

June 17, 2008

To all shareholders

Company Name           EBARA CORPORATION  
Representative         Natsunosuke Yago, President  
(Stock code: 6361, Tokyo and Sapporo Stock Exchange in Japan)  
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                              General Manager, Corporate Strategy Planning Department  
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## Supplementary Explanation of Proposal 1 for the 143rd Ordinary General Meeting of Shareholders

We would like to express our appreciation for your continued support for the Company.

Recently, we have received some inquiries from our shareholders about Proposal 1 for the 143rd Ordinary General Meeting of Shareholders to be held on June 27 (“Approval of the Financial Statements for the 143rd Fiscal Year”). Permit us to make a supplementary explanation of the background to our having proposed this approval of the Financial Statements as mentioned below. We kindly request you to understand this:

1.       As to Proposal 1

Proposal 1: Approval of the Financial Statements for the 143rd Fiscal Year (from April 1, 2007 to March 31, 2008)

2.       Supplementary explanation of Proposal 1

- 1)       Some of the media have reported that “Because Mr. Yoshio Omori, one of the Outside Corporate Auditor of Ebara Corporation, stated an audit opinion to the effect that ‘I do not approve the Financial Statements’, it became inevitable that Ebara would propose that their shareholders approve the Financial Statements”. However, this is not correct. Corporate Auditor Yoshio Omori stated that he did not approve the Business Report. He did not state that he did not approve the Financial Statements.
- 2)       Under the Company Law of Japan, the Business Report is clearly distinguished

from the Financial Statements. The Business Report is a matter to be reported in the shareholders' meeting. On the other hand, the Financial Statements are required to be approved in the shareholders' meeting if either (a) the independent accounting auditor is of the opinion that the Financial Statements are not proper or (b) any corporate auditor expresses an opinion that either the methods used or the results of the audit conducted by the independent accounting auditor are inappropriate. Neither (a) nor (b) are applicable in this case, so it is presumed that the Financial Statements are not required to be approved in the 143rd Ordinary General Meeting of Shareholders under the Company Law. However, there is an ambiguous statement, given without any of the concrete grounds required under the Company Law, in the additional note by Corporate Auditor Yoshio Omori: "The investigation report or the like (related to unauthorized expenditure of corporate funds by a former managing executive) contains statements which raise doubts as to whether there are false statements in the account books". We therefore have decided that we should sufficiently explain the situation and request our shareholders to approve the Financial Statements. We already made a public announcement of this to the Tokyo Stock Exchange on June 8, the title of which was "Yesterday's Media Report" (full text is attached below).

- 3) There are no false statements in the account books, as suspected by Corporate Auditor Yoshio Omori. This may be seen from the fact that the independent accounting auditor is of the opinion that the Financial Statements are "proper in every important respect" and that all corporate auditors, including Corporate Auditor Yoshio Omori, admit in the audit report of the Board of Corporate Auditors that the methods used and results of the audit conducted by the accounting auditor are appropriate.

<attached>

Public announcement to the Tokyo Stock Exchange dated June 8, 2008;  
"Yesterday's Media Report"



<attached>

Note 2 Financial Statements

The Financial Statements means the non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statements of net assets and notes to the non-consolidated financial statements; they are subject to audit by the accounting auditor and corporate auditors in the Company. If, as in this case, the accounting auditor is of the opinion, without any limitation, that the Financial Statements are proper, such Financial Statements are merely required to be reported in the General Meeting of Shareholders.