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FOR IMMEDIATE RELEASE

**BRANDES' VIEW ON HIBIYA ENGINEERING'S  
RESPONSE TO THE SHAREHOLDER PROPOSAL**

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SAN DIEGO – Brandes Investment Partners, L.P. (“Brandes”) publicly disclosed on April 29th, 2008, that it had submitted to Hibiya Engineering, Ltd. (the “Company”), an engineering company based in Japan and listed on the Tokyo Stock Exchange, a resolution (the “Resolution”) to be submitted for shareholder approval at the Company’s upcoming annual meeting of shareholders. The Resolution calls for the Company’s Board of Directors to authorize: 1) a one-time dividend of ¥32.5 per share of common stock (including the interim dividend of ¥7.5 per share, the annual dividend, if approved, shall be ¥40 per share), payable by September 30<sup>th</sup>, 2008, and 2) a share buyback program of up to 1.5 million shares for a maximum of ¥1.5 billion. A copy of the Resolution is available at the Brandes website at <http://www.brandes.com/Inv/PressReviews.htm>

On May 15<sup>th</sup>, 2008, the Company issued a public statement opposing the Resolution due to the belief that it violates the Company’s basic policy of distributing stable ‘appropriate shareholder returns’ based on securing ‘necessary and ample internal reserves’. The statement implies that the Resolution is not ‘appropriate’ because the size of the dividend and share buyback proposed will be 3.3x consolidated net income, while the current Company plan will be 1.3x. While the payout ratio may appear high, the Resolution is not requesting for the commitment for a high long-term payout ratio, but rather a commitment to reduce what Brandes believes is substantial excess capital at the Company. The intent of the Resolution is for the Company to acknowledge its ‘excess capital’ and commit to gradually reducing it through means that the Company feels most appropriate. Therefore, Brandes believes that payout ratios are not the most relevant metric to measure whether the proposal is ‘appropriate’.

In addition, Brandes believes that the Company has failed to specifically quantify what it refers to as ‘necessary and ample internal reserves’. As of March 31<sup>st</sup>, 2008, the Company had approximately ¥41 billion in financial assets, which is significantly higher than the Company’s current market value of nearly ¥30 billion. The Company has stated that of the ¥41 billion in financial assets, ¥31 billion is necessary for working capital and business/cross shareholding investments, while the remaining ¥10 billion is earmarked for increasing strategic/cross shareholding investments to acquire profitable projects and for future investments in new businesses to foster growth. Brandes believes that reserving ¥10 billion for ‘future investments’ is not in the best interest of shareholders, and notes that the Company has held well in excess of

this amount in cash for a number of years. The Resolution, if approved, will only result in an incremental return to shareholders of approximately ¥2 billion, which, considering the historical average annual free cash flow generation (defined as net income + depreciation – capex) of about ¥1 billion and the ¥10 billion earmarked for future potential investments, will not compromise what Brandes believes is ‘necessary and ample reserves’.

Additionally, the current management plan is targeting a long-term ROE of a mere 4%, while the Company itself believes its cost of capital is only 5%. Even assuming 5% is the correct assumption for the Company’s cost of capital (which Brandes believes is in fact higher), this implies that the Company will continue to destroy value by deploying the excess capital in below cost of capital projects. While Brandes supports necessary investments to improve the long-term value of the Company, it is essential that any such investment is only made if it is reasonably expected to generate rates of return above its cost of capital.

Lastly, the Company states that due to the highly seasonal 4th quarter concentrated orders of the construction industry, it is not prudent to commit to annual share buybacks at the start of the fiscal year. Brandes does not dispute the seasonality of orders, but believes that the Resolution does not reduce management flexibility in executing share buybacks in any way, given its modest size relative to the Company’s more than ample cash reserves.

While Brandes is disappointed that the Company does not support its Resolution, it commends the Company for putting the Resolution to a vote at the upcoming annual shareholders meeting. Brandes also acknowledges that the Company is taking small positive steps in the right direction by announcing a memorial dividend of ¥10 per share for FY3/2008, and a share buyback program of up to 1 million shares for a maximum of ¥1.0 billion during the period of June 30<sup>th</sup>, 2008 - November 10<sup>th</sup>, 2008. Although the Company only managed to execute less than one-third of the share buyback program it announced in FY3/2008, Brandes expects that the company will fully execute the recently announced share buyback program for this fiscal year.

Regardless of the outcome of the vote on the Resolution, Brandes believes that all the Company’s shareholders will have benefitted from this process. Brandes will continue to monitor the Company’s capital structure and the investments that it makes, and will consider making or supporting similar proposals in future years designed to enhance the long-term value of the Company.

On behalf of its investment advisory clients, Brandes currently holds in excess of 9% of the Company’s shares. This represents an ownership position built since 1998.

Brandes is a U.S. registered investment advisor. Located at 11988 El Camino Real, Suite 500, San Diego, California, 92130. Brandes managed approximately US\$93.4 billion on behalf of institutional and individual investors, as of March 31<sup>st</sup>, 2008.

The above information is based on the following conditions. This press release is not intended to advocate the purchase or sale of the Company’s stock. Also, the press release is not based on the intention that Brandes, its related parties and other third parties solicit proxies for the Company’s Annual General Meeting (“AGM”).

This press release is based on information currently available as of the date of this announcement. Brandes has acted in full caution and on best effort, but cannot guarantee that the information is correct. In addition, the Resolution does not guarantee a specific outcome for the votes at the AGM. Brandes may, depending on the situation, change or revoke the Resolution.

This press release is not intended to influence the share price of the Company. Brandes does not guarantee any reaction by the market in regards to this press release, the Resolution or the Company's response to the Resolution and press release. This press release is solely intended to explain the background and rationale for submitting the Resolution.

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