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**NEW YORK STOCK EXCHANGE**

**For Japanese Companies—**

**Free Share Distribution Understanding**

The Company has, in past years, increased its dividend payout in a prudent relationship to earnings growth and assures the New York Stock Exchange that it has no intention of increasing its expected future dividend requirement contrary to this policy.

The Company acknowledges that increases in its dividend payout will result from raising the dividend paid per share, issuing new shares as a result of stock offerings, issuing new shares on conversion of convertible debentures and making free share distributions. In continuing to make prudent increases in its dividend payout, the stability of past earnings and management's estimate of future earnings trends will be taken into account when the dividend payout is to be increased by any of these methods.

Free share distributions are more frequently used in Japan as a method of increasing dividend payout than stock dividends are used for this purpose in the United States for reasons that are unique to Japanese financial practice. Should Japanese financial practice in this regard move closer, in the future, to United States practice, one of the important reasons for the relatively frequent free share distributions in Japan by many leading Japanese companies will diminish in importance. The Company will take such a change in practice into consideration in establishing its own future free share distribution policy.

Another major reason for relatively frequent payment of free share distributions in Japan in recent years has been the officially approved policy of "paying back the premium" incurred in market price stock offerings and on conversion of convertible debentures. The Company has discussed this recent practice with the New York Stock Exchange and agrees that if this practice ceases to be encouraged by financial and government circles in the future, the Company will take such a change into consideration in regard to its own free share distribution policy.

A measure of the prudence of future declarations of free share distributions by the Company as they relate to the increased dividend requirement thereby created will be the demonstrated earnings growth over a period of time, generally five years. The New York Stock Exchange and the Company recognize that it is not practicable to establish a simple statistical guideline that will take into account all the possible future considerations which might bear on the reasonableness of the declaration of a future free share distribution. Whenever the Company has under consideration the declaration of a free share distribution which may exceed demonstrated earnings growth over a period of time, the Company will discuss its plan with the New York Stock Exchange prior to any firm decision to declare such a free share distribution. The purpose of such discussion will be to explain the Company's business outlook and the reasonableness of declaring a free share distribution under the then existing circumstances. Should the New York Stock Exchange have reservations about the reasonableness of the Company's intended free share distribution, the Company's management will seriously consider such reservations.

The Company understands that the foregoing statements do not apply to stock dividends, stock split-ups and free share distributions amounting to 25% or more but less than 100% which under present New York Stock Exchange policy, are limited to two within a five-year period. These limits do not apply to stock dividends, stock split-ups and free share distributions which increase by 100% or more the number of shares outstanding prior to such distribution.

By \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_