August 21, 2007

To whom it may concern:

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Basic Policy Regarding the Company's Decision Control

The board of directors of HORIBA, Ltd. announces that the board approved the following policy at the meeting of August 21, 2007.

Basic Policy Regarding Persons Who Control Company's Decisions on Financial and Business Policies

The Company is conducting business operations on the basis of mutual relations with a variety of its stakeholders, including shareholders, investors, customers, business partners and employees. Aspiring to be "a first-class global company" as a manufacturer of analytical and measurement equipment doing business all over the world, our mission is to contribute to *the preservation of the earth environment, human health, the improvement of social safety and convenience, the development of scientific technology,* etc. by providing highly value-added products, services and analytical technology to the markets of various industrial fields with a view to fulfill its corporate social responsibilities to all stakeholders through these contributions.

In addition, the Company is enhancing "invisible values" by fostering human resources, technological potential and the underlying corporate culture as its values that generate sustainable revenue and warrant the Company's perpetual existence. We will perform activities to increase the value of the "HORIBA brand" that contains and integrates these values. By promoting these efforts, we will enhance corporate value and build a stronger relationship of trust with all stakeholders.

Considering the fact the Company is a public company, listed on the stock exchanges, we believe that shareholders investing in our company have agreed to our corporate philosophy and management policy and entrusted its operation to its management at their own discretion. In other words, the Company considers that actions towards persons who control the Company's decisions on financial and business policies should be taken according to the will of shareholders. Accordingly, if any act intended to acquire a large amount of the Company's stock is done by any person, we believe that it is our shareholders who should make the final decision as to whether to accept such an acquirer's demand or not.

We are aware of a growing number of attempts at the large-scale acquisition of company stocks in Japan's recent capital market. These attempts seem to pursue nothing but the acquirer's short-term interests without regard to other shareholders that form the source of corporate value. Should such abusive acts of large-scale acquisition be proposed with respect to the Company's stock, management will consider that it is the management's essential responsibility to thoroughly analyze the contents and conditions of the proposal and disclose the results of our analysis and opinions to other shareholders and investors.

Currently, the Company is building a system to cope with potential abusive proposals for the

purchase of its stocks or hostile M&A. As part of the natural duties of management responsible to take due care for the benefit of our shareholders, we will carefully determine the possible impacts of any proposed purchases or M&A on the corporate value and the common interests of shareholders and will take appropriate measures based on our determination.

For this purpose, with outside professionals, we will assess the proposal and negotiate with the potential purchaser and acquirer. If the proposal is deemed detrimental to the corporate value and/or the common interests of shareholders, we will disqualify the proposing party as a person who controls company's decisions on financial and business policies and then determine whether specific countermeasures are necessary and if deemed necessary, as a part of systems we are building, take countermeasures.

When formally determined, concrete countermeasures, etc. will be disclosed both timely and appropriately in compliance with laws and regulations.