such allotment that actually takes place may be made subject to a certain period of exercise and certain conditions for exercise, which shall be determined in light of the effect of the countermeasure, such as that a shareholder who exercises a right to subscribe for new shares must not belong to a Specific Group of Shareholders whose Proportion of Voting Rights exceeds twenty percent (20%). The Company may submit an application for the registration of the issuance of share acquisition rights, in order to issue share acquisition rights in an expeditious manner.

3. Term, termination and modification of the Plan

The term of the Plan shall be from March 27, 2008 to the conclusion of the Next Ordinary Meeting. The Plan will be referred as an agenda item to the Next Ordinary Meeting and, if approved by shareholders, its term shall be extended until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending February 28, 2011.

However, if at any time before the expiration of such term a resolution is passed to modify or terminate the Plan at a general meeting of the Company's shareholders, the Plan shall be modified or terminated, as the case may be, in accordance with such resolution with immediate effect. In addition, if a resolution is passed to terminate the Plan by the Board of Directors consisting of Directors appointed by the general meeting of the Company's shareholders, the Plan shall be terminated with immediate effect.

The Board of Directors may, with the approval of the Independent Committee, modify or alter the Plan to an extent consistent with the Plan or to the extent deemed reasonably necessary due to any change in, or any change in the interpretation or operation of, the Companies Act, the Financial Instruments and Exchange Act or any other law or any regulation of a securities exchange,

or any change in the taxation system, a judicial precedent, etc. During the term of the Plan, any change in any of the main points of the Plan, the conditions for initiating countermeasures, or any of the important matters relating to the conditions for or contents of countermeasures shall be made after hearing opinions of the Company's shareholders as appropriate, by holding a general meeting of shareholders or otherwise.

Upon any termination or modification of the Plan, the Company will promptly announce such termination or modification and, in the case of modification, details of the modification and other information items, disclosure of which is deemed appropriate by the Board of Directors or the Independent Committee.

4. Effects on shareholders and other investors

(1) Effects of adoption of the Plan

Adoption of the Plan will not itself result in any action, such as a gratis allotment of share acquisition rights. Therefore, the Plan does not have any direct effect on the rights or interests of the Company shareholders or general investors.

(2) Effects of initiation of countermeasures (a gratis allotment of share acquisition rights) on shareholders and other investors

If the Company chooses as a countermeasure to make a gratis allotment of share acquisition rights, the Board of Directors will designate and announce a certain date for this purpose (the "Record Date"). The shareholders who are listed on the shareholder register or the beneficial shareholder register at the close of business on the record date will receive one such right for each the Company share they hold.

If a shareholder fails to complete the procedures (such as payment of money) for the exercise of share acquisition rights within the exercise period, the value of shares which have been held by the shareholder will be diluted as a result of other shareholders' exercise of their share acquisition rights. However, the Company may subject such share acquisition rights to the provisions allowing the Company to acquire these rights from shareholders other than those who belong to a Specified Group of Shareholders which holds twenty percent (20%) or more of all voting rights in the Company ("Restricted Purchaser") and to deliver common shares of the Company to these shareholders in consideration of such acquisition (the acquisition provisions). In this case, shareholders other than those who belong to a Restricted Purchaser will receive the Company shares without exercising their share acquisition rights or paying the exercise price, and, while the per share value of the shares which have been held by these shareholders will be diluted, the total value of these shares will not be diluted in principle (in this case, each such shareholder may be requested to separately submit a written pledge in the form designated by the Company stating, among others, that it does not belong to any Restricted Purchaser).

If any the Company shares to be delivered as a result of any exercise of share acquisition rights or as a result of the Company's acquisition of these rights include any fractional shares, the Company may pay cash in place of these fractional shares in accordance with applicable law. In this case, again, the

Company shares which have been held by shareholders may be diluted in value, but no economic loss will be suffered by them in principle.

At any time after a Record Date or after a gratis allotment of share acquisition rights has become effective, if the Board of Directors considers that the initiation of the countermeasures is no longer appropriate due to reasons such as withdrawal or modification of the Purchase by the Purchaser, the Company may terminate or modify the existing countermeasures after giving full consideration to the recommendations of the Independent Committee. Specifically, the Company may cancel a gratis allotment of share acquisition rights at any time up to and including the second business day prior to the day immediately following the Record Date. In addition, after a gratis allotment of share acquisition rights and up to the day immediately before the first day of the exercise period, the Company may choose to acquire the share acquisition rights without compensation and without delivering the Company shares to the holders of these rights. In these cases, no dilution of per share value will occur, and investors who sold their Company shares or took similar action assuming that dilution of per share value would occur may suffer damage as a result of stock price movements.

Details of these procedures will be disclosed in a timely manner before a gratis allotment of share acquisition rights is to be actually made.

IV. The Board of Director's opinion on these approaches and the reasons therefor

1. Approaches to promote the achievement of the Fundamental Policy (those described in section II above)

The approaches to enhance the Company's corporate value and to achieve its shareholders' common interests described in section II above have been developed as specific measures to continuously and sustainably enhance the Company's corporate value and shareholders' common interests and will promote the achievement of the Fundamental Policy. Therefore, these approaches are in accordance with the Fundamental Policy and will not damage the Company's corporate value or shareholders' common interests. In addition, these approaches are not intended to maintain their positions as the Company's corporate officers.

2. Approaches to prevent decision-making on the Company's policy on financial affairs and business activities from being controlled by an entity inappropriate under the Fundamental Policy (those described in section III above)

- (1) The Plan is in accordance with the Fundamental Policy

The Plan provides in advance for the procedures to be followed by any Purchaser as well as the requirements and contents of the countermeasures available to the Company, in order to allow the Company shareholders to make appropriate decisions as to whether or not to accept a large-scale purchase and to prevent obvious damage to the Company's corporate value and shareholders' common interests. In these respects, the Plan is in accordance with the Fundamental Policy that in the face of a large-scale purchase or takeover proposal that is harmful to the Company's corporate value and shareholders' common interests, the Company must ensure the

achievement of its corporate value and shareholders' common interests by taking necessary and appropriate countermeasures.

- (2) The Plan will not damage shareholders' common interests and does not intend to maintain the positions of the Company's corporate officers

For the following reasons, the Board of Directors has concluded that the Plan will not damage the Company shareholders' common interests or intends to maintain the positions of the Company's corporate officers.

- (a) The purpose of preserving and enhancing the corporate value and shareholders' common interests

As described above in section III, 1, "Purpose of adoption of the Plan" and 2, "Contents of the Plan", the Plan provides for in advance the procedures to be followed by any Purchaser as well as the requirements and contents of the countermeasures available to the Company, in order to allow the Company shareholders to make appropriate decisions as to whether or not to accept a large-scale purchase and to prevent obvious damage to the Company's corporate value and shareholders' common interests, and intends to preserve and enhance the Company's corporate value and shareholders' common interests.

In addition, the Board of Directors considers that the contents of the procedures and the contents of, and the conditions for initiation of, the countermeasures described above in section III, 2, "Contents of the Plan," are reasonable in light of the purpose of preserving and enhancing the Company's corporate value and shareholders' common interests and will not unreasonably restrict a large-scale purchase that would contribute to the preservation and enhancement of the Company's corporate value and shareholders' common interests.

- (b) Prior disclosure

The Board of Directors believes that the contents of the procedures contemplated by the Plan and the contents of, and the conditions for initiation of, the countermeasures are specifically and clearly described above in section III, 2, "Contents of the Plan" and thus are fully foreseeable by shareholders, other investors and any Purchaser.

- (c) Reflection of shareholders' intentions

As described above in section III, 3, "Term, termination and modification of the Plan", the Plan will be effective from March 27, 2008 to the conclusion of the Next Ordinary Meeting. The Plan will then be referred as an agenda item to the Next Ordinary Meeting and its term will be extended if and only if approved by shareholders. Thus, the intentions of shareholders will be reflected in the fate of the Plan. In addition, at any time before the expiration of the term, if a resolution to modify or terminate the Plan is passed at a general meeting of shareholders, the Plan will be modified or terminated with immediate effect. Furthermore, if a resolution to terminate the Plan is passed by the Board of Directors consisting of Directors appointed at a general meeting of shareholders, the Plan will be terminated with immediate effect.

For these reasons, the Board of Directors believes that the intentions of shareholders will be reflected, through resolutions of the general meeting of shareholders, in decisions as to whether or not to continue, terminate or modify the Plan.

- (d) The Plan ensures objectivity and reasonableness of decisions made by the Board of Directors

As described above in section III, 2 (6), “Conditions for initiating countermeasures”, the Plan provides for objective and clear conditions for initiating countermeasures, thus minimizing the possibility of a judgment as to whether or not the conditions for initiating a countermeasure are fulfilled being affected by arbitrary decisions by the Board of Directors.

In addition, as described above in section III, 2 (4), “Discussion and negotiation by the Independent Committee; Examination Period; and advice of the Independent Committee”, the Plan sets forth that as part of the procedures for initiating countermeasures, the Board of Directors must take into consideration, to the maximum extent possible, the recommendations of the Independent Committee which is independent from the Board of Directors, thus eliminating arbitrary decisions by the Board of Directors.

For these reasons, the Board of Directors believes that the Plan puts in place an adequate system to ensure the objectivity and reasonableness of decisions to be made by the Board of Directors to initiate countermeasures.

- (e) The Plan completely fulfills the requirements required by the Guidelines for Takeover Defenses Measures

The Plan completely fulfills the three basic principles established by the “Guidelines Regarding Takeover Defense for the purpose of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests”, which was issued by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005. The three basic principles are: (i) the principle of protecting and enhancing corporate value and the interests of shareholders as a whole; (ii) the principles of prior disclosure and shareholders’ will; and (iii) the principle of ensuring the necessity and reasonableness of defensive measures.

- (f) The Plan is not a dead-hand takeover defenses measures

As described above in section III, 3, “Term, termination and modification of the Plan”, the Plan may be terminated by the Board of Directors, which means that it may be terminated by Directors who have been appointed by the general meeting of shareholders as a result of their nomination by an entity which has purchased a large number of the Company stock, etc. For this reason, the Plan is not a so-called dead-hand takeover defenses measures, whose initiation cannot be avoided by replacing a majority of the directors.

Outline of the Independent Committee

1. Establishment and purpose of the Independent Committee

The Independent Committee is established in order to ensure the objectivity, fairness and reasonableness of the Board of Directors' examination and evaluation of a Purchase of the Company stock as well as the Board of Directors' decision on whether or not to initiate countermeasures against the Purchase. The Committee will judge whether or not the Purchaser has complied with the Plan, whether or not the Purchase fulfills the requirements set forth in section III, 2 (6) of "Information on Countermeasures (Takeover Defenses) for Large-scale Purchases of the Company Stock", and whether or not the Purchase would cause obvious damage to the Company's corporate value and shareholders' common interests.

2. Members

The Independent Committee shall consist of at least 3 members, who shall be appointed by the Board of Directors from those who are independent from the Board of Directors and who are: (1) The Company's outside auditors, (2) The Company's outside directors, or (3) outside experts, provided that such outside experts shall be: corporate operators with a sound business record; former government officials; attorneys; certified public accountants; academic experts; or any other persons similar to any of the foregoing. In the event of vacancy in the membership of the Independent Committee, the Board of Directors shall appoint a new member to fill the vacancy.

3. Term

The term of the initial members of the Independent Committee shall be until the conclusion of the ordinary general meeting of shareholders for the fiscal year ending February 28, 2011. If a member of the Independent Committee who was an outside director or outside auditor of the Company ceases to be a director or auditor of the Company without being reappointed, his/her term as a member of the Independent Committee shall terminate at the same time. However, the foregoing shall not apply if otherwise determined by a resolution of the Board of Directors.

4. Requirements for passing resolutions

The Independent Committee may meet at any time at the request of any of its members or in response to a resolution of the Board of Directors. A resolution of the Independent Committee may be passed by a majority vote of the members present at a meeting attended by all of the committee members; provided that if not all of the committee members are available for a meeting, a resolution may be passed by a majority vote of the members present at a meeting attended by a majority of the committee members.

5. Resolutions

The Independent Committee shall pass resolutions on the matters listed below and shall advise the contents of such resolutions to the Board of Directors in

the form of recommendations together with the reasons for the resolutions. The Independent Committee shall promptly disclose, directly or indirectly through the Board of Directors, information on: the fact that it has passed resolutions; a summary of the resolutions; and other matters deemed by the Independent Committee appropriate for such disclosure. The Board of Directors shall pass resolutions as an organ under the Companies Act on whether or not to make a gratuitous allocation of rights to subscribe for new shares and on other matters by taking into consideration the recommendations of the Independent Committee to the maximum extent possible.

In making decisions for the purposes described above, each member of the Independent Committee and each Director shall make his/her decisions from the viewpoint of whether or not the relevant matter would contribute to the Company's corporate value and shareholders' common interests, and shall not intend to promote his/her own or the management's personal profit.

- (1) Whether or not to make a gratis allotment of share acquisition rights.
- (2) Cancellation of a gratis allotment of share acquisition rights, or a gratis allotment of share acquisition rights.
- (3) Other matters with regard to which the Board of Directors should make decisions and have sought advice on from the Independent Committee, and other matters which the Independent Committee considers should be submitted to the Board of Directors.

6. Other decisions

In addition to the matters listed in paragraph 5 above, the Independent Committee may deal with the following matters.

- (1) To judge whether or not a potential Purchase is subject to the Plan.
- (2) To determine the information items to be provided by the Purchaser and the Board of Directors to the Independent Committee and the deadline for the information to be provided.
- (3) To examine and analyze the terms and conditions of the potential Purchase by the Purchaser.
- (4) To negotiate and discuss with the Purchaser.
- (5) To request the Board of Directors to provide an alternative proposal, and to review the alternative proposal so provided.
- (6) To decide to extend the existing Independent Committee Examination Period.
- (7) To approve a modification or alteration to the Plan.
- (8) Other matters authorized to be done by the Independent Committee under the Plan.
- (9) Any matters separately authorized by the Board of Directors to be done by the Independent Committee.

7. Other matters

The Independent Committee may, if necessary, demand the attendance of any Director(s), auditor(s) or employee(s) of the Company or other persons whose attendance is deemed necessary, and may seek their opinions or explanations.

The Independent Committee may, at the expense of the Company, seek advice from independent third parties (including financial advisors, certified public

accountants, attorneys, consultants and other professionals) and may have such third parties attend a meeting of the Independent Committee in order to seek their comments.

Profiles of Independent Committee Members (Alphabetical Order)

Ichikawa, Isao <Born January 10, 1928>

June 1986	Representative Director and Senior Managing Director of Mitsubishi Bank
June 1993	Representative Director and Vice Chairman of Nikon Corporation
October 2001-present	Financial Advisor of the Keio Gijuku educational corporation
May 2004-present	Corporate Auditor of the Company Pharmaceutical Co., Inc.

Ohmiya, Tadashi <Born September 29, 1943>

June 1993	Deputy Director-General of the Minister's Secretariat, Ministry of International Trade and Industry
July 1996	Director of Japan External Trade Organization
July 2000	Executive Officer of Mitsubishi Motors Corporation
February 2005	Attorney-at-law of Asahi Koma Law Offices
July 2007-present	Attorney-at-law of Nishimura & Asahi
December 2007-present	External Auditor of Nichimo Co., Ltd.

Ono, Keinosuke <Born October 30, 1940>

April 1984	Professor of the Graduate School of Business Administration, Keio University
June 1997	Chair of the Graduate School of Business Administration, Keio University
October 1997	President of Keio Business School
May 2001-present	Corporate Auditor of the Company Pharmaceutical Co., Inc.
April 2005-present	Dean of the College of Business Administration and Information Science, Chubu University

Outline of Share Acquisition Rights

- (1) Eligible shareholders and terms and conditions for gratis allotment of share acquisition rights

Share acquisition rights will be allotted to the shareholders listed on the shareholder register or the beneficial shareholder register at the close of business on the date (the “Record Date”) designated for this purpose by the Board of Directors’ resolution to make a gratis allotment of share acquisition rights (“Allotment Resolution”). Shareholders will receive at no cost one right of share acquisition rights for each share of the Company common stock (except common stock held by the Company).

- (2) Classes and number of shares issued as a result of exercise of the share acquisition rights

The Company common stock will be issued upon the exercise of share acquisition rights. The number of shares to be issued per share acquisition right will be one share, or will otherwise be determined by the Board of Directors in the Allotment Resolution. Necessary adjustments will be made if a stock split or consolidation is undertaken.

- (3) Number of the share acquisition rights allotted

The total number of the share acquisition rights allotted will be separately determined by the Board of Directors in the Allotment Resolution, but will be no more than the number of authorized the Company shares at the close of business on the Record Date less the number of the Company common stock issued as of the same date (except common stock held by the Company). The Board of Directors may allot share acquisition rights more than once.

- (4) Amount to be paid in upon exercise of share acquisition rights

The amount to be paid in upon exercise of the share acquisition rights will be determined by the Board of Directors, but will be no less than one yen per share. If the Company acquires from a shareholder its share acquisition rights that have not been exercised and delivers the Company common shares in exchange for such rights, such shareholder will not be required to pay in any money corresponding to the exercise price for the share acquisition rights.

- (5) Restrictions on transfer of share acquisition rights

Any transfer of the share acquisition rights will require the approval of the Company Board of Directors.

- (6) Terms and conditions for the exercise of the share acquisition rights

The exercise of the share acquisition rights will be subject to certain conditions, including that none of the shareholders belonging to a Specific Group of Shareholders whose Proportion of Voting Rights would become 20% or higher will be allowed to exercise their share acquisition rights. Further details will be determined separately by the Board of Directors in the Allotment Resolution.

(7) Exercise period and other conditions for the share acquisition rights

The effective date of allotment, exercise period, acquisition clause and other necessary terms and conditions will be separately determined by the Board of Directors.

(8) Certificates of share acquisition

No certificates of share acquisition rights will be issued.

Status of the Company Stock (as of February 29, 2008)

1. Total number of authorized shares: 380,000,000 shares
2. Total number of issued and outstanding shares: 95,164,895 shares
3. Number of shareholders: 7,299 shareholders
4. Major shareholders (top 10):

Name of shareholder	Contribution to the Company	
	Number of shares held	Shareholding ratio
	(in thousands of shares)	(%)
Nippon Life Insurance Company	6,108	6.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,584	5.86
Japan Trustee Services Bank, Ltd. (Trust Account)	5,325	5.59
The Nomura Trust & Banking Co., Ltd. (Employee Pension Trust, The Bank of Tokyo-Mitsubishi UFJ, Ltd. Account)	4,387	4.60
Japan Trustee Services Bank, Ltd. (Subtrust from Resona Trust & Banking Co., Ltd. – The Nishi-Nippon City Bank, Ltd. Employee Pension Trust Account)	4,370	4.59
The Bank of Saga, Ltd.	4,356	4.57
The Bank of Fukuoka, Ltd.	4,201	4.41
NIPPONKOA Insurance Co., Ltd	2,101	2.20
Japan Trustee Services Bank, Ltd. (Subtrust from Sumitomo Trust & Banking Co., Ltd. – Sumitomo Mitsui Banking Corporation Employee Pension Trust Account)	2,064	2.16
State Street Bank and Trust Company (Standing proxy) Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement Office	2,056	2.16

Note: Other than the shares shown above, the Company holds 6,452 thousand shares (6.78%) as treasury shares.