

May 29, 2009

**NICHICON CORPORATION**

Representative: Sachihiko Araki, President & C.O.O.  
Code Number: 6996  
Listings: Tokyo Stock Exchange, First Section  
Osaka Securities Exchange, First Section  
Nagoya Stock Exchange, First Section  
Head Office: Karasumadori Oike-agaru Nakagyo-ku,  
Kyoto 604-0845  
Media Contact: Investor Relations Office  
Contact Person: Kiyokazu Kawabe, Operating Officer  
Investor Relations Office  
Telephone Number:(075)231-8461

**NICHICON Announces Revisions to Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure) and Amendments to the Shelf Registration of Stock Acquisition Rights**

NICHICON CORPORATION (“Nichicon”) has adopted Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure) (the “Plan”) since May 31, 2006.

At that time, the Japanese capital markets had become increasingly vulnerable to abrupt large-scale stock acquisitions without shareholders or other related parties being provided sufficient information or an equal opportunity to participate, which could result in harm to the corporate value of the target and the common interests of its shareholders. Nichicon deemed that such an acquisition could take place at the time Nichicon stock was underperforming due to a temporary factor such as an electronic components market cycle. Therefore, Nichicon adopted the Plan for a bidder to follow prior to commencing a takeover so that Nichicon’s shareholders could make the ultimate decision upon an informed judgment as to whether or not to accept the bidder’s takeover proposal in accordance with a fair and highly transparent procedure, based on sufficient information and with a reasonable time period for the Board to consider the proposal and pursue alternatives, and also based on a full understanding of how the Board’s alternatives or other proposals would enhance corporate value and the common interests of shareholders, compared to the bidder’s proposal.

On August 7, 2008, Nichicon renewed the initial Shelf Registration of Stock Acquisition Rights under the Plan due to the termination of the effective period. At that occasion, the Board made certain revisions to the Plan in terms of terminology and others based upon amendments to the relevant laws.

Pursuant to Section 6(2) of the Plan regarding review of the Plan, the Board has reviewed the Plan and made certain revisions to it on May 29, 2009. The Board has not changed its view from the time of the adoption of the Plan or the purpose of the Plan described above. Therefore, the changes at this time are further amendments due to amendments of the relevant laws and those to clarify the meaning of certain provisions and terms, and nothing in the basic scheme of the Plan or procedure has been changed.

The Plan is designed so that it may be terminated at anytime during its term by a resolution of the Board. Therefore, the Plan is not a so-called “dead-hand” plan.

Furthermore, the Ministry of Economy, Trade and Industry released a report of the Corporate Value Study Group entitled “Takeover Defense Measures in Light of Recent Environmental Changes” in June 2008 (the “2008 Report”). The Plan conforms to the recommendations for the takeover defense measures discussed in the 2008 report.

As of today, no takeover proposal has been made to Nichicon.

Due to the amendments to the Plan, Nichicon has also made relevant amendments to the Shelf

Registration of Stock Acquisition Rights.

For your reference, EXHIBIT 1 attached hereto shows the applicable steps from emergence of a bidder to decision to issue the Rights (as defined in the Plan) by way of a gratis allotment. Stock Information (as of March 31, 2009) is attached hereto as EXHIBIT 2. In addition, the revised Plan is attached hereto as EXHIBIT 3.

The revised Plan is also posted on our home page at <http://www.nichicon.co.jp>.

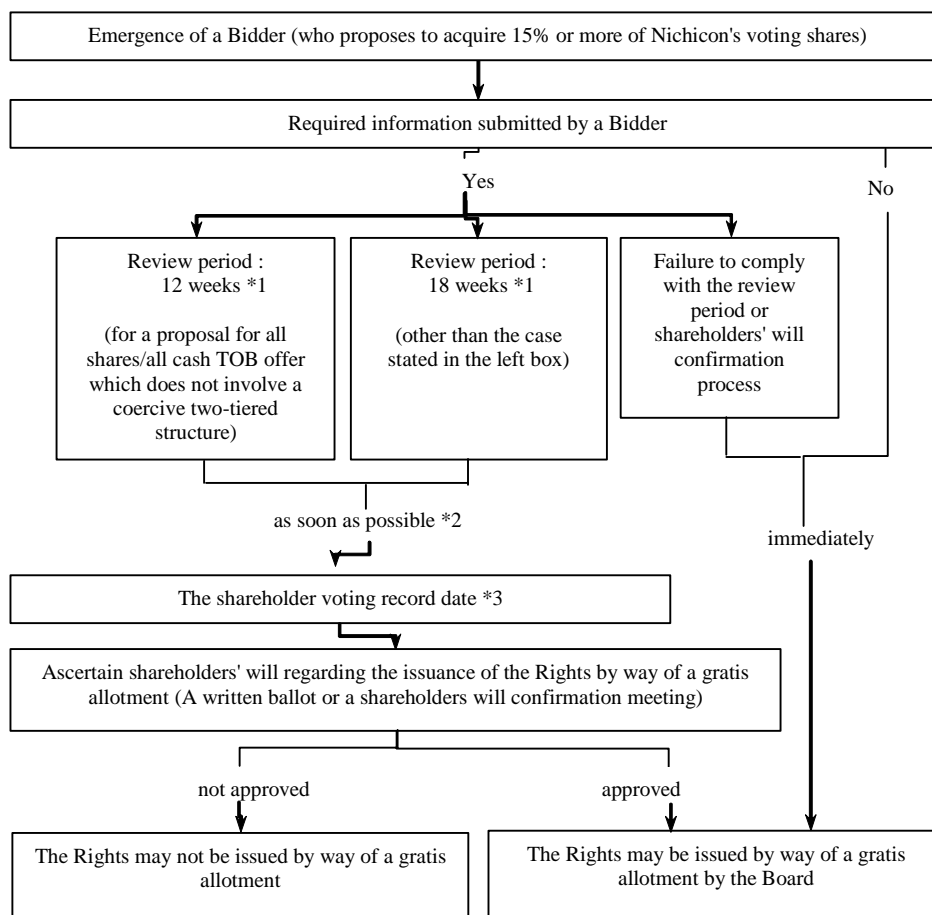
(Attachments)

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| EXHIBIT 1 | (For reference) Applicable Steps from Emergence of a Bidder to Decision to Issue the Rights by Way of a Gratis Allotment. |
| EXHIBIT 2 | Stock Information (as of March 31, 2009)  |
| EXHIBIT 3 | Fair Rules For the Acquisition of Substantial Shareholdings (Takeover Defense Measure)                                    |

(For reference)

**Applicable Steps from Emergence of a Bidder to Decision to Issue the Rights by Way of a Gratis Allotment**

(This chart is intended only for the purpose of understanding of the Plan. Please refer to the text of the “Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure)” for more details.)



\*1 A review period will be extended for an additional reasonable period, which additional period shall not exceed eight weeks, if the Board receives an opinion from an investment bank which states that the offer price is inadequate from a financial perspective. In addition, if the Bidder has neither submitted the securities registration statement(s), the securities reports, the quarterly securities reports, the semi-annual securities reports and extraordinary reports (including any amendment of each of such statement(s) and reports), (collectively, the “Securities Registration Statements, Etc.”), each prepared in Japanese, that it is required to submit under the Financial Instruments and Exchange Law of Japan (including any law succeeding it) covering the past five years, nor published any documents corresponding thereto in Japanese (excluding any summary in Japanese of such documents which were available only in a foreign language; provided, however, that there is an exception for foreign companies’ securities reports, foreign companies’ quarterly reports and foreign companies’ semi-annual securities reports under the Financial Instruments and Exchange Law (collectively, the “Foreign Companies’ Reports, Etc.”) covering the past five years (or, if it has been less than five years from the time when the Bidder had to submit the Securities Registration Statements, Etc. or the Foreign Companies’ Reports, Etc. under the Financial Instruments and Exchange Law to the review period commencement date, such corresponding period)), a review period will be extended for an additional reasonable period, which period shall not exceed four weeks. If such extension of the period is made, the Board will promptly make a public announcement of the length of and the reason for the extension.

\*2 If the Board, based on the Required Information submitted by the Bidder, determines that the Bidder’s proposal is in the best interests of the Company and its shareholders, the Board will make a public announcement thereof. In such event, the shareholder vote will not be held, and no Rights will be issued by way of a gratis allotment.

\*3 The shareholder voting record date will be publicly announced at least two weeks prior to the record date.

(For reference)  
Stock Information (as of March 31, 2009)

**Major shareholders**

Name	Number of shares held (in thousands)	Percentage of shares held (%)
Japan Trustee Services Bank, Ltd. (Trust account)	4,970	7.0
The Master Trust Bank of Japan, Ltd. (Trust account)	4,214	5.9
The Bank of Kyoto, Ltd.	3,568	5.0
Nippon Life Insurance Company	3,560	5.0
Mizuho Corporate Bank, Ltd.	3,090	4.3
Japan Trustee Services Bank, Ltd. (Trust account 4G)	2,876	4.0
Danske Bank Clients Holdings	2,755	3.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,512	3.5
Sumitomo Mitsui Banking Corporation	2,200	3.1
Nobuko Hirai	1,915	2.7

(Note) Number of shares held is rounded down to the nearest thousand. Percentage of shares held to the total number of outstanding shares is calculated without treasury stock (6,555 thousand shares) and rounded off at 2<sup>nd</sup> decimal place.

**FAIR RULES FOR THE ACQUISITION OF SUBSTANTIAL SHAREHOLDINGS**

**(TAKEOVER DEFENSE MEASURE)**

**OF**

**NICHICON CORPORATION**

Enforced on May 31, 2006  
Revised on August 7, 2008  
Revised on May 29, 2009

**1. Purpose of Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure).**

These Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure) (the “Plan”) are adopted by NICHICON CORPORATION. (the “Company”) in accordance with, among other things, applicable statutory provisions, the relevant rules concerning the adoption of takeover defenses by Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd. and Nagoya Stock Exchange, Inc., and the “Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders’ Common Interests”, promulgated by the Ministry of Economy, Trade and Industry and the Ministry of Justice, and upon giving full consideration to the rulings of Japanese courts concerning takeover defenses. In addition, the Plan also conforms with the Corporate Value Study Group’s report entitled “Takeover Defense Measures in Light of Recent Environmental Changes” announced by the Ministry of Economy, Trade and industry in June 2008.

If large-scale stock accumulations are conducted in the market without shareholders or other related parties being provided sufficient information, it may result in harm to the corporate value of the target and the common interests of its shareholders.

In the event that a takeover proposal is made, the ultimate decision as to whether or not to accept the proposal should be made by the shareholders of the Company at the time of the takeover proposal. Furthermore, when a takeover proposal is made, in order to preserve and enhance corporate value and the common interests of shareholders it is necessary to create an environment in which the shareholders of the Company can make an informed judgment based on sufficient information and with a reasonable time period to consider the proposal.

In light of the above, the Company has adopted the Plan, which sets forth a clear path that a bidder can follow to commence a takeover proposal. The Plan is designed to enable the shareholders at the time of the takeover proposal, rather than at the time of the adoption of the Plan, to make an informed judgment as to whether to accept such proposal in accordance with a fair and highly transparent procedure to ascertain the shareholders’ will by requiring a bidder to provide the Board with sufficient information and a reasonable time period to permit the Board to consider the takeover proposal and pursue alternatives.

Accordingly, the Rights (as defined in Section 5(1)) will be issued by way of a gratis allotment only in the cases where specified in Section 5(1).

**2. Definition of an Acquiring Person.**

As used in this Plan, “Acquiring Person” shall mean any person who is the holder of 15% or more of the Voting Rights Ratio<sup>1</sup> of the Shares, Etc.<sup>2</sup> of the Company, and shall include Special

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<sup>1</sup> “Voting Rights Ratio” shall mean, as the case may be, either (a) the “Shareholding Ratio” (as defined in Article 27-23(4) of the Financial Instruments and Exchange Law) with respect to the holder (including those deemed to be holders pursuant to Article 27-23(3) of the Financial Instruments and Exchange Law) and the Co-Holder (as defined in footnote 4 below ) of the Shares, Etc. of the Company (as provided in Article 27-23(1) of the Financial Instruments and Exchange Law), or (b) the aggregate of (x) the “Shareholding Ratio” (as defined in Article 27-2(8)(i) of the Financial Instruments and Exchange Law) applied to a bidder of a Tender Offer and (y) the “Shareholding Ratio” (as defined in Article 27-2(8)(ii) of

Related Parties<sup>3</sup> and Co-Holders<sup>4</sup> of the Acquiring Person; provided, however, that the term “Acquiring Person” shall not include:

(i) Any person who is the holder of 15% or more of the Voting Rights Ratio of the Shares, Etc. of the Company on May 31, 2006 when this Plan is first adopted, or who becomes the holder of 15% or more of the Voting Rights Ratio of the Shares, Etc. of the Company as a result of the acquisition of its own stock by the Company and/or the exercise of Rights by such person (or receipt of Shares, Etc. upon the compulsory acquisition of Rights by the Company) in accordance with the terms of the Plan until such time hereafter or thereafter as such person becomes the holder (other than by means of a stock dividend, stock split, exercise of Rights by such person or compulsory acquisition of Rights by the Company) of any additional Shares, Etc.;

(ii) Any person who is the holder of 15% or more of the Voting Rights Ratio of the Shares, Etc. of the Company but who became such holder without the aim of controlling or influencing the business activities of the Company, if such person promptly divests, or promptly enters into an agreement with, and satisfactory to, the Company, in its sole discretion, to divest (without exercising or retaining any power, including voting power, with respect to such shares) sufficient Shares, Etc., and thereafter divests such shares so that such person ceases to be the holder of 15% or more of the Voting Rights Ratio; or

(iii) The Company, any subsidiary of the Company and any employee stock ownership or other employee benefit plan of the Company or a subsidiary of the Company (or any entity or trustee holding Shares, Etc. for or pursuant to the terms of any such plan or for the purpose of funding any such employee stock ownership or other employee benefit plan of the Company or of any subsidiary of the Company).

### **3. Requirement for a Qualifying Offer.**

In order to be considered by the shareholders, any proposal by a person (a “Bidder”) which, if consummated, would result in the creation of an Acquiring Person, must be a Qualifying Offer. A “Qualifying Offer” is a binding offer to acquire Shares, Etc. in a Tender Offer<sup>5</sup> or any other transaction which provides all shareholders an equal opportunity to participate, which binding offer shall not be subject to any conditions that could not be conditions to a Tender Offer, whether or not the proposal contemplates the making of a Tender Offer, and satisfies all the following requirements. Furthermore, if the Board determines, based upon then existing objective bases, that there exists a strong probability that (i) the Bidder’s proposal will become a Qualifying Offer and (ii) the Board will receive all of the Required Information, the Board shall promptly make a public announcement thereof; provided, however, that, if it is reasonably considered that such announcement would harm the common interests of the shareholders, such as in the case where the Bidder and the Company consider that it

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the Financial Instruments and Exchange Law) applied to the Special Related Party (as defined in footnote 3 below) of the Company’s Shares, Etc. (as provided in Article 27-2(1) of the Financial Instruments and Exchange Law). In the calculation of each Shareholding Ratio, the Company shall refer to the total number of voting rights (as provided in Article 27-2(8) of the Financial Instruments and Exchange Law) and the total number of issued shares (as provided in Article 27-23(4) of the Financial Instruments and Exchange Law) most recently disclosed by the Company. Following the promulgation of any laws and regulations succeeding the Financial Instruments and Exchange Law and its related cabinet orders, cabinet ordinances and ministerial ordinances, each provision of the Financial Instruments and Exchange Law and its related regulations cited herein shall refer to the provision corresponding thereto in such succeeding laws and regulations, unless otherwise determined by the Board.

<sup>2</sup> “Shares, Etc.” is as defined in Article 27-23(1) or Article 27-2(1) of the Financial Instruments and Exchange Law.

<sup>3</sup> “Special Related Party” is as defined in Article 27-2(7) of the Financial Instruments and Exchange Law, excluding such persons as set forth in Article 3(2) of the Cabinet Ordinance Regarding Disclosures in a Tender Offer by Third Parties.

<sup>4</sup> “Co-Holders” is as defined in Article 27-23(5) of Financial Instruments and Exchange Law, including those deemed as Co-Holders pursuant to Article 27-23(6) of the Financial Instruments and Exchange Law.

<sup>5</sup> “Tender Offer” is defined in Article 27-3(1) of the Financial Instruments and Exchange Law.

would be premature to make such announcement since they are in the process of negotiations and not certain of the result of negotiations, where the Bidder and the Company have entered into a confidentiality agreement or where the announcement would result in a violation by the Company of any laws or regulations or a breach of any contract entered into by the Company, the Board can reserve such announcement.

In addition, upon the Bidder's request, the Board will respond to the Bidder whether or not the information submitted by the Bidder has satisfied the requirements for the Required Information provided below and, if not, the Company will inform the Bidder of what information is lacking in order to satisfy the requirements for the Required Information.

(i) As to such offer, the Required Information (as listed in Exhibit A attached hereto) has been provided to the Board, (A) which information is not on its face deficient or materially inaccurate in light of information publicly available at the time; or (B) (x) as to which information outside counsel to the Bidder of international reputation has provided a written opinion to the Board that the Required Information contains no untrue statement of a material fact or omission of any material fact or any fact necessary to make the Required Information, in light of the circumstances under which it is provided, not misleading (the "Required Information Opinion") and (y) if there is a regulatory condition to the transaction described in such offer, such outside counsel to the Bidder has advised the Board in writing that the Bidder has provided the Company with all material information to determine the likelihood of regulatory approval or any divestitures that may be required (the "Regulatory Opinion"); and

(ii) The Bidder shall not commence such offer, acquire Shares, Etc. or enter into a binding agreement to acquire Shares, Etc. pursuant to its proposal until after a "Shareholders Vote" (as defined in Section 4(2)) is held at which the shareholders do not approve issuance of the Rights by way of a gratis allotment.

#### **4. Shareholders Vote.**

If a Qualifying Offer is proposed, a Shareholders Vote shall be held as follows:

(1) **Review Period.** When the Board has received (x) all of the Required Information or (y) the Required Information Opinion and, if applicable, the Regulatory Opinion, the Company shall promptly make a public announcement to such effect (the day on which the Board has received all of the Required Information shall be referred to as the "Review Period Commencement Date"). The Board shall review as to whether or not the proposed Qualifying Offer is in the best interests of the Company and its shareholders. The Company, if the Board determines that the Qualifying Offer is in the best interests of the Company and its shareholders, will announce such determination by the Board. Otherwise, the Company shall set a record date for the Shareholders Vote (the "Shareholder Voting Record Date"), which shall be publicly announced at least two weeks in advance. The Shareholder Voting Record Date shall be the earliest possible day in light of applicable laws relating to setting a record date and the requirements of Japan Securities Depository Center, Inc. ("JASDEC") for determination of shareholders based on the General Shareholders Notification by JASDEC's book-entry transfer system (the "Book-entry Transfer System"), following the applicable period set forth in (i) through (iii) below:

(i) In the event that the proposal is a Qualifying Offer that is a Tender Offer for all Shares, Etc. for cash and does not involve a two-tiered structure (a takeover which coerces shareholders into accepting a higher priced front-end tender offer by setting unfavorable terms or not specifically indicating terms for the back-end of the transaction for any shareholders who do not accept the front-end tender offer), the time period shall be 12 weeks starting on the Review Period Commencement Date.

(ii) For any proposal other than the proposal described in (i) above, the time period shall be 18 weeks starting on the Review Period Commencement Date.

(iii) Notwithstanding the foregoing (i) and (ii),

(A) In the event the Board has received an opinion with respect to such Qualifying Offer from an internationally recognized investment banking firm which states that the offer price is inadequate from a financial point of view, the time period provided in (i) or (ii) above, as the case may be, shall be extended for an additional reasonable period, which period will not exceed eight weeks. If such extension of the period is made under this paragraph, the Board will promptly make a public announcement of the length of and the reason for the extension; and

(B) If the Bidder has neither submitted the securities registration statement(s), the securities reports, the quarterly securities reports, the semi-annual securities reports and extraordinary reports (including any amendment of each of such statement(s) and reports) (collectively, hereinafter the "Securities Registration Statements, Etc."), each prepared in Japanese, that it is required to submit under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (including any law succeeding the Financial Instruments and Exchange Law of Japan) (collectively, hereinafter the "FIEL") covering the past five years, nor published any documents corresponding thereto in Japanese covering the past five years (excluding any summary in Japanese of such documents which were available only in a foreign language, except that the summaries and supplementary documents in Japanese prepared pursuant to the FIEL with respect to documents in English similar to the securities reports, the quarterly securities reports and the semi-annual securities reports

(including any amendment of each of such reports) defined under the FIEL as the Foreign Securities Reports, the Foreign Quarterly Securities Reports and the Foreign Semi-Annual Reports (including any amendment of each of such reports) (collectively, hereinafter the “Foreign Companies’ Reports, Etc.”) shall suffice if such summaries and supplementary documents in Japanese are submitted together with the Foreign Securities Reports, the Foreign Quarterly Securities Reports and the Foreign Semi-Annual Securities Reports in accordance with the FIEL), the time period provided in (i) or (ii) above, as the case may be, and as extended in accordance with (iii)(A) above, as applicable, shall be extended for an additional reasonable period, which period shall not exceed four weeks; provided, however, that, if the period between the day on which the Bidder is required to commence the filing of the Securities Registration Statements, Etc. or the Foreign Companies’ Reports under the FIEL and the Review Period Commencement Date is less than five years, then the foregoing five year requirement shall be shortened to such period. If such extension of the period is made under this paragraph, the Board will promptly make a public announcement of the length of and the reason for the extension.

(2) **Shareholders Vote.** A “Shareholders Vote” shall mean the Company’s shareholders’ voting to be conducted as promptly as possible after the Shareholder Voting Record Date by either a Written Ballot (as defined below) or at a meeting held to confirm shareholders’ will in relation to the implementation of the Rights (a “Shareholders Will Confirmation Meeting”). A Shareholders Will Confirmation Meeting may be held in conjunction with an ordinary general shareholders meeting or at an extraordinary general shareholders meeting. The Board shall, on or before the Shareholder Voting Record Date, determine which method to use to obtain a Shareholders Vote, including the form of voting instruction. In case of a Written Ballot, the required vote shall be the affirmative vote of a majority of the shares with voting rights voting, with at least one-third of the Shares, Etc. being required to vote. In the case of a Shareholders Will Confirmation Meeting, there shall be a requirement for a quorum of one-third of the Shares, Etc. and the required vote shall be the affirmative vote of a majority of the shares with voting rights of the shareholders present.

The shareholders recorded in the latest register of shareholders of the Company as of the Shareholders Voting Record Date determined by the Board in accordance with (1) above shall have one right to vote by the Written Ballot or at a Shareholders Will Confirmation Meeting per voting right attached to their Shares, Etc. granted under applicable laws and the Company’s Articles of Incorporation.

“Written Ballot” shall mean a written ballot of the shareholders of the Company, for which the Board shall dispatch the shareholders entitled to vote thereon a voting form that shall state, or enclose a form stating, the matters to be voted on and by what date (the “Voting Date”) the voting form shall be returned to the Company. The Board shall dispatch such voting form at least three weeks prior to the Voting Date.

The provisions for the convocation of and the exercise of voting rights at an ordinary general shareholders meeting and an extraordinary general shareholders meeting under the applicable laws and the Company’s Articles of Incorporation shall apply *mutatis mutandis* to the convocation of and the exercise of voting rights at a Shareholders Will Confirmation Meeting.

A Shareholders Vote in which a majority of the shares voted are cast in favor of the implementation of the Rights being allowed to proceed pursuant to the Plan shall constitute “Shareholder Approval for the Implementation of the Rights”.

The Board may, in order to preserve corporate value and the common interests of the shareholders, recommend that the shareholders vote in favor of the implementation of the Rights.

In the event that the Board commenced the process for the Shareholders Vote based on a determination that a specific proposal constitutes a Qualifying Offer, if, prior to the completion of the Shareholders Vote, such proposal is subsequently determined not to be a Qualifying Offer, the Board may at any time terminate such process for the Shareholders Vote and implement the Rights in accordance with the provisions of Section 5(1).

(3) **Amendments to Qualifying Offer.** If, following delivery of the Required Information, Bidder shall in any material manner amend its proposal described in the Required Information (the “Proposal”) in a manner that the Board, after consultation with an internationally recognized investment banking firm, determines is less favorable to the Company and the common interest of the shareholders, the Board shall terminate any process underway with respect to obtaining a Shareholders Vote and shall consider such amended proposal as a new proposal under the terms of this Plan. If, following delivery of the Required Information, Bidder shall in any material manner amend the Proposal in a manner that the Board, after consultation with an internationally recognized investment banking firm, determines is not less than favorable to the Company and the common interest of the shareholders (the “Improved Proposal”), the Board shall, to the extent practicable in light of the current status of the process contemplated by this Plan, submit the Improved Proposal to the shareholders in accordance with the currently applicable time periods under this Plan. In order to be assured of a timely submission of an Improved Proposal, all Required Information with respect to such Improved Proposal must be

submitted no later than two weeks before any Shareholder Voting Record Date; to the extent any proposal is submitted after such date or it is not otherwise practicable to submit the Improved Proposal to the shareholders in accordance with the currently applicable time period, the proposal shall be considered a new proposal under the terms of this Plan unless the Board otherwise determines in its sole discretion. In any event, the Shareholders Vote shall be held within the period in which the Shareholder Voting Record Date is effective and the Board may change the date of the Shareholders Vote already determined to any date within a three month period.

**5. Implementation of Plan (Issuance of Rights by Way of a Gratis Allotment).**

(1) If the events set forth in (i) or (ii) below occur, the Board will promptly pass a resolution to issue the Rights by way of a gratis allotment and will set a record date (the "Allotment Date") to determine those shareholders who will be allotted the stock acquisition rights described herein (the "Rights"):

(i) A Tender Offer which, if consummated, would result in the creation of an Acquiring Person, is commenced, unless (A) the Tender Offer is commenced promptly following the Shareholders Vote at which there is not received Shareholder Approval for the Implementation of the Rights and the Tender Offer is made pursuant to the terms of the Proposal considered by the shareholders at the Shareholders Vote, or (B) the Tender Offer is commenced promptly after the Board has determined that the Qualifying Offer is in the best interests of the Company and its shareholders and the Tender Offer is made pursuant to the terms of the Proposal considered by the Board; or

(ii) A "Stock Acquisition Date" occurs, other than in the case (A) where the Stock Acquisition Date occurs promptly following the Shareholders Vote at which there is not received Shareholder Approval for the Implementation of the Rights and the Stock Acquisition Date occurs on the terms of the Proposal considered by the shareholders at the Shareholders Vote, or (B) where the Stock Acquisition Date occurs promptly after the Board has determined that the Qualifying Offer is in the best interests of the Company and its shareholders and the Stock Acquisition Date occurs on the terms of the Proposal considered by the Board. A "Stock Acquisition Date" shall mean the first date on which there shall be a public announcement by the Company (by any means) that a person has become an Acquiring Person.

Note that in order for a proposal of a Bidder to be considered by the shareholders by way of a Shareholder Vote as referred to in (i)(A) and (ii) (A) above, the Bidder must first make a Qualifying Offer and comply with the procedures set forth herein. Therefore, where the Bidder has commenced its offer, acquired Shares, Etc. or entered into a binding agreement to acquire Shares, Etc. before a Shareholders Vote is held, and has failed to provide the Required Information or otherwise failed to comply with the procedures set forth herein in connection with those actions, the Board will pass a resolution to issue the Rights by way of a gratis allotment. The Board cannot, however, implement the Rights unless and until there is either the commencement of a Tender Offer which would result in the creation of an Acquiring Person, or a Stock Acquisition Date actually occurs.

In the event that the relevant tender offer period is extended, the Allotment Date may be changed in the sole determination of the Board to the extent permitted under applicable law. If the Allotment Date is set as a result of the commencement of a Tender Offer and the Tender Offer is terminated or expires without the acquisition of Shares, Etc. prior to the issuance of the Rights, the Company shall not issue the Rights unless otherwise required under applicable law.

(2) **Terms of Rights.** The terms of the Rights are as follows:

(i) **Shareholders to Whom Rights Are Allotted.** The shareholders of the Company, other than the Company, recorded in the latest register of shareholders of the Company as of the Allotment Date will have the right to be allotted a certain number of the Rights for each share of common stock of the Company (the "Common Stock") held of record as of the Allotment Date, which number shall be determined by the Board at the time of its resolution of the issuance by the way of a gratis allotment of the Rights.

(ii) **Types of Shares to be Issued upon Exercise of Rights.** Each Right will entitle the holder thereof to receive shares of Common Stock.

(iii) **Number of Shares to be Received upon Exercise of a Right.** The number of shares to be received upon exercise of a Right shall be one share or more as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights (the "Number of Shares Receivable").

(iv) **Total Number of Rights.** The total number of Rights shall be the number as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights, provided that such number shall be no more than the number of the outstanding shares of Common Stock available (excluding the number of shares of Common Stock held by the Company) as at the close of the Allotment Date.

(v) **Effective Date of Issuance By the Way of a Gratis Allotment of Rights.**

The effective date of issuance by way of a gratis allotment of the Rights shall be the date as determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights.

(vi) Exercise Price for Rights. The exercise price for the Rights shall be one (1) Japanese Yen in cash.

(vii) Exercise Period of Rights. The exercise period of the Rights shall be a period determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights, and which shall be no more than two months, provided that if the Company acquires the Rights in accordance with provision (x)(C) below, the exercise period for the Rights to be so acquired shall be up to the day prior to the day of such acquisition. Further, if the final day of the exercise period for the cash payable upon exercise falls on a holiday of the payment place, the final day shall become the preceding business day of such payment place. .

(viii) Conditions of Exercise of Rights. The Rights are exercisable subject to the conditions set forth in (3) below.

(ix) Non-transferability of Rights. The Rights will be transferable only with the approval of the Board.

(x) Acquisition by the Company. The Company may acquire for no consideration any Rights then allotted in the event (A) that the Plan is terminated in accordance with the provisions of Section 6; (B) that the Board, in its discretion and at any time before the Stock Acquisition Date occurs, deems it appropriate to acquire the Rights as of a certain date; or (C) upon a date as determined by the Board (the "Exchange Date"), the Company may acquire all of the Rights that have not been exercised before the Exchange Date and that are held by any holder other than the holders (the "Non-eligible Holders") who may not exercise the Rights in accordance with (3) below, in exchange for delivering Common Stock in the number equivalent to the Number of Shares Receivable per Right. Further, if, at any time or times on or after the Exchange Date, the Board shall recognize the existence of any holder of the Rights other than any Non-eligible Holders, the Company may acquire, upon the date as determined by the Board which shall occur after the Exchange Date, all of the Rights held by such holders that have not been exercised before the date so determined by the Board, in exchange for delivering Common Stock in the number equivalent to the Number of Shares Receivable per Right. In addition, the Board may, taking into consideration the number of authorized shares available, issue stock acquisition rights by way of a gratis allotment, in lieu of or in addition to the Rights, which can be acquired by the Company in exchange for any other Shares, Etc. or any assets other than Shares, Etc.

(3) Conditions to Exercise of Rights. The Rights are exercisable only to the extent that the Stock Acquisition Date has occurred. Notwithstanding the foregoing, any Rights that are beneficially owned by an Acquiring Person may not be exercised under any provision of this Plan. As a condition to exercising the Rights, the Company shall be entitled to require the holder of the Rights to certify that such holder is not an Acquiring Person and does not hold the Rights on behalf of an Acquiring Person and to provide such additional evidence as the Company shall reasonably request, and in the absence of such certification and evidence, then the Company shall be entitled conclusively to deem the beneficial owner thereof to be an Acquiring Person and accordingly will deem such Rights to be not exercisable. In the event that a holder of the Rights agrees to transfer the Common Stock to be issued upon the exercise of the Rights to an Acquiring Person, the Company shall be entitled conclusively to deem the Rights to be beneficially owned by the Acquiring Person. In the event that a shareholder to whom the Rights have been allotted has transferred or agreed to transfer his or her shares of Common Stock held as of the Allotment Date to an Acquiring Person, the Company shall be entitled conclusively to deem such shareholder to have agreed to transfer to the Acquiring Person the Common Stock to be issued upon the exercise of the Rights. Any Rights which are attempted to be transferred in violation of this Plan may not be exercised.

(4) Other Matters. Any other matters required under applicable laws for the issuance of the Rights by way of a gratis allotment not otherwise contained herein shall be determined by the Board. Further, because the allotment of Rights may be cancelled or the Rights

may be acquired by the Company for no consideration in accordance with the provisions under the Plan, the Board may allot the Rights any number of times in response to the Bidder's actions, such as the Bidder's re-making a similar Offer after its cancellation of a previous Offer.

**6. Supplements, Amendments, Review and Termination.**

(1) **Term.** The term of the Plan (the "Term") shall be six (6) years from March 29, 2006, unless it is renewed in accordance with this Section 6(1). The Company may renew the Term (and may continue to renew each renewed Term) by a resolution of the Board. Any shareholder or shareholders jointly (except for a Bidder) having held consecutively for the preceding six months or more not less than one hundredth (1/100) of the votes of all shareholders or not less than three hundred votes of all shareholders may express their opinion in writing to the Board as to whether or not the Plan should be renewed from the period beginning four weeks prior to the end of the Term. If such shareholders jointly express their opinion, one single document stating their opinion must be submitted to the Board. The Board shall review such shareholder's or shareholders' opinion thoroughly and, taking into consideration the views of the outside statutory auditors and statutory auditors of the Company, make a necessary resolution.

If the Term is not renewed in accordance with this Section 6(1), the Plan shall be terminated. Upon the renewal of the Term or the termination of the Plan with no renewal, the Company shall as promptly as possible announce such renewal or termination; provided, however, that the Company shall not be required to give any notice to individual shareholders in connection therewith.

(2) **Termination of the Plan During the Term.** The Plan shall be terminated during the Term at the time which is the earlier of (i) immediately prior to the purchase of the Shares, Etc. pursuant to a Qualifying Offer as a result of which a majority of Shares, Etc. are acquired, in response to which the implementation of the Rights has been rejected by the Shareholders Vote, and (ii) the termination of this Plan by a resolution of the Board under Section 6(3). Upon termination of this Plan under this Section 6(2), the Company shall as promptly as possible announce such termination; provided, however, that the Company shall not be required to give any notice to individual shareholders in connection therewith.

(3) **Supplements, Amendments, Review and Termination of the Plan by the Board.** The Company may from time to time supplement or amend this Plan by a resolution of the Board without the approval of any holders of Rights or Shares, Etc. (i) prior to the Stock Acquisition Date, in any respect, including, without limitation, as result of any legislative, judicial or regulatory developments, and (ii) after the Stock Acquisition Date, to make any changes that the Company may deem necessary or desirable, including, without limitation, as result of any legislative, judicial or regulatory developments, and which shall not materially adversely affect the interests of the holders of Rights generally or in order to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with any other provisions herein or otherwise defective.

The Company may terminate this Plan at any time by a resolution of the Board prior to the Stock Acquisition Date. Further, any shareholder or shareholders jointly (except for a Bidder) having held consecutively for the preceding six months or more not less than one hundredth (1/100) of the votes of all shareholders or not less than three hundred votes of all shareholders may express their opinion in writing to the Board as to the termination of the Plan during the period from twelve weeks to eight weeks prior to May 30th of each year within the Term. If such shareholders jointly express their opinion, one single document stating their opinion must be submitted to the Board. In the event that opinions are expressed, the Board shall review the termination of the Plan at a meeting of the Board. In such case, the Board shall review the termination of the Plan, reviewing such shareholder's or shareholders' opinion thoroughly and taking into consideration the views of the outside statutory auditors and statutory auditors of the Company, and if it determines that the Plan shall be terminated, it shall make a necessary resolution.

No later than the third anniversary of the date hereof or of a renewal date, the Board shall review this Plan in light of circumstances then existing. If the Company supplements, amends, reviews or terminates this Plan under this Section 6, the Company shall as promptly as possible announce such supplements, amendments, review or termination; provided, however, that the Company shall not be required to give any notice to individual shareholders in connection therewith.

**7. Notices.**

Notices or demands authorized or required by this Plan to be given or made by any Rights to or on the Company shall be sufficiently given or made if delivered or sent by mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Name: NICHICON CORPORATION  
Address: Karasumadori Oike-agaru Nakagyo-ku, Kyoto 604-0845, Japan  
Attention: General Administration Division

Notices or demands authorized or required by this Plan to be given or made by the Company to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of stock acquisition rights of the Company. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

**8. Suspension of Exercisability.**

Notwithstanding Section 5, to the extent that the Company determines in good faith that some action will or need be taken to comply with law (which, for the purpose of this Section, includes any foreign law), the Company may, to the extent permitted by law, suspend the exercise of the Rights for a reasonable period in order to take such action or comply with such laws. In such case, the Company will as promptly as practicably possible make an announcement that an exercise of Rights has been suspended. The Company shall not be required to give any notice to the holders of the Rights or any other parties in connection with such suspension, unless otherwise required by applicable law.

**9. GOVERNING LAW.**

THIS PLAN AND THE RIGHTS ISSUED HEREUNDER SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF JAPAN.

**10. Impact on Shareholders.**

(1) **Impact on the Shareholders upon the Adoption of this Plan.** Since the Company is not issuing Rights at the time of the adoption of this Plan, this Plan will have no particular, direct impact on the rights and interests of the shareholders.

(2) **Impact on the Shareholders upon the Issuance of the Rights.** A certain number of the Rights, to be determined by the Board, will be allotted for no consideration to a holder of one share of Common Stock recorded in the latest register of shareholders of the Company as of the Allotment Date determined by the Board at the time of its resolution to make the issuance by way of a gratis allotment of the Rights. If a shareholder holding the Rights fails to pay the exercise price (one (1) Japanese Yen per share of Common Stock to be issued upon the exercise) or otherwise follow the procedures required for the exercise of his or her Rights during the exercise period (except where the Company acquires the Rights in accordance with their terms), such shareholder's ownership will be diluted due to the exercise of the Rights by other shareholders.

(3) **Termination of the Process to Issue the Rights or Acquisition of the Rights for No Consideration.** In the event that the Bidder ends up not becoming an Acquiring Person, such as in the cases where after the Board passes a resolution to allot the Rights for no consideration, the Bidder withdraws its Offer once commenced or where immediately after the Stock Acquisition Date, an Acquiring Person disposes of the purchased shares, etc., the Company may terminate the process to allot the Rights or acquire for no consideration the Rights that have been issued. This could result in fluctuation in the market price of the Shares, Etc. In particular, if the Company, after the shareholders entitled to the Rights have been identified, terminates the process to allot the Rights or acquires for no consideration the Rights that have been allotted, no dilution of value per Share, Etc. will occur, and therefore, those shareholders who have sold the Shares, Etc. on the assumption that there will be dilution may suffer damage due to the fluctuation in the market price of the Shares, Etc.

(4) **Procedures to be Followed by the Shareholders.**

(i) **Transfer of the Shares.** In the event that the Board has determined to issue the Rights by way of a gratis allotment, the Company will publicly announce the Allotment Date. Since the shareholders recorded in the latest register of shareholders of the Company as of the Allotment Date will automatically be granted the Rights without any application by the shareholders, the shareholders will not be entitled to the Rights, unless they complete the transfer

of the Shares, Etc. in the Book-entry Transfer System by the Allotment Date.

(ii) Procedure for Application for the Rights. No application for the Rights will be necessary. A shareholder recorded in the latest register of shareholders of the Company as of the Allotment Date shall automatically become a holder of Rights as of the effective date of the allotment.

(iii) Procedure for Exercise of the Rights. The Company will send to each shareholder recorded in the latest register of shareholders of the Company as of the Allotment Date a form for exercise of the Rights which includes a certification to be verified by the shareholder that he or she is not, or does not hold the Rights on behalf of, an Acquiring Person, along with such other documents as necessary for the exercise of the Rights. Once the Rights have been issued, a shareholder may receive Common Stock in the number equivalent to the Number of Shares Receivable for each Right upon submitting such documents and paying one (1) Japanese Yen per share of Common Stock to be paid to the payment handling agent during the exercise period; provided, however, that in the event that the Company follows the process for acquisition of the Rights, the holders of such Rights will receive the Company's shares of Common Stock in exchange for the Rights without paying the exercise price (in such case, holders of the Rights may be required to submit a form designated by the Company which certifies that he or she is not, or does not hold the Rights on behalf of, an Acquiring Person).

In addition to the above, for details regarding transfer of shares and payment of the exercise price, the shareholders will be required to refer to the public announcement or notice to shareholders when the Board has determined to issue the Rights by way of a gratis allotment.

In order to deliver Required Information under Fair Rules for the Acquisition of Substantial Shareholdings (Takeover Defense Measure) of NICHICON CORPORATION (the "Plan") to the Board, the following written information (the "Information Statement") must be provided in Japanese, to the attention of General Administration Division, NICHICON CORPORATION, at Karasumadori Oike-agaru Nakagyo-ku, Kyoto 604-0845, Japan (or to any other contact address designated by the Company in writing). Capitalized terms not defined herein have the meaning set forth in the Plan.

## **1. Identity**

Provide the name, business address and business telephone number of each Bidder, any person directly or indirectly controlling each Bidder including the ultimate controlling person (the "Ultimate Parent") as well as all Co-Holders and Special Related Parties of each Bidder and the Ultimate Parent, directors and officers of each Bidder and of the Ultimate Parent and each person acting in concert with any Bidder or Ultimate Parent in respect of the offer (collectively, "Disclosing Persons"). Describe the relationship between each Disclosing Person and each Bidder.

For Disclosing Persons which are natural persons, provide such persons' principal occupation or employment for the past five years through the present, including the principal business and address of any corporation or other organization ("Entity") in which the occupation or employment is or was conducted, giving the applicable starting and ending dates for each employment, and the age and citizenship of such persons.

Disclosing Persons which are Entities should provide the principal business of such Entity and the jurisdiction of organization and audited consolidated financial statements (however, the most recent financial statements may be unaudited, if not audited at that time) and non-consolidated financial statements, both covering the past five years (or if five years have not been passed since its incorporation, then covering the period from the incorporation), and if such Entity is under statutory obligation to file an annual securities report in Japan, registration statement(s), the annual securities report, the quarterly securities reports, semi-annual securities reports and extraordinary reports, and any amendment thereto, filed in the past five years (if five years have not been passed since it became subject to such obligation, then in the period since it became subject to such obligation).

All Disclosing Persons should disclose if they have been (i) convicted in a criminal proceeding in the past ten years (excluding traffic violations or similar misdemeanors), and if so, the crime committed, the penalty (or other disposition) imposed, and the court involved or (ii) a party to a judicial or administrative proceeding in the past ten years that resulted in, or where the relief sought is, a judgment, decree or final order finding such person in violation of, or enjoining future violations or prohibiting activities related to, the Securities and Exchange Law (Law No. 25 of 1948, as amended), the FIEL, the Commercial Code (Law No. 48 of 1899, as amended), the Corporate Law (Law No. 86 of 2005), the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade (Law No. 54 of 1947, as amended) or environmental laws, or laws of any jurisdiction that are counterparts of the foregoing, or of any other litigation which would reasonably be likely to be material to a decision by the Company's shareholders, and shall disclose the terms of any such judgment, decree or order.

Describe the nature of any material pending litigation or other legal proceedings in or outside Japan in which any Disclosing Person is currently involved.

## **2. Interest in Securities**

Disclose all securities of the Company held by the Disclosing Persons, all transactions

involving securities of the Company by any Disclosing Person in the last 180 days (including nature of transaction, price, where and how the transaction occurred, and, if known, the other party to the transaction), and all agreements, arrangements and understandings of any Disclosing Person with any other person, whether or not in writing and whether or not legally enforceable, relating to any securities of the Company.

### **3. Terms of the Proposal**

Provide the terms of the Tender Offer or other proposal made or proposed to be made by the Disclosing Persons, including the method of the acquisition, the total number and class of securities sought, the amount and nature of the consideration to be offered, the contemplated expiration date, the contemplated commencement date of the settlement, whether the Tender Offer may be extended (if the Tender Offer may be extended, together with the contemplated commencement date of the settlement after such extended Tender Offer), any withdrawal or amendment rights to be provided, any condition to decrease the consideration, any other conditions to the Tender Offer or other transaction, the method to amend the conditions (including how the parties who have applied before the amendment of the condition will be treated), any provisions regarding the pro rata acceptance of securities if the Tender Offer is to be for less than all shares, whether a two-tiered structure is contemplated, if so, the terms of such two-tiered structure, and the tax consequences of the Tender Offer or other transaction. Provide a concrete description of the basis for the determination of the proposed amount of the consideration. If there is any difference between the proposed amount of the consideration and the market price or the price at which any of the Disclosing Persons has recently purchased or sold, provide such difference. If the Tender Offer is made for various classes of the securities at different prices, provide a concrete description of the method of determination of such different prices. If an opinion from a third party has been obtained in order to determine the proposed amount of the consideration, provide the name of such party, a summary of such opinion and a concrete description of the process of determination of the proposed amount of the consideration.

### **4. Purpose of the Transaction; Plans for the Company**

(i) If the Bidder's purpose is for acquiring a control right or participating in management, state a method to acquire a control right or participate in management and management policy after acquiring a control right or plan after participating in management in detail. If there is any plan for restructuring of the Company, reorganization of the Company's group, dissolution of the Company, disposition or assignment of material assets of the Company, creation of a large amount of debts, appointment or dismissal of the representative director and other directors, any change in composition of directors, auditors and officers, any material change concerning dividend/capital policy or any other act which may cause any material change in or cause any substantial effects to the Company's management policy, state the details of such plan.

(ii) If the Bidder's purpose is for making a pure investment or strategic investment, state the policy for holding, selling and purchasing, and exercising voting rights with respect to the Shares, Etc. of the Company after the acquisition thereof, as well as the reasons therefor. If the Bidder's purpose is for a strategic investment for a long term capital alliance, state the necessity for such capital alliance in detail.

(iii) If the Bidder's purpose is for transferring the Shares, Etc. of the Company to a third party other than any of the Disclosing Persons after the acquisition thereof, state the information about such third party equivalent to the information required for the identity of the Bidder under Section 1 above as if such third party is deemed to be the Bidder. In such case, also state the relationship between the Bidder and such third party, the third party's purpose to acquire the Shares, Etc. of the Company, and the numbers of the Shares, Etc. of the Company held by such third party as of the date of the Information Statement.

(iv) if there is any possibility that the Shares, Etc. of the Company can be delisted on any stock exchange after the acquisition of the Shares, Etc. of the Company, state such possibility and

the reasons therefor in detail.

**5. Source of Funds**

State the specific sources and total amount of funds to be used in the Tender Offer or other acquisition of the Shares, Etc. of the Company, including the material terms and conditions of any financing (including, without limitation, the identity of parties, term, collateral, and stated and effective interest rates) and any plans to repay such financing.

**6. Arrangements with the Company**

Describe any present or proposed material agreement, arrangement or understanding between the Disclosing Persons and the Company or any of its management or affiliates.

**7. Regulatory Approvals**

Describe in detail any applicable regulatory requirements which must be complied under laws or regulations of Japan or any other jurisdiction or approvals which must be obtained from Japanese or foreign regulatory entities under antitrust laws or any other laws or regulations or from any third parties. Provide in detail any information regarding compliance with the applicable regulatory requirements or regarding the likelihood of approval.