

## Change in Basic Policy Regarding Distribution of Earnings to Shareholders

Meitec Corporation, at a meeting of its Board of Directors held on February 26, 2008, resolved to change its basic policy regarding distribution of earnings to shareholders, as follows.

### 1. Purpose of the Change

Meitec, in consideration of the recent market trends, has determined that it must prepare for significant changes in the business climate affecting the Company. Accordingly, a portion of the basic policy regarding earnings distribution will be changed in order to guarantee the financial flexibility to implement both offensive and defensive strategies.

The types of offensive and defensive strategies currently envisioned for the Meitec Group are as follows.

**Offensive Strategies:** Proactive investment\*, including M&A, conducive to achieving the targets of the business plan.

\* Primarily cash investments, though this may vary depending on the scale.

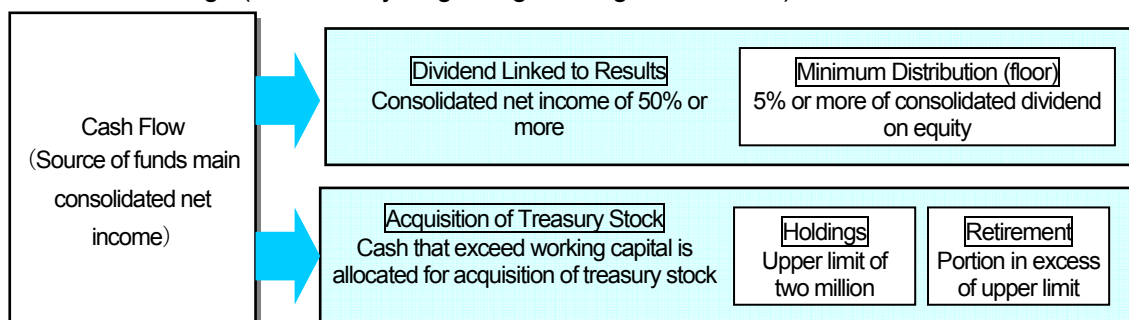
**Defensive Strategies:** Maintain a stable defense against increases in mainly risks from expansion of scale due to growth.

### 2. Content of the Change in Basic Policy Regarding Earnings Distribution

#### 1) Outline of change

	Present Policy to be maintained	Changes and Additions
Dividends	The payout ratio will be 50% or more of consolidated net income.	<u>Addition</u> The minimum dividend will be 5% or more of the consolidated dividend on equity (DOE).
Acquisition, Holding, and Retirement of Treasury Stock	From the consolidated cash position at the end of the fiscal year, the portion of retained earnings that exceeds working capital is designated as the treasury stock acquisition amount for the next fiscal year. (Formerly all acquired stock were retired)	<u>Change</u> Not all stock acquired will be retired  <u>Addition</u> Treasury stock will continue to be held, with an upper limit of two million shares. The portion in excess of the upper limit will be retired at each half-year.

#### 2) Outline of change (Basic Policy Regarding Earnings Distribution)



### 3) Change in Basic Policy Regarding Earnings Distribution

	Current Policy	Revised Policy
Dividends	Interim and year-end dividends are paid at a payout ratio of 50% or more of consolidated net income unless there is a need for large-scale capital for investment in the successive half-year period.	Dividends will be paid twice a year. The payout ratio will be 50% or more of consolidated net income.
		The minimum dividend will be 5% or more of the consolidated dividend on equity (DOE).
Acquisition of Treasury Stock	Details are included in the stock retirement policy.	Basic policy is to link acquisition to the Group's cash management. Working capital is set at two months' consolidated sales. When no substantial capital demands are expected during the succeeding year, of the consolidated cash position at the end of the fiscal year, the portion of retained earnings that exceeds working capital is designated as the treasury stock acquisition amount for the next fiscal year. When no substantial capital demands are expected during the succeeding fiscal half-year, half the designated amount is used to acquire treasury stock during the period.
Holding of Treasury Stock		To provide for a flexible financial policy for the implementation of various strategies to achieve the targets of the business plan, the upper limit on treasury stock held of two million shares will be maintained. Uses of treasury stock will include: 1) Proactive investment, including M&A, conducive to achieving the targets of the business plan; and 2) Maintaining a stable defense against increases in mainly risks from expansion of business scale due to growth.
Retirement of Treasury Stock	When the Company's cash position at the end of the fiscal year exceeds the amount of capital deemed necessary for two months' operation, retained earnings in excess of this amount are designated as funds for retirement of shares during the following fiscal year. When no investments with substantial capital demand are planned during the succeeding fiscal half-year, half the designated amount is used to retire shares.	The portion in excess of two million shares acquired and held is retired each fiscal half-year.

**3. Forecast Dividends and Treasury Stock Retirement for Fiscal 2008 (Ending March 31, 2008)**

1) Dividend Forecast for Fiscal 2008 (ending March 31, 2008)

There will be no change in the year-end dividend of ¥34 per share announced on November 7, 2007, based on the existing dividend policy of “50% or more of consolidated net income.”

2) Retirement of Treasury Stock at Year-End

Treasury stock acquired during fiscal 2008, in accordance with the revised “basic policy regarding earnings distribution,” will continue to be held, and not retired.

Reference 1

Treasury stock held as of January 1, 2008

Total shares issued (excluding treasury stock)	34,327,127 shares
Treasury stock	1,115,128 shares

Reference 2

Treasury stock acquired as per decisions of the Board of Directors made between April 1, 2007 and December 4, 2007

Total treasury stock acquired	857,300 shares
Total funds used to acquire these shares	¥3,099,789,000

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