April 10, 2008

To the parties concerned

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President &
Representative Executive Officer
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Notice concerning Policy Governing Countermeasures to Large-Scale Acquisitive Moves (Takeover Defenses)

PARCO CO., LTD. (hereinafter referred to as "the Company") has determined, at a meeting of the Board of Directors of the Company held on April 10, 2008, to continue for the effective period of three years and without amendments thereto, the "policy governing countermeasures to large-scale acquisitive moves (takeover defences)" instituted with an approval of the shareholders at the 68th Ordinary General Meeting of Shareholders of the Company held on May 26, 2007, as a policy (hereinafter referred to as "the Policy") regarding possible countermeasures in the event of any specified shareholder or group of shareholders (as stipulated in Note 1) conducting acquisitive moves for shares, etc. of the Company (as stipulated in Note 3) with a view to securing a ratio of voting rights (as stipulated in Note 2) of 20% or higher, or in the event of any acquisitive moves for shares, etc. of the Company that would result in a specified shareholder or group of shareholders securing a ratio of voting rights of 20% or higher (including open market transactions, public offering for purchases and any other actual methods of purchases, but excluding any acquisitive moves by party(ies) that has(have) gained the consent of the Board of Directors of the Company; large-scale acquisitive moves of such nature shall hereinafter be referred to as a "takeover bid", and the party or parties conducting such moves shall hereinafter be referred to as "bidders"), and therefore the Company would like to notify as follows.

Although the Policy constitutes a part of such matters as are requested to be disclosed based on Article 127 of the Corporation Law Enforcement Regulations, the Company is to submit to the shareholders the Policy as an agenda at the Ordinary General Meeting of Shareholders of the Company scheduled to be held on May 24, 2008 in order to confirm the intention of the shareholders with respect to the Policy, and contemplates that the Policy will become effective subject to obtaining of the approval of a majority of voting rights of the shareholders present at such meeting.

Notes:

1. "Specified shareholder or group of shareholders" shall mean:

   (i) Holders (including parties to be contained in holders pursuant to Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Law; hereinafter the same) of shares, etc. (which shall mean shares, etc. as stipulated in Article 27-23, Paragraph 1 of the same law) of the Company and their joint holders (which shall mean joint holders as stipulated in Article 27-23, Paragraph 5 of the same law, and include parties deemed joint holders under Article 27-23, Paragraph 6 of the same law; hereinafter the same); or

   (ii) Parties undertaking purchases, etc. (which shall mean purchases, etc. as stipulated in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law, and include purchases, etc. conducted through the securities market in a securities exchange, irrespective of whether or not those are conducted by way of competitive bidding) of shares, etc. (which shall mean shares, etc. as stipulated in Article 27-2, Paragraph 1 of the same law) of the Company, and parties with a special connection (which shall mean parties with a special connection as stipulated in Article 27-2, Paragraph 7 of the same law) with them.

2. "Ratio of voting rights" shall mean:

   (i) The ratio of holding of shares, etc. (which shall mean ratio of holding of shares, etc. as stipulated in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law; in this case, in the calculation, the number of shares, etc. held (which shall mean number of shares, etc. held as stipulated in the same Paragraph; hereinafter the same) by his joint holders is taken into account) by the said holder, if the specified shareholder or group of shareholders belongs to the category set forth in Note 1 (i); or

   (ii) The aggregate of the ratios of ownership of shares, etc. (which shall mean ratio of ownership of shares, etc. as stipulated in Article 27-2, Paragraph 8 of the same law) by the said bidders and the said parties with a special connection with them, if the specified shareholder or group of shareholders belongs to the category set forth in Note 1 (ii).

For calculation of each ratio of holding of shares, etc. and each ratio of ownership of shares, etc., the total number of shares outstanding (which shall mean those as stipulated in Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Law) and the total number of voting rights (which shall mean those as stipulated in Article 27-2, Paragraph 8 of the same law) could refer to the securities report, semiannual report (quarterly report) or treasury stock acquisition status report, whichever is most recently filed by the Company.

3. “Shares, etc.” shall mean shares, etc. as stipulated in Article 27-23, Paragraph 1 or in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law.

1. Basic Policy concerning Status of Party controlling Determination of Policy for Financial Affairs and Business of the Company

The Company believes it necessary that a party which is to control the determination of policy for financial affairs and business of the Company could understand the source of the Company's corporate value and could ensure the Company to secure and increase continuously and constantly the corporate value and collective interests of shareholders.

The Company believes that in case any proposal to bid the Company's shares which results in transfer of the controlling power on the Company is made, the judgement of whether to accept it should be made finally based on wishes of the whole shareholders. In the other words, in case any takeover bid is made in respect of the Company's shares, the Company would not deny the takeover bid if the takeover bid is to facilitate to secure and increase the Company's corporate value and collective interests of shareholders. However, among takeover bids of shares, there are a lot of takeover bids which do not facilitate the corporate value and collective interests of shareholders from the aspect of their purposes and manners, etc.

The Company believes that the prime source of the Company's corporate value lies in the total producing capability for commercial complexes that the Company has developed through operation of shopping centers under the PARCO name. The Company also believes that this capability is supported by numerous factors, including knowhow acquired from developing, holding and managing such commercial complexes in conjunction with the development of varied individual specialty retail stores and services; related human capital; corporate brands and store brands; and the close relations cultivated with many tenants, suppliers and local communities where stores are situated, etc.

Accordingly, the Company believes that it is essential in the Company's management to understand, among others, the actual business status of the shopping center development, holding and management operations, and the relationships developed between the Company and its customers, suppliers, employees and other stakeholders. The view of the Company is that a lack of sufficient understanding of these points would be detrimental to the appropriate realization of the corporate value and collective interests of shareholders which shareholders of the Company are able to have in the future.

In case the takeover bid is conducted, the Company believes that the provision of appropriate and sufficient data from the bidders in conjunction with the disclosure of other information such as the opinion of the Board of Directors of the Company and the time being secured for study would be essential, in order to allow shareholders to make the right decision on whether to accept the takeover bid by the bidders, in particular, whether the acquisition price for the Company's shares offered by the bidders is appropriate. The Company believes it necessary to

secure the corporate value and the collective interests of shareholders of the Company, by taking necessary and appropriate defensive countermeasures against an abusive takeover which does not provide those sufficient information and time for study.

2. Special Efforts to Facilitate Realization of Basic Policy concerning Company Control such as Effective Use of Company's Property and Formation of appropriate Group of Companies

(1) Efforts for Increase of the Company's Corporate Value

With the business philosophy of the "creation of commercial complexes that are innovative, original and abundantly hospitable, so that visitors may enjoy them and tenants enjoy commercial success", the Company is, as an urban commercial developer, conducting the business of the development and management of shopping centers and related businesses. The Company group has in its core the Company conducting shopping center operations and constitutes a group of companies which may catch precisely changes in the time and the markets and react flexibly, and conducts specialty retail businesses and collective complex businesses and other businesses. Each Company group member firm works to gather information about the markets in which it operates, and through multiple and closely knitted connections between firms in the Company group, each Company group member firm strives to boost the overall corporate value of the Company group on an ongoing basis.

The Company is proceeding with a "five-year medium-term business plan for the period ending February 2010" to boost the corporate value of the Company group. This five-year medium-term business plan has three core goals: "strengthened capabilities in commercial complex management and development", "cultivation of new businesses and challenge", and "an expanded and deepened presence in peripheral business areas", and in practical terms, focusing on (i) increasing sales of existing stores and opening new stores, (ii) building and creating new businesses, notably, in property management business, and (iii) expanding peripheral business areas including active opening of new stores in the specialty retail store business, aims to expand the scope of operations and strengthen profitability towards further developments of the Company group's businesses.

The Company firmly believes that these initiatives to increase corporate value are in the best interests of shareholders and other stakeholders.

(2) Efforts to strengthen and accomplish Corporate Governance

The Company has striven to strengthen corporate governance, in recognition of the fact that any efforts to raise corporate value must involve protection of the rights and interests of shareholders, building of smooth relationships with other stakeholders than shareholders, and

securing management transparency and construction of systems that provide effective business oversight.

In practical terms, the Company, by shifting to the Company with Committees system of governance in the year ended February 2004, has aimed to accelerate operational execution and improve management transparency, and the Company has also initiated moves to bolster internal audit functions, such as the establishment of the Group Audit Office, with the aim of ensuring, among others, compliance with the laws and ordinances within operational execution and maintaining high operational efficiency.

Hereafter the Company intends to further strive to strengthen and accomplish corporate governance and compliance system and to increase on a long term and stable basis corporate value of the Company group and collective interests of shareholders.

3. Efforts to Prevent Controlling Determination of Policy for Financial Affairs and Business of the Company by Inappropriate Party in light of Basic Policy concerning Company Control

In case any takeover bid is made, in light of the basic policy concerning the status of a party controlling the determination of the policy for financial affairs and business of the Company as described in 1. above (hereinafter referred to as "the basic policy concerning the Company control"), the Company would request compliance with certain reasonable rules (hereinafter referred to as "the bid rules") as described below. The Company's efforts to prevent controlling the determination of the policy for financial affairs and business of the Company by an inappropriate party in light of the basic policy concerning the Company control are to be made by fixing certain response policy to be applied both in case the bid rules are complied with and in case the bid rules are not complied with.

(1) Necessity of the Policy institution

The Board of Directors of the Company believes that since free trading of the Company's shares is established as a publicly listed enterprise, decisions on whether or not to sell shares of the Company held by shareholders in response to any takeover bid by certain party(ies) should ultimately be at the sole discretion of the shareholders of the Company.

However, at the same time, recognizing that the directors of the Company assume roles to appropriately respond for protection of the corporate value and the collective interests of the shareholders based on the duties of attention of a good custodian, the Board of Directors also believes that, in the event of any sudden takeover bid, the disclosure of information such as the provision of sufficient and appropriate data from both the bidders and the Board of Directors of the Company, along with the opinion of the Board of Directors of the Company on the said

takeover bid would be essential to enable shareholders to make appropriate decisions within a short period of time on whether to accept such takeover bid for the Company's shares made by the bidders, in particular, whether the acquisition price for the Company's shares offered by the bidders is appropriate.

Moreover, for any shareholders that intend to hold the Company's shares continuously as before irrespective of any takeover bid, given the specific qualities of the Company's management as described above, the potential impact of any takeover bid on the Company and the contents of any management policies or business plans planned by bidders in the event of their securing participation in the management of the Company (including any policies that would affect the relationships between the Company and interested parties surrounding the Company such as customers, suppliers and employees), etc. would naturally be important points to consider for continuous shareholdings.

In the status of shareholders of the Company as at February 29, 2008, MORI TRUST CO., LTD. held 25.37% of shares of the Company. Hereafter, in accordance with moves of the shareholders structure resulting from transfers of shares by shareholders, liquidity of the Company's shares may be increased. In taking into account, among others, the above, the possibility that any takeover bid for the Company's shares is made could not be denied.

With the above reasons, the Board of Directors of the Company believes that it is necessary to establish certain reasonable rules to be applied in case any takeover bid is made. For your information, at present, the Company has not received from any specific third party any notice or proposal to the effect that such third party is to conduct any takeover bid.

(2) Contents of Policy

The bidding rules formulated by the Board of Directors of the Company include three major elements affecting bidders. First, any bidders must submit in advance to the Special Committee (outlined below) such information to be made available to shareholders as this Committee requests to be submitted. Second, bidders can commence a takeover bid only after a certain period has passed. Third, in case the rules under the Policy are not observed, the Board of Directors may, with the utmost respect for any advice given by the Special Committee, take defensive countermeasures based on the Policy (outlined below) in order to protect the collective interests of shareholders.

(a) Establishment of Special Committee

To ensure the objectivity and rationality concerning the progress of a series of procedures in accordance with the bidding rules, as a party in charge of the progress of a series of procedures, the Board of Directors of the Company is to establish the Special Committee

as a standing organization of the Company independent from the Board of Directors of the Company pursuant to such Special Committee Rules as stipulated separately (outlined in the Appendix 1. External directors of the Company will be eligible to become members of the Special Committee (candidates for the members being stated in the Appendix 2).

(b) Provision of essential information

Any bidders aiming to conduct a takeover bid would be required first to submit in writing to the Company a declaration of intent specifying the name, address, governing law of establishment, name of representative, contact details in Japan of the bidders, and outline of the proposed takeover bid, and expressing their intent that they will observe the bidding rules.

Bidders would then need to submit to the Special Committee information considered necessary to enable shareholders to make judgement and to enable the Board of Directors of the Company to form an opinion on the proposed takeover bid (hereinafter referred to as the “necessary bid-related information”), in such form and by such method as are specified by the Special Committee. The Special Committee would, within ten working days from receipt of the declaration of intent by the above bidders, deliver to the bidders a list of the necessary bid-related information required to be submitted by the above bidders at first.

While the specific contents of the necessary bid-related information would differ according to the attributes of the bidders and the contents of the planned takeover bid, general items would include such matters as listed below.

(i) An outline of the bidders and their group (including information concerning the contents of business of bidders, and any experience, etc. in business areas similar to the Company’s business domain)

(ii) The purpose and contents of the planned takeover bid

(iii) The basis for calculation of the acquisition price offered for shares of the Company, and evidence of funds to finance the proposed acquisition

(iv) Management policies, business plans, financial plans, capitalization policies, dividend policy, plans for asset usage and other details which are intended by the bidders subsequent to securing participation in the management of the Company (hereinafter referred to as the “post-acquisition business policies”)

(v) Policies governing the post-acquisition treatment of the Company’s employees, suppliers, customers and others with any interest in the Company.
Particular emphasis would be given in this regard to specific policies of dealing with knowhow acquired from the development, holding and management of commercial

complexes of the Company and from the development of varied individual specialty retail stores and services; related human capital; corporate brands and store brands; and the close relations with many tenants, suppliers and local communities where stores are located.

(vi) (For partial acquisition) Specific policy details on how the bidders would avoid conflicts of interest with minority shareholders of the Company subsequent to the acquisition.

(vii) Any other information reasonably considered necessary by the Special Committee.

After careful analyses of the information submitted by the bidders, in consultation with third parties independent from the Board of Directors of the Company (including financial advisors, certified public accountants, lawyers, business consultants and other experts, hereinafter collectively referred to as the "external experts, etc.") as the necessity arises, the Special Committee might request from the bidders additional information if it considered the information provided insufficient as the necessary bid-related information. This process could also be repeated until the Special Committee considers the submitted information sufficient as the necessary bid-related information.

Further, in case it is considered necessary to allow shareholders of the Company to make fair and informed decisions regarding the takeover bid, the Special Committee may request that the Board of Directors of the Company shall provide its opinion on the takeover bid and its supporting materials, an alternative proposal for shareholders, and any other information or documents that the Special Committee considers necessary.

In the event of any takeover bid, the Board of Directors of the Company would undertake to disclose to shareholders of the Company such matters of (1) the fact that a takeover bid had been made, and (2) the necessary bid-related information provided by the bidders as are considered necessary to guide the decisions of shareholders, at such time as is generally considered appropriate.

(c) Evaluation period

The Board of Directors of the Company believes that, once the bidders had submitted the necessary bid-related information to the Special Committee, the bid process would then require a period of time (hereinafter referred to as the "evaluation period") for study and evaluation, etc. of the takeover bid. The Board of Directors considers, depending on the degree of difficulty or easiness of study, evaluation and formulation of appropriate judgment by the shareholders of the Company and the Board of Directors of the Company in respect of the takeover bid, that the evaluation period should last 60 days in the case of

all-cash (yen-denominated) takeover bid for all of the Company's shares through open market purchases, and 90 days in the case of any other types of takeover bid.

Accordingly, a takeover bid could only start once the evaluation period had elapsed. During the evaluation period, the Board of Directors of the Company would study and evaluate sufficiently the necessary bid-related information provided by the bidders, with advices from the external experts, etc. as the necessity arises, and would formulate the opinion as the Board of Directors prudently. Further, the Board of Directors of the Company may negotiate with the bidders improvements of terms concerning the takeover bid as the necessity arises and propose any alternative plan to the shareholders of the Company as the Board of Directors of the Company.

The Board of Directors of the Company would disclose such matters as considered necessary for judgments by the shareholders of the Company, such as opinion concerning the takeover bid, etc.

(3) Procedures in Response to a Takeover Bid

(a) Bidders' observance of bidding rules

In case the Special Committee determined that the bidders had observed the bidding rules stipulated by the Policy, the Board of Directors of the Company would not take any defensive countermeasures against the takeover bid even if the Board of Directors has an opinion against the takeover bid, in which case, under the Policy, actions to be taken at most by the Board of Directors would seek to convince shareholders by expressing publicly opposition to the bidders' proposal and formulating and disseminating an alternative proposal of its own.

Shareholders would be free to decide whether or not to accept the proposed takeover bid by the bidders, in taking into consideration the proposed terms of the takeover bid and the necessary bid-related information, and by referring to an opinion by the Board of Directors of the Company on the proposed terms of the takeover bid, and an alternative proposal, etc. if proposed.

(b) Bidder's non-observance of bidding rules

Irrespective of the actual bid methods involved, any non-observance of the bidding rules by the bidders could result in the Special Committee's advising the Board of Directors of the Company to take defensive countermeasures under the Policy in order to protect the Company and collective interests of shareholders. On receipt of such advice from the Special Committee, the Board of Directors of the Company shall be required to undertake disclosure of an overview of the said advice by the Special Committee and any such other

matters as are considered necessary by the Special Committee, promptly after the relevant resolution by the Board of Directors.

(c) Advice on cessation of defensive countermeasures, etc.

In the case of (b) above, subsequent to giving by the Special Committee of advice to take defensive countermeasures based on the Policy against any takeover bid, the Special Committee shall be required to newly make judgement with respect to the cessation of taking defensive countermeasures, etc. and to advise such judgment to the Board of Directors of the Company in the event that (1) the bidders withdraw the takeover bid, etc. or otherwise the takeover bid ceases to exist, or (2) the factual matters, etc. as a basis for judgement of the above advice change such that it is not appropriate for the Company to take defensive countermeasures.

On receipt of such advice from the Special Committee, the Board of Directors of the Company shall be required to undertake disclosure of an overview of the said advice by the Special Committee and any such other matters as are considered necessary by the Special Committee, promptly after the relevant resolution by the Board of Directors.

(d) Regard by the Board of Directors for advice given by Special Committee

The Board of Directors of the Company shall be required to make the final decision on whether to take any defensive countermeasures based on the Policy, by treating any advice given by the Special Committee as outlined above with the highest esteem. Having made any such decision by the Board of Directors of the Company, the Board of Directors shall be required to undertake prompt disclosure of an overview of the relevant resolution, along with any such other matters as are considered appropriate by the Board of Directors of the Company.

(4) Defensive Countermeasures Based on the Policy

It is planned that the defensive countermeasures planned under the Policy are gratis allocation of rights to subscribe for new shares (Article 277 of the Corporation Law) by using rights to subscribe for new shares with an acquisition clause for condition to exercise according to which the bidders, etc. are not allowed to exercise rights to subscribe for new shares (Article 236, Paragraph 1, Item 7 of the Corporation Law; hereinafter referred to as the “issued rights”).

(a) Shareholders to whom allocation of issued rights is made

All shareholders registered or recorded in the last shareholders register or beneficial shareholders register on such allocation date as is determined separately by the Board of Directors of the Company (hereinafter referred to as the “allocation date”) shall be

allocated according to a ratio of one issued right for one share owned by such shareholder (however, excluding any treasury stock of the Company held by the Company).

(b) Total number of issued rights
The total number of issued rights shall equal the total number of shares of the Company last outstanding on the allocation date (however, excluding any treasury stock of the Company held by the Company at that time).

(c) Type and number of shares for issued rights
The type of shares for issued rights shall be shares of the common stock of the Company. In principle, the number of shares for one issued right shall equal one share.

(d) Issue price of issued rights
Issued rights shall be issued gratis.

(e) Amount required to be paid upon exercise of issued rights
Parties exercising issued rights shall be required to pay one yen for each share of the common stock of the Company issued upon exercise of the issued rights.

(f) Exercise period for issued rights
The exercise period shall commence on the date of the issuance of the issued rights (or on a specific alternative date as may be specified by the Board of Directors of the Company in its resolution for issuance of the issued rights) and shall last such period as shall be specified by the Board of Directors in its resolution for the issuance of the issued rights within the scope of a minimum of one month and a maximum of three months. However, if the last day of the exercise period is not a working day for the relevant payment handling office, the exercise period shall be automatically extended to end on the immediately following working day.

(g) Conditions for exercise of issued rights
i. In principle, the following parties shall not be entitled to exercise issued rights, namely, (a) holders of specified large shares, (b) their joint holders, (c) purchasers of specified large shares, (d) parties with a special connection with them, (e) parties that acquire or succeed to the issued rights from any such parties as are specified in (a) to (d) above without the consent of the Board of Directors of the Company, and (f) related parties to any such parties as are specified in (a) to (e) above.
The above category descriptions shall have the following meanings:

(a) “Holders of specified large shares” shall mean holders (including parties to be included in holders under Article 27-23, Paragraph 3 of the Financial Instruments and Exchange Law) of shares, etc. (as stipulated in Article 27-23, Paragraph 1 of

the same law; unless otherwise specified, hereinafter the same) issued by the Company and recognized by the Board of Directors of the Company to be holders whose ratio of holding of shares, etc. (as stipulated in Article 27-23, Paragraph 4 of the same law) concerning such shares, etc. is 20% or higher.

(b) "Joint holders" shall mean any parties as stipulated in Article 27-23, Paragraph 5 of the Financial Instruments and Exchange Law (including any parties to which the above provision shall apply in the judgement of the Board of Directors of the Company). This definition shall also include parties deemed joint holders pursuant to Paragraph 6 of the same Article.

(c) "Purchasers of specified large shares" shall mean any parties that give public notice of the commencement of purchases, etc. (as stipulated in Article 27-2, Paragraph 1 of the Financial Instruments and Exchange Law; hereinafter the same) of shares, etc. (as stipulated in Article 27-2, Paragraph 1 of the same law) issued by the Company by way of public offering for purchases (as stipulated in Article 27-2, Paragraph 6 of the same law), and whose ratio of ownership of shares, etc. (as stipulated in Article 27-2, Paragraph 8 of the same law; hereinafter the same) of shares, etc.(as stipulated in Article 27-2, Paragraph 1 of the same law) owned by such parties after such purchases, etc. (including any instances deemed equivalent to such ownership as stipulated in Article 7, Paragraph 3 of the Financial Instruments and Exchange Law Enforcement Ordinance) is 20% or higher where the above ratio is aggregated with the ratio of ownership of shares, etc. of any parties with a special connection with the party or parties making the aforesaid purchases.

(d) "Parties with a special connection" shall mean such parties as are stipulated in Article 27-2, Paragraph 7 of the Financial Instruments and Exchange Law (including any parties to which the above provision shall apply in the judgement of the Board of Directors of the Company). However, with regard to those parties that are specified in Item 1 of the same Paragraph of the same Article of the same law, "parties with a special connection" shall exclude any parties as stipulated in Article 3, Paragraph 2 of the Cabinet Ordinance concerning the disclosure of public offering for purchases of shares, etc. by parties other than the issuer.

(e) "Related parties" to a first party shall mean any parties that are under the substantial control of the first party and that (aa) are considered by the Board of Directors of the Company to be controlled by the first party or under the same control as the control over the first party, or (bb) are considered by the Board of Directors of the Company to be acting in concert with the first party.

ii. Irrespective of i. above, any parties described in any of (a) to (d) below shall not be considered to be either holders of specified large shares or purchasers of specified large shares:

(a) The Company, subsidiaries (as stipulated in Article 8, Paragraph 3 of the Regulations concerning the terminology, format and preparation methods of financial statements, etc.) of the Company and affiliates (as stipulated in Article 8, Paragraph 5 of the Regulations concerning the terminology, format and preparation methods of financial statements, etc.) of the Company

(b) Any parties recognized by the Board of Directors of the Company to fall under the requirements set forth in i.(a) above without any intention of control of the Company, and that ceases to fall under the requirements set forth in i.(a) above by disposing of shares, etc. of the Company held by them within 10 days after such parties fell under the requirements set forth in i.(a) above (or within a longer period as may be extended by the Board of Directors of the Company)

(c) Any parties recognized by the Board of Directors of the Company to fall under the requirements set forth in i.(a) above unintentionally due to acquisition of its own shares by the Company or for some other reason (however, excluding any cases where such parties subsequently make fresh purchases of shares, etc. of the Company intentionally)

(d) Acquisition and holding of shares, etc. of the Company by any parties that are recognized by the Board of Directors of the Company not to be detrimental to the corporate value of the Company or to the collective interests of shareholders (the Board of Directors of the Company could make such recognition at any time; in addition, in case the Board of Directors of the Company recognizes under certain conditions that such acquisition and holding are not detrimental to the corporate value of the Company or to the collective interests of shareholders, the exception shall apply only where those conditions are satisfied)

iii. In the event that under any applicable foreign laws and ordinances, at the time of the exercise of the issued rights by parties located in the jurisdiction of the said foreign laws and ordinances, (1) the fulfillment of certain procedures or (2) satisfaction of certain conditions (including conditions that prohibit the exercise of issued rights within a specified period or that require the production of specified written documents, etc.) or (3) the fulfillment of both (1) and (2) (hereinafter referred to collectively as “applicable legal procedures and conditions”) is required, any parties located in such jurisdiction shall only be permitted to exercise the issued rights once the Board of

Directors of the Company has acknowledged that all of such applicable legal procedures and conditions have been fulfilled or satisfied and otherwise the parties shall not be permitted to exercise the issued rights. However, the Company shall not be obliged to undertake the fulfillment or satisfaction of any applicable legal procedures and conditions in cases where such applicable legal procedures and conditions are required to be fulfilled or satisfied by the Company for the exercise of the issued rights by the parties located in such jurisdiction. Furthermore, parties located in such jurisdiction shall not be permitted to exercise the issued rights in the case where said foreign laws and ordinances do not permit the exercise of the issued rights by parties located in such jurisdiction (hereinafter referred to as "applicable legal cause for prohibition of exercise of rights").

iv. Irrespective of the stipulations in iii. above, parties located in the United States shall be permitted to exercise the issued rights, provided that (1) such parties give a representation and warranty to the Company that such parties are accredited investors as defined in Rule 501(a) of the 1933 U.S. Securities Act, and (2) such parties give a covenant that any resale of shares of the common stock of the Company acquired by them as a result of exercise of the issued rights held by them shall be conducted as a regular transaction on the Tokyo Stock Exchange (however, such regular transaction is not based on prior arrangements and no prior invitation is made for such regular transaction). Only in such specific instances, the Company shall undertake the fulfillment or satisfaction of Regulation D of the 1933 U.S. Securities Act and the applicable legal procedures and conditions concerning any U.S. state law which the Company is required to fulfill or satisfy for parties located in U.S. to exercise the issued rights. However, the Board of Directors of the Company shall reserve the right to disallow exercise by parties located in U.S. of the issued rights in case the Board of Directors of the Company recognizes that, despite the satisfaction by parties located in U.S. of (1) and (2) above, such parties would not be permitted to exercise legitimately the issued rights under U.S. securities laws due to changes in the U.S. laws and ordinances, etc.

v. The Company shall not assume any responsibility for damages or any other responsibility whatsoever to any parties holding the issued rights in the event that the said parties holding the issued rights are unable to exercise the issued rights pursuant to the provisions of (g).

(h) Restrictions on transfers of issued rights

All transfers of issued rights shall require the approval of the Board of Directors of the

Company.

(i) Causes and conditions for cancellation of issued rights

No causes or conditions for cancellation of issued rights shall be specified.

(j) Acquisition clause attached to issued rights

The Company plans to add an acquisition clause to the issued rights to the effect that the Company shall be able to acquire the issued rights in exchange for shares of the Company. In such a case, the Company shall, by resolution of the Board of Directors of the Company, be permitted to acquire on such date as is determined by the Board of Directors of the Company (hereinafter referred to as the "acquisition date") the issued rights that remain unexercised on the day immediately preceding the acquisition date (excluding the issued rights held by parties that are unable to exercise the issued rights in accordance with the stipulations of (g) (i) and (ii) above, in exchange for delivery of a corresponding number of shares of the common stock of the Company per one issued right.

(k) Non-issuance of certificates of rights to subscribe for new shares

No certificates shall be issued with respect to rights to subscribe for new shares.

(5) Effects on Shareholders and Investors

(a) Effects on Shareholders and Investors at Policy Institution

No issued rights will be issued at the time at which the Policy is introduced. Hence, there will be no actual direct effect on the rights and economic interests of shareholders and investors.

(b) Effects on Shareholders and Investors in Event of Issuance of Issued Rights

Issued Rights would be allocated gratis to shareholders at such allocation date as may be determined separately by the Board of Directors of the Company based on the Policy, at an issuance ratio of one issued right per one share held by each shareholder.

Although shareholders that received allocation of issued rights would suffer a dilution of shares of the Company held by them due to the exercise of issued rights by other shareholders if they did not complete the procedures specified in (c) ii. below within the stipulated exercise period, in the event that the Company has taken procedures for acquisition of issued rights in exchange for shares of the Company, shareholders that did not complete the procedures specified in (c) ii. below could still receive shares of the Company in consideration for the acquisition by the Company of their issued rights, which would prevent any actual dilution.

In case it is decided that gratis allocation of issued rights will be made, and the Company

stops such gratis allocation of issued rights, or the Company acquires gratis the issued rights allocated gratis, after shareholders to whom issued rights are to be allocated gratis are fixed, as a result thereof no dilution of share value per share will occur. In such case, any investor who conducted any sale and purchase of shares of the Company based on the assumption that dilution of share value per share will occur may incur damages in accordance with fluctuation of share prices.

(c) Procedures to be Taken by Shareholders Related to Gratis Allocation of Issued Rights

i. Procedures for ownership transfer

In the event the Board of Directors of the Company has resolved the gratis allocation of rights to subscribe for new shares based on the Policy, the Company would give a public notice specifying such allocation date as shall be decided by the Board of Directors of the Company. Only shareholders registered or recorded in the last shareholders register or beneficial shareholders register on the allocation date would be allocated the issued rights in accordance with shares owned by them. Accordingly, procedures for ownership transfers would need to be completed by shareholders prior to the allocation date specified in the public notice. (Please note, however, that such procedures for ownership transfers will not be necessary in the case of any share certificates deposited with the Japan Securities Depository Center.)

ii. Procedures for exercise of issued rights

The Company would send to shareholders registered or recorded in the last shareholders register or beneficial shareholders register on the allocation date, papers necessary for the exercise of the issued rights, which would include a demand for exercise of issued rights in such form as is prescribed by the Company (requiring, among others, a written covenant to the effect that the undersigned shareholder does not fall under the category of a holder of specified large shares). Issuance of shares of the common stock of the Company on the basis of one share of the common stock of the Company per one issued right would be made where shareholders has submitted those necessary completed papers and paid one yen per one issued right to the payment handling office within such exercise period as is determined separately by the Board of Directors of the Company.

However, in the event that the Company has taken the acquisition procedures, shareholders holding issued rights that the Board of Directors of the Company determined to acquire would receive shares of the Company in consideration for the acquisition by the Company of such issued rights, without payment of moneys

equivalent to the exercise price (in this instance, such shareholders might be asked to submit separately a written covenant to the effect that the undersigned shareholder does not fall under the category of a holder of specified large shares, in such form as is prescribed by the Company).

In addition to the foregoing, any other details such as methods for ownership transfer and payment methods would be published or notified to shareholders following the resolution of gratis allocation of issued rights, and shareholders would be kindly requested to confirm the contents.

(6) Effective Period of Policy

The Policy will remain effective until the conclusion of the Ordinary General Meeting of Shareholders of the Company scheduled to be held in May 2011. However, the Policy could be abolished at any time prior to the expiration of the effective period if any resolution for abolishment of the Policy is made at a General Meeting of Shareholders of the Company or by the Board of Directors of the Company.

(7) Amendments due to laws and ordinances

Such provisions of laws and ordinances as are cited in the Policy are based on the provisions enforced as at April 10, 2008. If, after the above date, the establishment, amendment or abolition of laws and ordinances necessitates amendments to the meanings of the provisions stipulated in each paragraph above or of the terminology used therein, the meanings of the provisions stipulated in each paragraph above or of the terminology used therein may be re-interpreted within a reasonable scope as necessary, with due consideration to the intents of such establishment, amendment or abolition.

Appendix 1

Outline of Rules Governing the Special Committee

(1) The Special Committee shall be established by resolution of the Board of Directors of the Company.

(2) The number of members of the Special Committee shall be at least three.

(3) Members of the Special Committee shall be appointed by the Board of Directors of the Company from external directors of the Company, and any person who has retired from the external directorship shall retire from the office of member of the Special Committee.

However, any external director holding any interests in the takeover bid could not exercise his rights as a member of the Special Committee to the extent that such takeover bid relates.

The Board of Directors of the Company shall be entitled to appoint new members to the Special Committee in the event that the number of external directors being entitled to exercise the rights as a member of the Special Committee becomes less than three. Such appointees shall be knowledgeable persons independent from the operational management of the Company.

(4) Following the appointment, members of the Special Committee shall serve until the effective term of the Policy expires, except where otherwise stipulated by resolution of the Board of Directors of the Company.

(5) The Special Committee shall determine such matters as listed below and advise the Board of Directors about the contents of the determination together with reasons therefor. The Board of Directors of the Company shall make the final decision with the utmost respect for the advice given by the Special Committee. Each director of the Company shall be required to undertake all decisions regarding such matters from the aspect of whether such decision will facilitate the corporate value of the Company and the collective interests of shareholders, without regard for personal gain or individual interests of himself or the management of the Company.

[1] Issuance or non-issuance of rights to subscribe for new shares

[2] Cessation of issuance or cancellation of rights to subscribe for new shares

[3] Any other matters regarding which the Board of Directors of the Company seeks advice of the Special Committee among matters to be judged by the Board of Directors

(6) In addition to the matters specified above, the Special Committee shall also be responsible for

each of the following:

[1] Judgment of applicability of a takeover bid to be covered by the Policy

[2] Determination of information that shall be submitted to the Special Committee by bidders

[3] Study of the sufficiency of information provided by bidders

[4] Any other matters separately delegated to the Special Committee by the Board of Directors of the Company

(7) The Special Committee shall request the submission of additional information from the bidders if it judges that the necessary bid-related information is insufficient. On receipt of the necessary bid-related information from the bidders, the Special Committee shall be able to request that the Board of Directors of the Company shall provide within a specified period of time its opinion on the contents of the takeover bid by the bidders, along with any supporting materials, an alternative proposal, and any other information or materials that the Special Committee deems necessary from time to time.

(8) The Special Committee shall be free to seek, at the Company's expense, advices from independent third parties (experts including financial advisors, certified public accountants, lawyers, business consultants).

(9) A meeting of the Special Committee may be convened by any of its members in the event of any takeover bid being made, or at any other time.

(10) In principle, resolutions by the Special Committee shall require a majority vote in favor at a meeting of the Special Committee at which all of the members are present. However, if unforeseen circumstances prevent full attendance, resolutions may be made by a majority vote in favor of members present at a meeting of the Special Committee at which a majority of the members of the Special Committee is present.

Appendix 2

Brief Resumes of Candidates for Members of the Special Committee

Atsushi Toki

[Brief Resume]

Born in 1955

Apr.	1983	Registered attorney-at-law (member of First Tokyo Bar Association) (current)
Apr.	1989	Founding partner, Okudaira & Toki (now Seiwa Meitetsu General Law Office)
Aug.	1999	Member, Legislative Council of the Ministry of Justice, Commercial Code Sub-Council (now Corporation Law Sub-Council)
Mar.	2002	Advisor, PARCO CO., LTD.
May	2003	External Director, PARCO CO., LTD. (current)
May	2006	Member of the Special Committee, PARCO CO., LTD. (current)

Yukako Uchinaga

[Brief Resume]

Born in 1946

Jul.	1971	Joined IBM Japan, Ltd.
Jan.	1993	General Manager, Asia-Pacific Product Development (Asia-Pacific Technical Operations), IBM Japan, Ltd.
Apr.	1995	Director (Asia-Pacific Products), IBM Japan, Ltd.
Jul.	1999	Director (Software Development Laboratory), IBM Japan, Ltd.
Apr.	2000	Executive Director (Software Development Laboratory), IBM Japan, Ltd.
Apr.	2003	Deputy Senior Executive (Software Development Laboratory), IBM Japan, Ltd.
Apr.	2004	Director & Senior Executive (Development and Manufacturing), IBM Japan, Ltd.
May	2005	External Director, PARCO CO., LTD. (current)
May	2006	Member of the Special Committee, PARCO CO., LTD. (current)
Apr.	2007	Technical Advisor, IBM Japan, Ltd.
May	2007	Head, Non-Profit Organization, Japan Women's Innovative Network (current)
Apr.	2008	Director & Vice Chairman, Benesse Corporation (current)
		Chairman & CEO, Berlitz International, Inc. (current)

Tomohiro Niizato

[Brief Resume]

Born in 1942

Dec.	1973	Joined auditors Tetsuzo Ota & Co. (now Ernst & Young ShinNihon)
Mar.	1975	Registered CPA (current)
May.	1986	Partner of same firm
May	1994	Representative partner of same firm

Mar.	2006	Advisor, PARCO CO., LTD.
May	2006	External Director, PARCO CO., LTD. (current)
		Member of the Special Committee, PARCO CO., LTD. (current)

Keiji Aritomi
[Brief Resume]
Born in 1940

Apr.	1963	Joined YAMATO TRANSPORT CO., LTD.
Jun.	1989	Director, YAMATO TRANSPORT CO., LTD.
Jun.	1995	Executive Director, YAMATO TRANSPORT CO., LTD.
Jun.	1997	President and Representative Director, YAMATO TRANSPORT CO., LTD.
Jun.	2003	Representative Director and Chairman, YAMATO TRANSPORT CO., LTD.
Apr.	2005	Representative Director and Chairman, YAMATO TRANSPORT CO., LTD. and Chairman, Delivery Company
Nov.	2005	Representative Director and Chairman and President, YAMATO HOLDINGS CO., LTD.
Jun.	2006	Director and Chairman, YAMATO HOLDINGS CO., LTD. (current)
Jan.	2007	Member of Council for the Promotion of Regulatory Reform, Cabinet Office, Government of Japan (current)
May	2007	External Director, PARCO CO., LTD. (current)
		Member of the Special Committee, PARCO CO., LTD. (current)

Yasuhito Hanado
[Brief Resume]
Born in 1941

Apr.	1980	Professor, Faculty of Economics, Kokugakuin University
Apr.	1981	In charge of Economics major, Graduate School of Economics, Kokugakuin University
Apr.	2003	Professor, Graduate School of Asia-Pacific Studies, Waseda University
Feb.	2005	Member of Management and Intellectual Property Committee, New Growth Policy Committee, Industrial Structure Council, Ministry of Economy, Trade and Industry (current)
Apr.	2007	Professor, Graduate School of Commerce, Waseda University
May	2007	External Director, PARCO CO., LTD. (current)
		Member of the Special Committee, PARCO CO., LTD. (current)

Appendix 3

Notice concerning Policy Governing Countermeasures to Large-Scale Acquisitive Moves (Takeover Defenses)
- Summary -

1. Purpose of the Policy Institution

The Company believes that free trading of its shares is a fundamental element of its status as a publicly listed enterprise, and therefore, decisions on whether or not to sell shares of the Company in response to any takeover bid by certain parties should ultimately be at the sole discretion of shareholders of the Company.

At the same time, the Company believes that the provision of appropriate and sufficient data from both the bidders and the Board of Directors of the Company would be essential, and that the disclosure of other information such as the opinion of the Board of Directors of the Company on the takeover bid would be useful, in order to allow shareholders to make the right decision on whether to accept the takeover bid by the bidders.

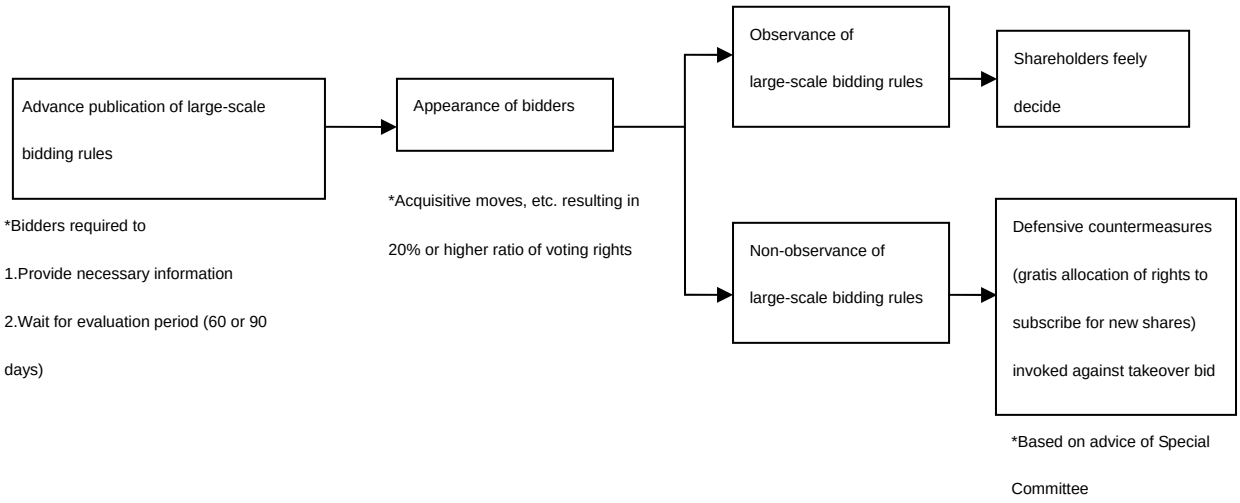
Hence, the Company believes that for a takeover bid to be conducted according to certain reasonable rules embodying the above thought is in the best interests of all shareholders of the Company. The Company has therefore formulated rules concerning the advance provision of information.

2. Overview of the Policy

Under the Policy, bidders conducting acquisitive moves for shares, etc. of the Company with a view to securing a ratio of voting rights by any specified shareholder or group of shareholders of 20% or higher are requested to comply with certain large-scale bidding rules. The above large-scale bidding rules consist of two principal rules which are (1) that bidders shall provide shareholders with necessary and sufficient information as is required for shareholders to make appropriate decisions concerning the takeover bid, and (2) that any takeover bid shall commence only after a certain period for the purpose of evaluation and study, etc. of the takeover bid has elapsed.

In case bidders observed the above rules, the Company will not take any defensive countermeasures under the Policy and will leave shareholders to freely decide whether or not to accept the proposed bidding by the bidders. However, the Company may take defensive countermeasures to protect the collective interests of shareholders if the bidders failed to observe the rules.

<Policy schematic>



3. Characteristics of the Policy

(1) Reflection of Shareholders' wishes by referring the Policy to the General Meeting of Shareholders

By proposing the Policy as an Agenda at this General Meeting of Shareholders, the Company seeks to confirm the wishes of shareholders. The Policy would only come into effect if the Policy is approved by the shareholders.

In principle, the Policy shall only be valid until the conclusion of the Ordinary General Meeting of Shareholders of the Company scheduled to be held in May 2011.

(2) Clear Disclosure of defensive countermeasures

The defensive countermeasures under the Policy are scheduled to be made by way of gratis allocation of rights to subscribe for new shares (Article 277 of the Corporation Law), using rights to subscribe for new shares with an acquisition clause for condition to exercise (Article 236, Paragraph 1, Item 7 of the Corporation Law) that the exercise of rights to subscribe for new shares by the bidders shall not be allowed.

(3) Establishment of Special Committee

To ensure the objectivity and rationality concerning the progress of a series of procedures in accordance with the large-scale bidding rules, as a party in charge of the progress of a series of procedures, the Company is to establish a Special Committee as an organization independent from the Board of Directors of the Company. External directors of the Company would be eligible to

become members of the Special Committee.

If the Special Committee gives an advice to the Board of Directors of the Company to take defensive countermeasures, etc. against the takeover bid in order to protect the collective interests of shareholders, the Board of Directors of the Company shall make a final decision on whether or not to invoke defensive countermeasures, paying the utmost respect for the advice given by the Special Committee.

(Note)

" 'Notice concerning Policy Governing Countermeasures to Large-Scale Acquisitive Moves (Takeover Defenses)'-Summary-" was prepared as referential materials in order to promote understanding of the Policy. With respect to the details of the Policy, please read the full contents.

Appendix 4

Status of Shareholders of the Company (As at February 29, 2008)

1. Total number of shares authorized
   Ordinary Shares 320,000,000 shares (Number of shares per lot 100 shares)
2. Total number of shares issued and outstanding
   Ordinary shares 82,475,677 shares
3. Number of shareholders
   5,732
4. Status by Types of Shareholders

Type of Shareholders	Number of shareholders	Number of shares held (thousands shares)	Ratio of number of shares held (%)
Japanese financial institutions	54	20,079	24.34
Japanese securities companies	31	201	0.24
Other Japanese companies	262	29,164	35.38
Foreign investors	133	28,752	34.86
Japanese individuals and others	5,251	4,184	5.07
Treasury stock	1	93	0.11
Total	5,732	82,475	100.00

5. Status of Principal Shareholders

Name of shareholder	Number of shares held (thousands shares)	Shareholding ratio of total number of shares issued and outstanding
Mori Trust Co., Ltd.	20,923	25.37
Credit Saison Co., Ltd.	6,836	8.29
GOLDMAN SACHS & CO., regular accounts	6,052	7.34
The Master Trust Bank of Japan, Ltd. (trust accounts)	5,623	6.82
CBNY-THIRD AVENUE TRUST -THIRD AVENUE SAMALL-CAP VALUE FUND	4,517	5.48
CBNY-THIRD AVENUE REAL ESTATE VALUE FUND SERIES	3,959	4.80

Japan Trustee Services Bank, Ltd. (trust accounts)	3,216	3.90
STATE STREET BANK AND TRUST COMPANY	2,079	2.52
JUNIPER	1,904	2.31
BNP PARIBAS SEC SER LONDON/JAS/ABERDEEN ASSET MANAGEMENT PLC/AGENCY LENDING	1,833	2.22

(Note) Mori Trust Co., Ltd. is a company with which the Company has some affiliation arrangements regarding business affairs and capital.