

May 10, 2011

**Announcement of Discontinuation of Countermeasures for Large-Scale Purchases
(Takeover Defense Plan)**

Elematec Corporation established countermeasures for large-scale purchases (takeover defense plan) following the approval of a takeover defense resolution by shareholders at the 61st annual shareholders meeting held on June 22, 2007. Revisions to the takeover defense plan were approved at the 62nd annual shareholders meeting that was held on June 20, 2008 (“the Plan” hereafter the for revised takeover defense plan).

The Plan expires at the close of the annual shareholders meeting to be held in June 2011. Since the Plan will soon reach its expiration date, the board of directors of Elematec conducted a thorough review of the Plan at its meeting on May 10, 2011. This review led to the decision to discontinue the Plan at the close of the annual shareholders meeting (“the Annual Shareholders Meeting” hereafter) scheduled for June 17, 2011. No resolution to renew the Plan will be submitted to shareholders at the Annual Shareholders Meeting.

Elematec believes that shareholders should make the final decision regarding whether or not to accept a proposal concerning a large-scale purchase of the company’s stock. However, the company also believes that there is a need to receive information from the large-scale purchaser and for the company’s directors to study and evaluate the proposal. There is also a need to establish countermeasures for large-scale purchases in order to prevent actions that are clearly detrimental to the Elematec Group’s corporate value and to the interests of shareholders. Based on the position that taking these actions is an obligation of the company’s board of directors, a takeover defense plan was established on June 22, 2007 and revised on June 20, 2008.

However, Elematec’s current operating environment has changed since the takeover defense plan was established and then revised to become the Plan. The company believes that the threat of a large-scale purchase that would be detrimental to corporate value and the interests of shareholders is smaller than in prior years. Furthermore, amendments and other revisions to the Financial Instruments and Exchange Act and other laws and regulations have established and revised procedures regarding large-scale purchases. As a result, the objective of the Plan, which was to ensure that shareholders had the time and information needed to reach a proper decision, has been achieved to some degree.

After considering all of these items, the Elematec board of directors approved a resolution on May 10, 2011 to not submit a resolution at the Annual Shareholders Meeting for the renewal of the Plan.

If there is a proposal for a large-scale purchase of Elematec stock after the Plan has ended, the company will use aggressive measures to collect information and disclose information appropriately with regard to whether or not the purchase would be detrimental to corporate value and the interests of shareholders. In addition, the company will take actions that its board of directors has decided are necessary and appropriate as allowed by the Company Law, other associated laws and regulations, and the Elematec Articles of Incorporation. Furthermore, depending on upcoming social trends, a resolution to restore a takeover defense plan may be submitted at a shareholders meeting, in accordance with the Articles of Incorporation, if the board of

directors determines that a plan needs to be restored to prevent damage to corporate value and the interests of shareholders.