



January 27, 2012

To Whom It May Concern

Company Name : Milbon Co., Ltd.
Title of Representative : Ryuji Sato, Representative Director
and President
(Code Number: 4919 – First Section of the Tokyo Stock Exchange)
Contact : Masahiro Murai, Executive Director
TEL : 06-6928-2331

Announcement on the revision and continuation of the policy for handling large-scale share purchasing activity in company shares (anti-takeover measures)

The company hereby announces that it determined at the meeting of the Board of Directors held today to revise and continue, as detailed below based on subsequent revisions to the law and the state of all discussions on anti-takeover measures, the policy determined at the meeting of the Board of Directors held on January 29, 2010 and approved by the Ordinary General Meeting of Shareholders held on March 18 2010 for handling activities to purchase shares, etc., of the company (Note 3) aimed at securing a ratio of 20% or more of voting rights (Note 2) for a specific shareholder group (Note 1), or activities to purchase shares, etc., of the company that will result in securing a ratio of 20% or more of voting rights for a specific shareholder group (although the specific method of purchase, such as market transactions or tender bid, etc., does not matter, this excludes purchasing activity to which the Board of Directors of the company has agreed in advance; hereinafter, related purchasing activity is referred to as “large-scale share purchasing activity” and a party carrying out related purchasing activity is referred to as a “large-scale share purchaser”) because the duration of force of said policy will expire as of the conclusion of the Ordinary General Meeting of Shareholders of the company to be held on March 16, 2012.

All 3 auditors of the company, including the 2 outside auditors, have expressed their intentions to approve the revision and continuation of this policy for the handling of large-scale share purchasing activity on the condition that the specific management of said policy is carried out appropriately. Moreover, the revision and continuation of this policy shall come into effect on the condition that approval is obtained for the revision and continuation of this policy at the Ordinary General Meeting of Shareholders scheduled to be held on March 16, 2012 in order to reflect the will of all of the company's shareholders.

Note 1: The term "specific shareholder group" means:

- (i) The holders (meaning the holders stipulated in Article 27.23.1 of the Financial Instruments and Exchange Act and including the parties included in the holders based on Article 27.23.3 of the same act) of the shares, etc., (meaning the shares, etc., stipulated in Article 27.23.1 of the same act) of the company, and their co-holders (meaning the co-holders stipulated in Article 27.23.5 of the same act and including the parties deemed to be co-holders based on Article 27.23.6 of the same act), or
- (ii) The parties who are to carry out a purchase, etc., (meaning a purchase, etc., as stipulated in

Article 27.2.1 of the same act and including purchases to be carried out on a financial instruments exchange market) of shares, etc., (meaning shares, etc., as stipulated in Article 27.2.1 of the same act) of the company and their special related parties (meaning the special related parties stipulated in Article 27.2.7 of the same act)

Note 2: The term "ratio of voting rights" means:

- (i) The ratio of shares, etc., held by the holder in question if the specific shareholder group is listed in Note 1 (i) (meaning the held ratio of shares stipulated in Article 27.23.4 of the same act; in this case, the number (meaning the held number of shares stipulated in Article 27.23.4 of the same act) of shares held by the co-holders of the holder in question is also considered in calculations), or
- (ii) Means the total ratio of shares, etc., held by the purchaser in question and special related parties in question if the specific shareholder group is listed in Note 1 (ii) (meaning the held ratio of shares stipulated in Article 27.2.8 of the same act)
In each calculation of the ratio of shares, etc., held, it is possible to refer to the most recent data submitted from among the securities report, quarterly report, and the share buyback report with regard to total voting rights (meaning the total voting rights stipulated in Article 27.2.8 of the same act) and the total number of shares outstanding (meaning shares outstanding as stipulated in Article 27.23.4 of the same act).

Note 3: The term "shares, etc.," means the shares, etc., stipulated in Article 27.23.1 of the Financial Instruments and Exchange Act.

1. The company's business characteristics and the improvement of corporate value

(1) Corporate philosophy of the company group

The company group has a basic philosophy of "Developing business that supports beautiful ways of living through hair designers" and develops business centered on the manufacture and sale to beauty salons through agents of hair cosmetics used at beauty salons.

Life also sparkles when hair is beautiful. The company group thinks "The beauty of hair = the beauty of life". Women seek identity and live beautiful lives. The company group helps human beauty through hair in order to fulfill people's desires to "Be more unique and vivid". We hope we can color even the most important scenes of their lives by providing products and information that lead to beauty and spiritual richness transcending formed beauty and closing in on the true essence of women.

We think that [1] through [3] below, which have been cultivated as we have pursued the above, are the sources of corporate value for the company group.

[1] Sales power = field person system

The company group has established a unique sales system in order to support beauty salons and hair designers. This system considers and provides ways to manage the issues that beauty salons face rather than mere product sales. Also, we play a role as partners performing work together. Our system supports the realization of increased revenue and profits for beauty salons by introductions to the latest beauty techniques and salon marketing to lead them to prosperity. At the company group, we call the sales personnel who carry out those kinds of activities field persons.

We implement internal training extending over 9 months in order to cultivate field persons. In addition to basic beauty techniques such as perms and coloring, etc., field persons acquire various skills such as wide-ranging knowledge of the beauty industry, management analysis and plan formulation, etc. This has become a business model unique to Milbon that

cannot be copied by other competing companies.

[2] Product development power = TAC product development system

The system that we use to search for hair designers with the best techniques and know-how and to advance product development projects in cooperation with such people is Milbon's unique "TAC (Target Authority Customer) product development system".

New beauty techniques and know-how exist at beauty salons and with designers who have become popular with customers in a theme-dependent way, such as beauty salons that have far and away more hair color customers than other salons or beauty salons that have far and away more hair care customers than other salons, etc. Our system standardizes such techniques and know-how so they can be used at general beauty salons as well and creates products geared towards them.

[3] Field activity system

Growing beauty salons exist in every kind of market environment. The company group rolls out marketing that can grow even when the market environment is deteriorating by concentrating activities on beauty salons that are growing. The selection of beauty salons to which field persons provide services is particularly important, and we select beauty salons with a strong desire for growth rather than just on current purchasing results.

(2) Efforts to increase corporate value and the common interests of shareholders

The company group has formulated a "Medium Term 5-Year Business Vision (2010 - 2014) as a medium-term management vision. The main details of that vision are as follows.

The company group raises as its global vision "Milbon aims to create a global field and to become a Japanese (Japan's first) world No.1 professional global manufacturer in order to realize the dreams of hair designers through the cultivation and education of human resources" and is promoting globalization by working on the 3 themes of "Organizational arrangement", "Human resource cultivation" and "Market development".

To start with, we will cope with globalization in regard to organizational arrangements by restructuring our sales organization and head office functions and building a system that aggregates global information and shares it company-wide. Furthermore, with regard to the cultivation of human resources, we will construct systems to hire and cultivate human resources that can succeed in the global field and work on the nurturing of executives with management sense and specialists. As for market development, we will establish production bases in Asian markets and advance further into new areas, and link up with organic brands in Europe to work on expansion into the global market.

Through these kinds of activities, the company group would like to recompile the beauty techniques and products born from Japan's refined and sensitive spirit of entertaining service, and the educational support activities that value designers in accordance with the characteristics of each region of the world, to contribute to each region's beauty culture.

(3) Corporate governance

The company group implements corporate governance emphasizing the transparency and fairness of management. Moreover, the company group thinks that making efforts towards positive information disclosure will lead to increased trust in the company and the improvement of corporate value.

The company has adopted an auditor system and currently has 7 directors and 3 auditors (including 2 outside auditors). The company has appointed no outside directors, but has prepared a system to incorporate the opinions of outside experts as appropriate based on advisor

contracts concluded with outside experts.

2. Aims and details of this policy for handling large-scale share purchasing activity

The company's Board of Directors does not hold a negative opinion towards all large-scale share purchasing activity. However, there also appear to exist examples of large-scale share purchasing activity that do not necessarily seem to ensure or increase the corporate value of the company whose shares are to be purchased or the joint profits of shareholders, such as cases that will clearly be detrimental to corporate value and the common interests of shareholders seen from the perspective of the purpose of the share purchase, etc., and cases where shareholders are coerced into responding to large-scale share purchasing activity and may be disadvantaged, etc. The company thinks that it needs to establish some kind of countermeasure in advance in regard to that kind of large-scale share purchasing activity so that these kinds of situations do not occur. But, the company thinks that the final judgment on whether or not large-scale share purchasing activity other than that of the kinds described above should be accepted should be consigned to the company's shareholders rather than the Board of Directors.

However, deep understanding of the company's unique management know-how based on the field person system, the TAC product development system and the field activity system that are the source of Milbon's corporate value, and the relationships of trust that have been built with stakeholders such as the employees of the company, cooperating companies such as suppliers, etc., the agents who are the company's direct transaction partners, and the beauty salons beyond them, etc., is essential for the management of the company.

Without sufficient knowledge and understanding of these things, shareholders would be unable to judge the shareholder value realizable in the future appropriately. The company makes efforts so that shareholders and investors understand the appropriate value of the company's shares under normal circumstances, but thinks that when large-scale share purchasing activity takes place suddenly, the provision of appropriate and sufficient information by both the large-scale share purchaser and the company's Board of Directors is essential for shareholders to judge appropriately in a short period of time whether or not the acquisition price presented by the large-scale share purchaser for the company's shares is appropriate.

Further, the company thinks that from the perspective of sufficient information provision for the company's shareholders to make this kind of judgment, in addition to the information provided by the large-scale share purchaser, opinions based on the evaluation and investigation by the company's Board of Directors of that information, and, depending on the case, the proposal of alternative plans by the company's Board of Directors would be important materials for judgment for the company's shareholders. From this kind of perspective, the company's Board of Directors shall request the provision of information on large-scale share purchasing activity by the large-scale share purchaser, investigate and evaluate such information promptly after it has been provided, respect as much as possible the advice of the special committee described below, and summarize and make available to the public its opinions as the company's Board of Directors so that the company's shareholders are able to make an appropriate judgment. Also, if the company's Board of Directors judges it to be appropriate, the Board of Directors shall conduct negotiations with regard to the improvement of the large-scale share purchaser's proposal and present alternatives to the company's shareholders as the company's Board of Directors.

The company's Board of Directors stands by the way of thinking described above and thinks that large-scale share purchasing activity promoted in accordance with certain rational rules that translate that way of thinking into reality is in accordance with the interests of the company and its shareholders. The company's Board of Directors shall establish rules on large-scale purchasing

activities related to the company's shares (hereinafter referred to as the "large-scale share purchasing rules") as described below and demand that large-scale share purchasers respect said rules. Also, if a large-scale share purchaser does not respect the large-scale share purchasing rules, the company's Board of Directors may take certain countermeasures. This is because, in light of the basic way of thinking described above, the act of not observing the large-scale share purchasing rules on the part of the large-scale share purchaser itself can be considered to obstruct appropriate judgment by the company's shareholders and negatively affect the common interests of shareholders. Furthermore, even if the large-scale share purchasing rules are observed, if it is judged that the large-scale share purchasing activity in question will significantly damage the common interests of the company's shareholders, such as inflicting a loss on the company from which it is difficult to recover, the company may take certain countermeasures.

Moreover, at this point in time, the company has not received notice to the effect that they will carry out a large-scale share purchase or takeover proposals from any specific third party.

Furthermore, the large shareholders in the company as of December 20, 2011 are as listed on Attachment 1.

3. Details of the large-scale share purchasing rules

The large-scale share purchasing rules that the company's Board of Directors will establish shall state that [1] necessary and sufficient information (hereinafter referred to as the "necessary information") will be provided by a large-scale share purchaser to the company's Board of Directors in advance for the judgment of the company's shareholders and the formation of the opinion of the company's Board of Directors, and [2] large-scale share purchasing activity will start after the passage of a certain period for evaluation of the large-scale share purchasing activity in question by the company's Board of Directors.

Specifically, the company's Board of Directors shall first of all disclose the fact promptly if there has been a proposal on large-scale share purchasing activity. Moreover, the large-scale share purchaser shall provide the necessary information to the company's Board of Directors.

Because the specific details of the necessary information may differ depending on the details of the large-scale share purchasing activity, if a large-scale share purchaser intends to carry out large-scale share purchasing activity, said large-scale share purchaser shall first of all submit to the company's Board of Directors a statement of intent to the effect that said large-scale share purchaser will abide by the large-scale share purchasing rules, also stating the large-scale share purchaser's name, address, governing law of establishment, the representative's name, contact details in Japan and an overview of the large-scale share purchasing activity, and the company's Board of Directors shall within 10 business days after receipt of said statement of intent deliver to the large-scale purchaser a list of the necessary information that the large-scale share purchaser should initially provide. Some of those items of information are as follows.

- [1] An overview of the large-scale share purchaser and its group (including a business description of the large-scale share purchaser and information on its experience in the same industry as the company's business, etc.)
- [2] The purpose and details of the large-scale share purchasing activity (including the types and value of compensation, related transaction systems, purchasing methods and the legality of related transactions, etc.)
- [3] The grounds for calculation of the value of compensation of the large-scale share purchasing activity (including the facts upon which calculations are based, calculation methods, numerical information used in calculations and the details of the synergies expected to occur due to the series of transactions related to the large-scale share purchasing activity)

- [4] Support for the funding of the large-scale share purchasing activity
- [5] Assumed managerial candidates (including information on experience in the same industry as the company's business, etc.), management policies, business plans, financial plans, capital policies, dividend policies, asset use measures, etc., following participation in the management of the company (hereinafter referred to as "post-purchase management policies, etc.)
- [6] Policy on treatment of the company's employees, business partners, customers, and other stakeholders related to the company after large-scale share purchasing activity has been carried out.

Further, if as a result of a detailed audit of the information provided initially, it is recognized rationally that said information alone is insufficient, the company's Board of Directors shall receive advice from the special committee and demand the provision of information additionally from the large-scale share purchaser until all of the necessary information has been arranged. However, the company's Board of Directors shall give the utmost respect to the advice of the special committee with regard to demands for the provision of additional information and shall not demand the provision of additional information without limit.

The company's Board of Directors shall disclose publicly all or part of the necessary information submitted at the time it judges to be appropriate if such disclosure is recognized to be necessary for the judgment of the company's shareholders. Furthermore, if the large-scale share purchaser has completed the submission of the necessary information to the company's Board of Directors, the company's Board of Directors shall make a public disclosure to that effect right away.

Next, the company's Board of Directors thinks that it should be given a period of 60 days (cases of the purchase of all of the company's shares by a takeover bid providing compensation only in cash (yen)) or 90 days (other cases of large-scale share purchasing activities) after the large-scale share purchaser has completed submission of the necessary information to the company's Board of Directors as a period for evaluation, investigation, negotiation, opinion formation and the formulation of alternative proposals by the company's Board of Directors (hereinafter referred to as the "evaluation period"). However, if the special committee advises an extension of the deadline for the advice of the special committee described below and the company's Board of Directors extends the deadline of the special committee by a maximum of 10 days, the evaluation period shall be extended by a maximum of 10 days in accordance with the number of days said period for advice is extended by. Furthermore, if the evaluation period is extended, the company shall announce publicly the number of days extended and the reasons for the extension. During the evaluation period, the company's Board of Directors shall fully evaluate and investigate the necessary information submitted while receiving advice from external experts, etc., and shall summarize and announce publicly its opinions as the company's Board of Directors. Furthermore, during the evaluation period, the company's Board of Directors shall also conduct negotiations with the large-scale share purchaser with regard to improvements to the conditions related to the large-scale share purchase, as well as announce publicly and present to shareholders alternative proposals as the company's Board of Directors as required. Consequently, the large-scale share purchasing activity shall only commence after the passage of the evaluation period (the extended evaluation period if the period for advice described above has been extended).

4. Policy for handling cases where large-scale share purchasing activity has been carried out
 - (1) Cases where the large-scale share purchaser has observed the large-scale share purchasing rules
If the large-scale share purchaser has observed the large-scale share purchasing rules, the company's Board of Directors shall in principle not take countermeasures against the large-scale share purchasing activity (hereinafter referred to as the "countermeasures") even supposing that there was opposition to the large-scale share purchasing activity in question and although the possibility of expressing an opposing opinion, presenting an alternative proposal or otherwise persuading shareholders, etc., will not be ruled out. However, even if the large-scale share purchasing rules are being observed, if it is judged that the large-scale share purchasing activity in question will significantly damage the common interests of the company's shareholders, such as inflicting a loss on the company from which it is difficult to recover, the company's Board of Directors shall, as an exception, conduct a gratis allocation of share warrants as a countermeasure, the same as in the case where the large-scale share purchaser does not observe the large-scale share purchasing rules as described in (2) below with the aim of protecting the corporate value of the company and the common interests of the company's shareholders.
The term "[cases where] the large-scale share purchasing activity in question will significantly damage the common interests of the company's shareholders" means those cases falling under one of the definitions given in [1] to [8] below. The company shall not take countermeasures if the large-scale share purchasing activity in question is not recognized to fall under one of the descriptions numbered from [1] to [8] below.
 - [1] Cases where it is judged that despite having no true intention to participate in the management of the company, the large-scale share purchaser is buying shares in the company simply for the purpose of raising the share price and forcing the company or a party interested in the company to buy shares at a high price (a so-called greenmailer)
 - [2] Cases where it is judged that the large-scale share purchaser is purchasing shares in the company for the purpose of taking control of the management of the company temporarily and transferring the intellectual property, know-how, confidential business information, major business partners or customers, etc., that are required in the management of the company's business to itself or a group company, etc.
 - [3] Cases where it is judged that the large-scale share purchaser is purchasing shares in the company planning to divert the assets of the company for use as collateral for or resources for the discharge of the debt of the large-scale share purchaser or a group company, etc., after taking control of the management of the company, and as a result causing damage to the company from which it is difficult to recover
 - [4] Cases where it is judged that the large-scale share purchaser is purchasing shares in the company for the purpose of taking control of the management of the company temporarily to force the company to dispose by sale, etc., of high value assets, etc., such as real estate or marketable securities, etc., that are not related to the business of the company in the immediate future and make it pay out a temporary high dividend with the income from that disposal, or aiming at an opportunity for a sudden increase in the share price based on a temporary high dividend to sell its shares in the company at a high price, and as a result causing damage to the company from which it is difficult to recover
 - [5] Cases where it is judged that the fact of the acquisition of the right to manage the company by the large-scale share purchaser in itself will disrupt ongoing business relations with customers, including important customers, who are the source of the corporate value of the company and cause significant damage to the company from which it is difficult to recover
 - [6] Apart from the cases described in [1] to [5] above, cases where it is judged that the large-scale share purchaser is not aiming sincerely at rational management and the acquisition of the right to manage the company by the large-scale share purchaser will cause significant damage to the company from which it is difficult to recover

- [7] Apart from the cases described in [1] to [6] above, cases where it is judged on objective and rational grounds that the large-scale share purchaser is not appropriate as the majority shareholder of the company from the perspective of public order and morality, such as cases where the management team or major shareholders of the large-scale share purchaser include parties related to anti-social forces such as the crime syndicates or members of crime syndicates, etc., stipulated in Article 2 of the Act on the Prevention, etc., of Unjust Acts by Crime Syndicates
 - [8] Cases where it is judged that the method for purchase of the company's shares that the large-scale share purchaser proposes significantly restricts the shareholders' opportunity or freedom of judgment such as a coercive two-stage purchase (meaning when the large-scale share purchaser conducts a share purchase such as a takeover bid, etc., after setting second stage purchasing conditions more disadvantageous than the first stage purchasing conditions or not clarifying the second stage purchasing conditions and without inducing the purchase of all shares in the initial purchase), etc., and it is possible that the large-scale share purchaser is actually compelling the shareholders to sell their shares in the company (however, cases of partial takeover bids will naturally not fall under this category)
- (2) Cases where the large-scale share purchaser does not observe the large-scale share purchasing rules
- If the large-scale share purchaser does not observe the large-scale share purchasing rules, irrespective of the specific method of purchase, the company's Board of Directors shall conduct a gratis allocation of share warrants and take countermeasures, with the aim of protecting the corporate value of the company and the common interests of the company's shareholders.
- The overview of the gratis allocation of share warrants that the company's Board of Directors takes as a countermeasure is as follows. Further, in principle, the company shall not acquire share warrants that have been allocated to a large-scale share purchaser at a price different to that for other shareholders.
- [1] Shareholders subject to gratis allocation and allocation conditions
 - The company's Board of Directors shall allot share warrants without requiring payment at a ratio of 1 share warrant per share held (however, this excludes the common shares in the company held by the company) to the shareholders registered on the final shareholder registry on the separately established date of allocation by the company's Board of Directors.
 - [2] Type and number of shares subject to the share warrants
 - The type of shares subject to the share warrants is common shares and the number of shares subject to 1 share warrant is 1 share. However, if the company carries out a share split or share merger, the company shall make the necessary adjustments.
 - [3] Total number of share warrants to be allocated
 - The total number of share warrants allocated at one time shall be determined by the company's Board of Directors, with the maximum set at the total number of shares in the company outstanding on the date of allocation.
 - [4] Amount that should be paid when exercising each share warrant
 - The value shall be the value determined by the company's Board of Directors and shall be at least 1 yen per share warrant.
 - [5] Restrictions on the transfer of share warrants
 - The transfer of a share warrant shall require the approval of the company's Board of

Directors.

[6] Period for the exercise of share warrants

The period for the exercise of share warrants shall be the period determined by the company's Board of Directors in the resolution on the gratis allocation of share warrants within the range from 1 to 2 months, taking the date of entry into force of the share warrant as the first day of the period (however, if the company's Board of Directors determines a date in place of this date separately in the resolution on the gratis allocation of share warrants, the determined date shall be the first day of the period). However, if the final date of the period for the exercise of share warrants is not a day of business at the place where payment is handled, the next business day shall be the final day of the period.

[7] Conditions for the exercise of share warrants

Not being a person belonging to a party that is a specific shareholder group (Note 1) and holds in excess of 20% of voting rights (Note 2) (however, this excludes parties that the company's Board of Directors agrees with in advance), etc., shall be a condition for the exercise of share warrants and the details shall be established at separately a meeting of the company's Board of Directors.

[8] Share warrant acquisition provisions

The company may acquire those share warrants excluding the share warrants of those parties that are unable to exercise share warrants due to the provisions of [7] above on the date established separately by the company's Board of Directors. In this case, the company shall grant 1 common share in the company in exchange for the acquisition of 1 share warrant.

Furthermore, the company may acquire free of compensation share warrants, including the share warrants of the parties that are unable to exercise due to the provisions of [7] above on the date established separately by the company's Board of Directors if the company's Board of Directors recognizes that it is appropriate for the company to acquire the share warrants during the period from the date of entry into force of the share warrants to the date prior to the date of commencement of the exercise of rights or the date of acquisition above, whichever is earlier.

- (3) In the case where the company takes countermeasures due to (1) or (2) above, action shall be determined based on a resolution of the company's Board of Directors. However, the company's Board of Directors shall respect to the utmost the advice of the special committee as described in 5. below.
- (4) If the company's Board of Directors has determined whether or not to take countermeasures due to (1) or (2) above, the company's Board of Directors shall promptly disclose information on the details of the determination in question and the reasons for that judgment, an overview of the advice given by the special committee and the reasons for that judgment and any other matters that the company's Board of Directors has judged to be appropriate.

5. Establishment of a special committee (procedures to guarantee the fairness of countermeasures)

(1) Establishment of a special committee

The company shall establish a special committee as an organization independent from the company's Board of Directors and the company's Board of Directors shall respect to the utmost the advice and counsel of the special committee in order to operate the large-scale share purchasing rules fairly and guarantee the rationality and fairness of the judgments of the

company's Board of Directors. The members of the special committee shall number at least 3 people and no more than 5 people and shall be appointed from among the outside directors, outside auditors, lawyers, tax accountants, certified public accountants, academic experts, people knowledgeable in investment banking work, or people from outside the company with experience as directors or operating officers at other companies. The initial members of the special committee following the recent amendment numbers 3 people and their names and career summaries are as stated in Attachment 2 "Career summaries of members of the special committee".

(2) Roles of the special committee

The roles of the special committee are as follows.

- [1] The company's Board of Directors requests the advice of the special committee in judging whether the necessary information provided by the large-scale share purchaser is sufficient or insufficient.
- [2] The company's Board of Directors consults with the special committee in regard to the rights and wrongs of initiating countermeasures in advance of their initiation and the special committee gives the company's Board of Directors advice on the rights and wrongs of initiating countermeasures by a minimum of 10 days prior to the deadline for the end of the Board of Directors' evaluation period at the latest based on that consultation. The special committee advises the Board of Directors with regard to whether or not the large-scale share purchasing activity in question falls under any of the cases described in [1] to [8] in 4. (1) above, and whether or not the taking of countermeasures against that large-scale share purchasing activity is appropriate. However, if the special committee does not provide advice with regard to the rights and wrongs of the initiation of countermeasures by the deadline for advice above, and the special committee has advised the extension of the deadline for advice above, the company's Board of Directors shall extend the deadline for advice by a maximum of 10 days.

6. Impact on shareholders and investors, etc.

(1) Impact on shareholders and investors, etc., at the time of amendment of this policy for handling large-scale share purchasing activity

The gratis allocation of share warrants was not carried out at the time of amendment of this policy for handling large-scale share purchasing activity, the same as at the time of introduction of this policy on March 18, 2008. Consequently, there will be no direct specific impact on the rights or economic income of shareholders and investors.

(2) Impact on shareholders and investors, etc., at the time of initiation of countermeasures

In cases where a large-scale share purchaser has not observed the large-scale share purchasing rules, and even in cases where a large-scale share purchaser has observed the large-scale share purchasing rules, if it is judged that the large-scale share purchasing activity in question will significantly damage the common interests of the company's shareholders, such as inflicting a loss on the company from which it is difficult to recover, the company's Board of Directors may take the above countermeasures with the aim of protecting the corporate value of the company and the common interests of the company's shareholders, but it is not anticipated that the company's shareholders (excluding the large-scale share purchaser who has violated the large-scale share purchasing rules, etc.) will incur particular losses in terms of their legal rights or economically. If the company's Board of Directors decide to take specific countermeasures, the company's Board of Directors shall carry out timely and appropriate disclosure in accordance with the law and the regulations of financial instrument exchanges. Further, if share warrants are to be allocated as a countermeasure and registration in the shareholder registry is

incomplete, shareholders with transferable shares will need to complete the procedures required so that the common shares of the company are registered in their account at their securities company and shareholders with forgotten shares in special accounts will need to complete the procedures for the redemption of forgotten shares so that both of these types of shareholders are registered as shareholders in the final shareholder registry of the company on the date of confirmation of shareholders subject to the allocation of share warrants (hereinafter referred to as the "allocation reference date") that the company's Board of Directors separately determines and publicizes by the date of allocation of the share warrants that the company's Board of Directors separately determines and publicizes in order to acquire the share warrants.

Furthermore, shareholders will need to complete the payment of the exercise price within the designated period in order to acquire the shares of the company to be granted due to the exercise of the share warrants upon exercise of the share warrants. The details of the related procedures shall be announced separately based on law, etc., when it has actually been decided to issue share warrants.

Further, even after the date of allocation of share warrants, the company may discontinue the free gratis allocation of share warrants or acquire the share warrants without compensation and without granting shares in the company to the holders of the share warrants in question up to the day prior to date of commencement of the period for exercise of the share warrants in question due to circumstances such as the large-scale share purchaser withdrawing from the purchase, etc. In that case, it is possible that shareholders and investors who traded shares in the company on the assumption that a dilution in the price per share would occur may receive an impact commensurate to the fluctuation in the share price. Shareholders and investors are asked to please be careful with regard to the movements of large-scale share purchasers.

7. Period of validity of the rules

This recently revised policy for the handling of large-scale share purchasing activity shall be presented to shareholders at the Ordinary General Meeting of Shareholders scheduled to be held on March 16, 2012, shall come into effect when the approval of shareholders is obtained and shall not come into effect if the approval of shareholders is not obtained. If this policy is approved, it shall continue to remain in force until the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in March 2014 and the subsequent continuation of this policy (including continuation after partial revision) shall require the approval of the Ordinary General Meeting of Shareholders every 2 years. Furthermore, even during its period of validity, this policy shall be revoked immediately [1] if a resolution to the effect that the company revokes this policy has been passed at an Ordinary General Meeting of Shareholders of the company, or [2] if a resolution to the effect that the company revokes this policy has been passed at a meeting of the company's Board of Directors.

Furthermore, even if this policy is to be continued, the company's Board of Directors would like to present the situation to shareholders if the company is to carry out an intrinsic review of this policy from the perspective of maintaining and increasing the corporate value of the company and the common interests of the company's shareholders based on the amendment of related laws, trends in future judicial rulings, or the handling of financial instrument exchanges and other public institutions.

Further, the company's Board of Directors may amend or change this policy after obtaining the approval of the special committee within the range which correction of text is appropriate for reasons such as typographical errors and omissions, etc., if there are changes in the Companies Act, the Financial Instruments and Exchange Act, other laws or the regulations of financial instrument exchanges, changes in the interpretation or management of these laws, etc., or changes in the tax system or courts, etc., within the range not falling under the category of

intrinsic changes to this policy.

8. Rationality of this policy for handling large-scale share purchasing activity

- (1) This policy satisfies the requirements of guidelines related to anti-takeover measures

This policy for the handling of large-scale share purchasing activity satisfies the three principles stipulated in the "Guidelines for anti-takeover measures to ensure or enhance corporate value and the common interests of shareholders" (the principle of ensuring or enhancing corporate value and the common interests of the company's shareholders, the principle of disclosure in advance/ shareholder will, and the principle of ensuring necessity/ suitability) published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

Furthermore, this policy is also in line with the way of thinking displayed in "Takeover defense measures in light of recent environmental changes" published on June 30, 2008 by the Corporate Value Study Group.

- (2) This policy was introduced with the aim of ensuring and enhancing the common interests of shareholders

As described above, this policy was introduced with the aim of ensuring or enhancing the corporate value of the company and the common interests of shareholders by enabling the company to ensure the information and time required for shareholders to judge whether or not large-scale share purchasing activity involving shares in the company is appropriate and to conduct negotiations for the sake of shareholders when such activity has occurred.

- (3) This policy emphasizes the will of the shareholders

The company shall ask the will of shareholders and reflect the inclinations of shareholders with regard to the rights and wrongs of this recently revised policy for the handling of large-scale share purchasing activity at the Ordinary General Meeting of Shareholders of the company scheduled to be held on March 16, 2012. In addition, the period of validity of this policy has been set to last until the conclusion of the Ordinary General Meeting of Shareholders of the company in 2014, but until that time, this policy shall be revoked immediately if a resolution to the effect that the company revokes this policy has been passed at an Ordinary General Meeting of Shareholders of the company, or a meeting of the company's Board of Directors so the intentions of the shareholders shall be reflected.

- (4) This policy emphasizes the judgment of highly independent people outside the company

In the introduction of this policy, the company shall abolish arbitrary initiation of countermeasures by the Board of Directors and establish a special committee as an institution that makes substantive judgments objectively when operating this policy for the sake of shareholders.

The special committee shall be made up of outside experts and outside auditors, etc., upon introduction of this policy.

The special committee shall advise whether the necessary information provided by the large-scale share purchaser is sufficient or insufficient.

If large-scale share purchasing activity is actually carried out against the company, the special committee shall judge whether or not the purchasing in question will significantly damage the corporate value of the company and the common interests of the company's shareholders, and the company's Board of Directors shall respect the advice of the special committee to the utmost in accordance with Attachment 3 "Special committee regulations". The company shall disclose an overview of the advice of the special committee and information on the reasons for its judgments, etc., to shareholders in timely fashion.

In this way, systems have been ensured for the management of this policy to be carried out within the range that contributes to the corporate value of the company and the common

interests of shareholders as a consequence of strict auditing by the highly independent special committee so that the company's Board of Directors does not make demands for the provision of additional information without limit or take countermeasures arbitrarily.

(5) Rational and objective requirements have been set for this policy

As described above, settings have been made in this policy so that countermeasures against large-scale share purchasing activity are not initiated if said countermeasures fulfill rational and detailed objective requirements, and systems have been ensured to prevent the arbitrary initiation of countermeasures by the company's Board of Directors.

(6) The opinions of third party specialists shall be obtained

If a large-scale share purchaser appears, the special committee may receive the advice of independent third parties (including specialists such as financial advisors, certified public accountants, lawyers and consultants, etc.) at the expense of the company. By doing so, this policy has established a system whereby the fairness and objectivity of the judgments made by the special committee are guaranteed strongly.

(7) This policy is not a dead hand-type or slow hand-type anti-takeover measure

As described above, because this policy may be revoked with a resolution of the Ordinary General Meeting of Shareholders of the company or a meeting of the company's Board of Directors it is not a so-called dead hand-type anti-takeover measure (an anti-takeover measure that does not allow the prevention of initiation even if a majority of the members of the Board of Directors are replaced).

Furthermore, because the company has not adopted a variegated term of office system with regard to the terms of office of Directors, this policy is not a slow hand-type anti-takeover measure either (an anti-takeover measure that requires time for the prevention of initiation because it is not possible to replace the members of the Board of Directors at one time).

Attachment 1

■ Major shareholders (as of December 20, 2011)

Name of shareholder	Investment in the company	
	Number of shares held	Ratio of shareholding
Ichiro Konoike	2,160,708 shares	15.68 %
STATE STREET BANK AND TRUST COMPANY	1,530,480	11.11
The Sumitomo Trust & Banking Co., Ltd.	556,000	4.03
Sasaki Chemical Co., Ltd.	413,345	3.00
Milbon Cooperative Company Stock Ownership Plan	345,165	2.50
Resona Bank Limited	318,379	2.31
RBC DEXIA INVESTOR SERVICES TRUST, LONDON-CLIENTS ACCOUNT	285,120	2.07
Milbon Employees Stock Ownership Plan	281,125	2.04
STATE STREET BANK AND TRUST COMPANY 505025	276,400	2.01
Kiyoyasu Nakanishi	265,188	1.92

(Note 1) Ichiro Konoike, who was the Chairman of the Board of Directors, passed away on November 5, 2011, but he remains listed in the shareholder registry because the transfer of registration has not yet been completed.

(Note 2) Ratios of shareholdings have been calculated after excluding treasury stock (17,728 shares).

Attachment 2

■ Career summaries of members of the special committee

Noboru Imura	
February 1983	Registered as a certified public accountant
June 2005	Auditor, Tsutenkakukanko Co., Ltd.
April 2006	Member of the Civil Affairs Conciliation Committee, Osaka District Court/ Osaka Summary Court (current)
June 2007	Director, Katokichi Co., Ltd. (currently TableMark Co., Ltd.)
March 2008	Member, special committee, Milbon Co., Ltd. (current)
April 2008	Professor, Institute of Business and Accounting, Professional Graduate School, Kwansei Gakuin University (current)
June 2008	Consultant, Katokichi Co., Ltd. (currently TableMark Co., Ltd.)
June 2009	Director, Tsutenkakukanko Co., Ltd. (current)
Osamu Tada	
April 1971	Entered Osaka Regional Taxation Bureau
July 1995	Examiner, Osaka District Court
July 2001	Head, Hikone Taxation Office
July 2005	Head, Osaka Regional Taxation Bureau Investigation No.1 Wide Area Information Management Department
July 2007	Head, Hirakata Taxation Office
July 2008	Retired as Head, Hirakata Taxation Office
September 2008	Registered as a taxation accountant
March 2010	Member, special committee, Milbon Co., Ltd. (current)
Keisuke Endo	
March 1998	Completed judicial training at the Legal Institute of the Japanese Supreme Court of Justice
April 1998	Registered as a lawyer
March 2001	Outside Auditor, Milbon Co., Ltd. (current)
March 2008	Member, special committee, Milbon Co., Ltd. (current)
April 2008	Vice President, Wakayama Bar Association
April 2011	Vice President, Wakayama Bar Association (current)

Attachment 3

- Special committee regulations (Overview)
- 1. Establishment of the special committee and the appointment and removal of committee members
 - [1] The special committee shall be established by resolution of the Board of Directors.
 - [2] The members of the special committee shall number at least 3 people and no more than 5 people and shall be appointed from among the outside directors, outside auditors, lawyers, tax accountants, certified public accountants, academic experts, people knowledgeable in investment banking work, or people from outside the company with experience as directors or operating officers.
 - [3] The appointment and removal of members of the special committee shall be carried out by resolution of the Board of Directors. However, a resolution for the removal of a member of the special committee shall be based on the approval of at least two-thirds of the Directors in attendance.
- 2. Term of office of members of the special committee

The term of office of members of the special committee shall be from the date of appointment to the conclusion of the Ordinary General Meeting of Shareholders scheduled to be held in March 2014 and if the subsequent continuation of this policy is approved at the Ordinary General Meeting of Shareholders scheduled to be held in March 2014 the members shall be re-appointed automatically without requiring a determination and the same shall apply thereafter. However, this shall not apply if special provisions are made based on a resolution of the Board of Directors.
- 3. Compensation for members of the special committee
 - [1] The Board of Directors shall determine separately matters such as the value of compensation for members of the special committee and the timing of payments, etc., with the agreement of all members of the special committee and of all auditors.
 - [2] When a member of the special committee has used money for the actual expense of public transport, etc., in order to carry out his duties, the company shall pay the cost of the actual expenses to the member of the special committee based on a request from the member of the special committee.
- 4. Resolution requirements

A resolution on the special committee shall be made with a majority of the members of the special committee.
- 5. Advice and counsel for the Board of Directors

The special committee advises the Board of Directors with regard to whether the necessary information provided by the large-scale share purchaser is sufficient or insufficient, whether or not large-scale share purchasing activity will significantly damage the corporate value of the company and the common interests of the company's shareholders, and whether or not initiating specific countermeasures against that large-scale share purchasing activity is appropriate.

In giving advice and counsel, the special committee is required to make judgments from the perspective of whether or not activities will contribute to the corporate value of the company and the common interests of the company's shareholders and must not aim for personal profit for themselves or a Director of the company.
- 6. Third-party advice

The special committee may receive the advice of independent third parties (including specialists such as financial advisors, certified public accountants, lawyers and consultants, etc.) at the expense of the company.

Attachment 4

- Overview of the gratis allocation of share warrants

1. Shareholders subject to gratis allocation and allocation conditions

The company's Board of Directors shall allot share warrants without requiring payment at a ratio of 1 share warrant per share held (however, this excludes the common shares in the company held by the company) to the shareholders registered on the final shareholder registry on the date of allocation separately established by the company's Board of Directors.

2. Type and number of shares subject to the share warrants

The type of shares subject to the share warrants is common shares and the number of shares subject to 1 share warrant is 1 share. However, if the company carries out a share split or share merger, the company shall make the necessary adjustments.

3. Total number of share warrants to be allocated

The total number of share warrants allocated at one time shall be determined by the company's Board of Directors, with the maximum set at the total number of shares in the company outstanding on the date of allocation.

4. Amount that should be paid when exercising each share warrant

The value shall be the value determined by the company's Board of Directors and shall be at least 1 yen per share warrant.

5. Restrictions on the transfer of share warrants

The transfer of a share warrant shall require the approval of the company's Board of Directors.

6. Period for the exercise of share warrants

The period for the exercise of share warrants shall be the period determined by the company's Board of Directors in the resolution on the gratis allocation of share warrants within the range from 1 to 2 months, taking the date of entry into force of the share warrant as the first day of the period (however, if the company's Board of Directors determines a date in place of this date separately in the resolution on the gratis allocation of share warrants, the determined date shall be the first day of the period). However, if the final date of the period for the exercise of share warrants is not a day of business at the place where payment is handled, the next business day shall be the final day of the period.

7. Conditions for the exercise of share warrants

Not being a person belonging to a party that is a specific shareholder group (Note 1) and holds in excess of 20% of voting rights (Note 2) (however, this excludes parties that the company's Board of Directors agrees with in advance), etc., shall be a condition for the exercise of share warrants and the details shall be established separately at a meeting of the company's Board of Directors.

8. Share warrant acquisition provisions

The company may acquire those share warrants excluding the share warrants of those parties that are unable to exercise share warrants due to the provisions of [7] above on the date established separately by the company's Board of Directors. In this case, the company shall grant 1 common share in the company in exchange for the acquisition of 1 share warrant.

Furthermore, the company may acquire free of compensation share warrants, including the share warrants of the parties that are unable to exercise share warrants due to the provisions of [7] above on the date established separately by the company's Board of Directors if the company's Board of Directors recognizes that it is appropriate for the company to acquire the share warrants during the period from the date of entry into force of the share warrants to the date prior to the date of commencement of the exercise of rights or the date of acquisition above, whichever is earlier.

Note 1: The term "specific shareholder group" means:

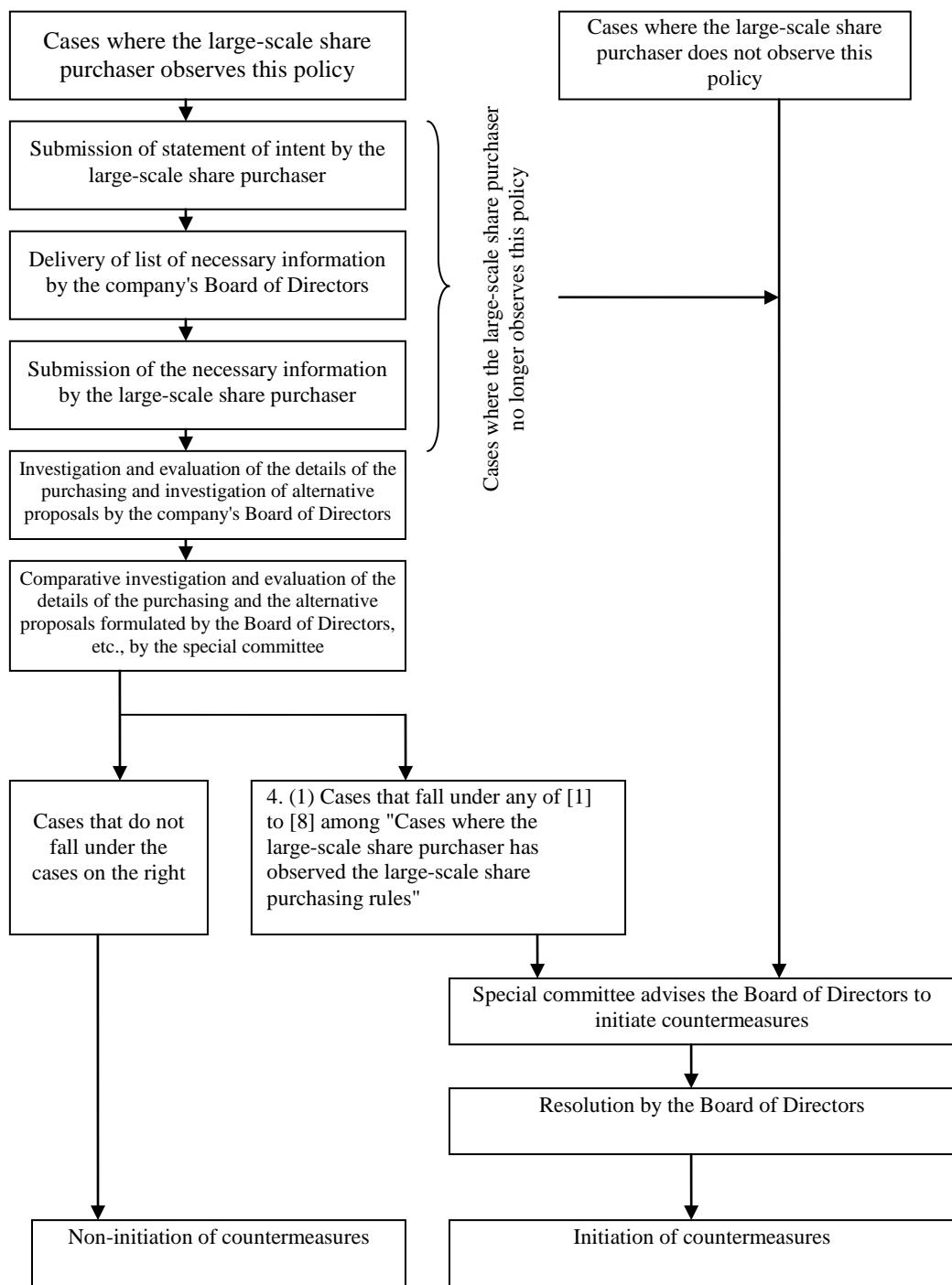
- (i) The holders (meaning the holders stipulated in Article 27.23.1 of the Financial Instruments and Exchange Act and including the parties included in the holders based on Article 27.23.3 of the same act) of the shares, etc., (meaning the shares, etc., stipulated in Article 27.23.1 of the same act) of the company, and their co-holders (meaning the co-holders stipulated in Article 27.23.5 of the same act and including the parties deemed to be co-holders based on Article 27.23.6 of the same act), or
- (ii) The parties who are to carry out a purchase, etc., (meaning a purchase, etc., as stipulated in Article 27.2.1 of the same act and including purchases to be carried out on a financial instruments exchange market) of shares, etc., (meaning shares, etc., as stipulated in Article 27.2.1 of the same act) of the company and their special related parties (meaning the special related parties stipulated in Article 27.2.7 of the same act)

Note 2: The term "ratio of voting rights" means:

- (i) The ratio of shares, etc., held by the holder in question if the specific shareholder group is listed in Note 1 (i) (meaning the held ratio of shares stipulated in Article 27.23.4 of the same act; in this case, the number (meaning the held number of shares stipulated in Article 27.23.4 of the same act) of shares held by the co-holders of the holder in question is also considered in calculations), or
- (ii) The total ratio of shares, etc., held by the purchaser in question and special related parties in question if the specific shareholder group is listed in Note 1 (ii) (meaning the held ratio of shares stipulated in Article 27.2.8 of the same act)
In each calculation of the ratio of shares, etc., held, it is possible to refer to the most recent data submitted from among the securities report, quarterly report, and the share buyback report with regard to total voting rights (meaning the total voting rights stipulated in Article 27.2.8 of the same act) and the total number of shares outstanding (meaning shares outstanding as stipulated in Article 27.23.4 of the same act).

Attachment 5

(Reference) Details of this policy for handling large-scale share purchasing activity (flowchart of the case where large-scale share purchasing activity has started)



(Note) This flowchart has been prepared solely as reference material in order for understanding of the details of this policy for handling large-scale share purchasing activity. For details, please refer to the main text of the "Announcement on the revision and continuation of the policy for handling large-scale share purchasing activity in company shares (anti-takeover measures)".