

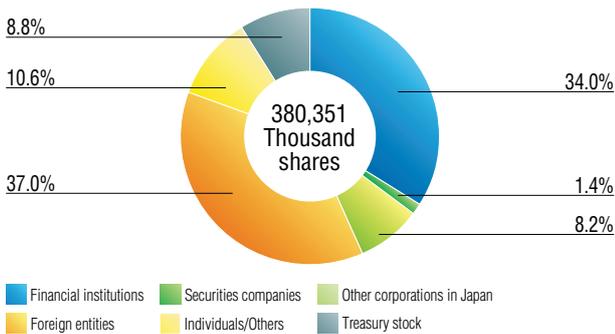
Dialog with Shareholders and Investors

We strive to actively communicate with shareholders and investors and provide them with timely, accurate and appropriate information to steadily fulfill the trust and expectations they have placed in us.

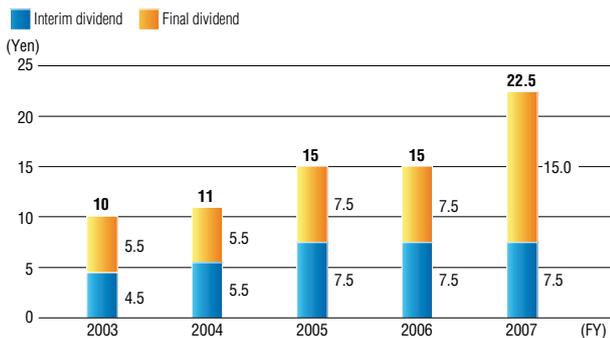
Dividend Policy

Citizen Holdings has decided to use the total amount of dividends and share buyback divided by consolidated net income as the “ratio of return to shareholders” and to make the average of the ratio over any given three- to five-year period at least 30%, starting from fiscal 2005. Under this policy, dividend amounts are decided by considering how to strike a balance between reflecting consolidated business performance and maintaining stable dividends. Furthermore, we aim to employ share buyback to return profits to shareholders through increases in earnings per share, as well as to improve capital efficiency.

Composition of Shareholders by Category (as of March 31, 2008)



Trend in Dividends per Share



Information Disclosure and Investor Relations Activities

 Investors
<http://www.citizen.co.jp/english/ir/index.html>

Citizen Holdings believes that daily communication with shareholders and investors leads to a more broad-based shareholder composition and a share price more suited to the Company's business value. We therefore work to disclose highly reliable information required for shareholder and investor decision-making in a timely, fair and appropriate manner.

In its investor relations activities, the Group focuses on ascertaining the information needs of its shareholders and investors and engaging in dialog to meet those needs. We are

providing more opportunities for communication, including earnings announcements and conference calls conducted four times a year, one-on-one meetings, factory tours, and participation in investor relations events and conferences held by securities companies. We are also improving and adding to the Company's website and presentation materials to encourage more accurate understanding of the Group and enable more appropriate explanations in response to inquiries. In fiscal 2007, with the transition to a pure holding company system, we strove to provide shareholders and investors with an accurate understanding of the goals of the new system and our future business strategy.

Open Shareholders' Meetings

To allow more shareholders to attend, Citizen Holdings chooses to hold its annual shareholders' meetings in large-capacity locations with easy access, avoiding days on which other major companies hold their meetings.

The June 2007 shareholders' meeting was attended by 312 shareholders—153 more than in the previous year. Moreover, for easier exercise of voting rights, starting with the 2007 shareholders' meeting we have maintained a platform to enable institutional investors to exercise their voting rights electronically. To encourage closer understanding of the Group, we have also added product introduction panels and a venue for direct dialog.

We remain committed to creating a structure in our shareholders' meetings that enables many shareholders to participate, voice opinions and ask questions and that otherwise ensures smooth operation of the meetings.



Shareholders' meeting

Assessments from Outside Organizations

Since fiscal 2004, Citizen Holdings has been selected for four consecutive years for inclusion in the Ethibel Sustainability Index by the Socially Responsible Investment (SRI) assessment company Ethibel, of Belgium.

Moreover, as of March 2008, the financial status of Citizen Holdings was rated “A2” by Moody's Investors Service, a rating that deems the Company to have a high degree of trust and extremely low risk of default on debts.

