

Sendai City Subsidy Program

Subsidy Program to Promote Investment in R&D Facilities

[As of Oct. 1, 2008]

◆ Targets

Establishment of facilities for the purpose of research and development by manufacturers and information and communications carriers

Manufacturers: businesses that are classified under Division E- Manufacturing in the Standard Industrial Classification for Japan
Information and communications carriers: businesses that are classified under Division G- Information and Communications in the Standard Industrial Classification for Japan

◆ Qualifications

Amount of fixed assets to be invested: at least ¥10 million

* Subsidies are also available for lease of buildings and facilities

(Amount of fixed assets to be invested are calculated by multiplying monthly rent by 100 for land, 70 for buildings, and 18 for manufacturing facilities (depreciation assets).

Upper limit for monthly rent is ¥500 per square meter for land, ¥5,000 per square meter for buildings, and 3% of the property value for manufacturing facilities (depreciation assets).

◆ Description of the Subsidy

1

New Establishment

Base Amount : 100% of amount of fixed assets tax imposed on new investments

Term: Three years (priority fields: plus 1 year; areas for additional subsidies: plus 1 year; areas for prioritized additional subsidies: plus 2 years)

Upper Limit: None

※ Priority fields: 1) High-tech industries pursuant to Section 44-2, Paragraph 1 of the Former Act on Special Measures Concerning Taxation ; 2) Fields with a basic plan established pursuant to the Act for Regional Industrial Agglomeration and Activation by Promotion of Investment (automotive industry, high-tech electronic machinery industry; 3) Embedded systems industry (research or development of embedded systems) ; 4) Fields with high growth potential utilizing new manufacturing technologies or sophisticated manufacturing techniques

※ Areas for additional subsidies: 1) Central Sendai; 2) Izumi Parktown Industrial Park; 3) Izumi Parktown Science Park; 4) Izumi Parktown Town Center; 5) Izumi Parktown Soft Park; 6) Sendai Izumi Inter City; 7) Areas behind Sendai Port; 8) Port district; 9) Matsubara Industrial Complex; 10) Minamiyoshinari Research Park

※ Areas for prioritized additional subsidies: 1)Asuto Nagamachi; 2) Aobayama

Note: Maximum length of the term is five years.

◆ Addition of facilities or movement within Sendai City: 90% of amount of fixed assets tax imposed on new investments; the term is three years with no upper limit to the subsidy.

2

Addition Regarding Employment

Base Amount: 300,000 yen per regular employee for the projects hiring at least 5 new employees or replacing at least 5 regular employees

Please note that this addition is on condition that those employees will: 1) have residence in Sendai city; 2) continue to be employed for at least one year; and 3) receive an annual salary of at least ¥1,300,000

Upper Limit: ¥10 million

* Grants are given only once within the term of the subsidy.

◆ Application Procedure

In principle, discussions must be conducted to be designated as an entity for subsidies before any intention of investment is expressed. Applicants are required to submit an application for subsidy designation 30 days prior to the launch of the project.

* Recipients are required to report the continuation of operations for 5 years from the last year of the subsidy term. If the report is not submitted or the project

is discontinued or suspended, the recipient may be requested to return the subsidy.