Three Systems of Corporate Governance

Under the Japanese Companies Act, there are three governance systems from which companies may choose, as follows:

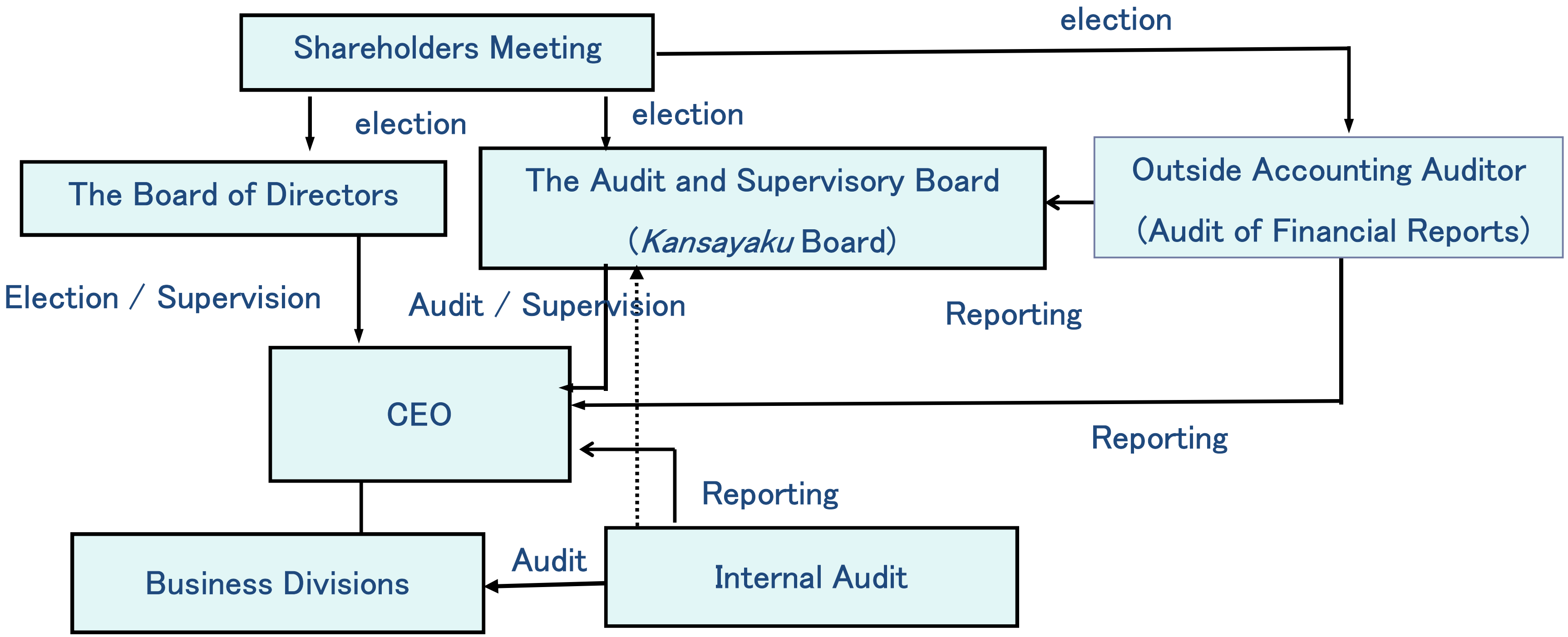
- Companies with Audit and Supervisory Board (Kansayaku Board)
- Companies with Three designated committees (Nomination Committee, etc.)
- Companies with an Audit and Supervisory Committee

The following chart outlines each of these three systems, with more detailed explanations appended below.

Three Systems of Corporate Governance by the Companies Act

Systems	Board or Committees	Members
Companies with An Audit and Supervisory Board (Kansayaku Board)	The Board of Directors The Audit and Supervisory Board	Directors *Kansayaku* (Audit and Supervisory Board Members)
Companies With Three designated Committees (Nomination Committee, etc)	The Board of Directors Nomination Committee Remuneration Committee Audit Committee	Directors
Company with an Audit and Supervisory Committee (Kansa-tou Iinnkai, distinct from *Kansayaku* Board above)	The Board of Directors Audit and Supervisory Committee	Directors

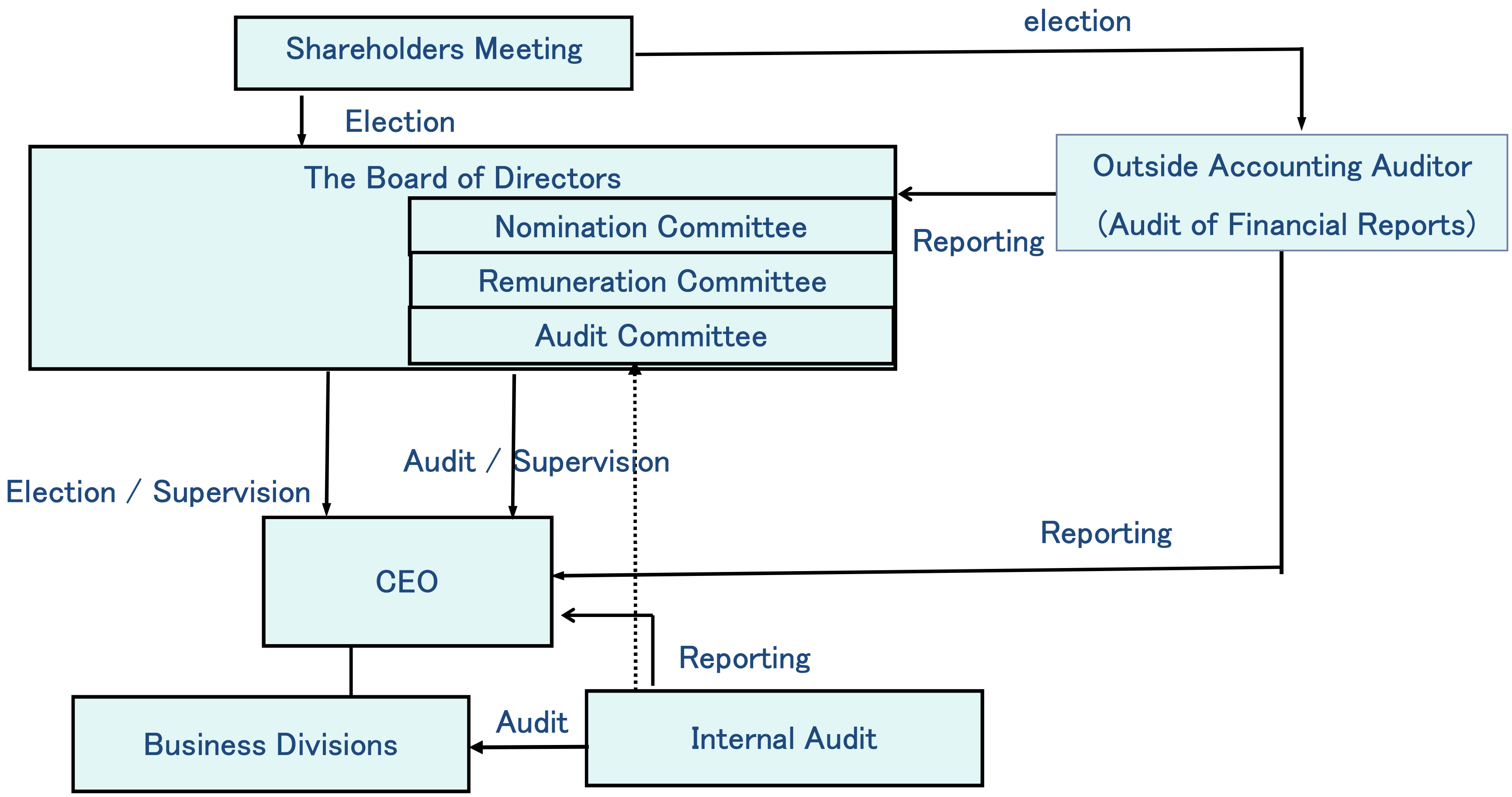
Companies with an Audit and Supervisory Committee (Kansayaku Board)



- Shareholders elect directors and *kansayaku* at the annual shareholders meeting

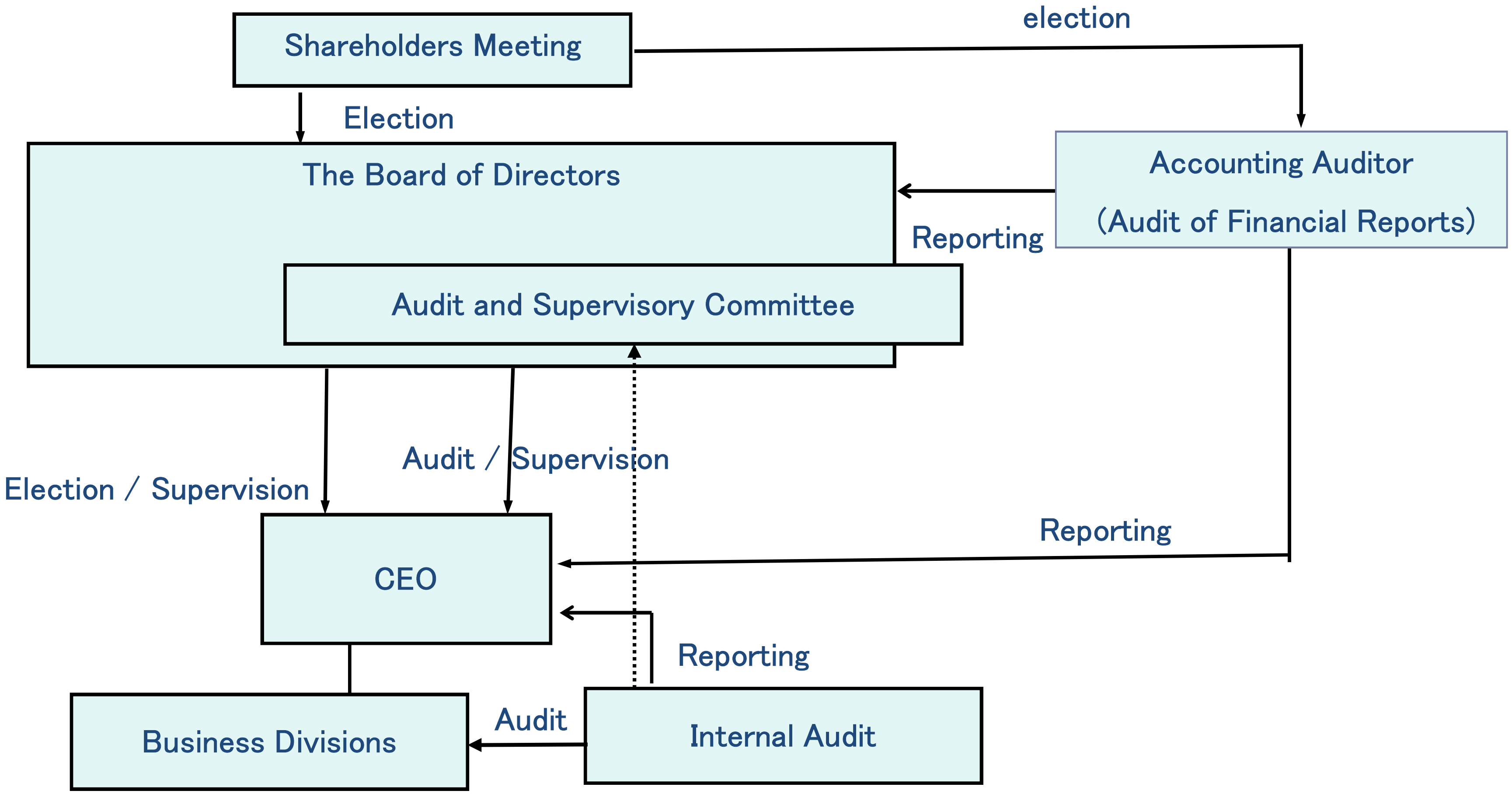
- Directors oversee the CEO, who executes the company's business activities, and each *kansayaku* independently audits and supervises directors from the point of view of their fiduciary duty.
- .An outside accounting auditor audits the financial report and reports the results to the CEO and each *kansayaku*.
- The *Kansayaku Board* is made up of more than two thirds of independent *kansayaku*.
- Internal Auditors audit daily business operations on behalf of the CEO and report the results directly to the latter and indirectly to the *kansayaku*.
- A *kansayaku* has the legal right to recommend suspension of any director who has engaged in illegal conduct but no right to vote on agenda items, including dismissal of the CEO, at the board meeting. This is a major reason why foreign investors are discontent with the *kansayaku* system.

Companies with Three Designated Committees



- Shareholders elect directors at the annual shareholders meeting.
- Placed under the board are three committees: the Nomination Committee, the Remuneration Committee and the Audit Committee. Each of these committees should consist of more than two thirds of independent directors.
- Directors supervise the CEO, who executes the company’s business activities and the Audit Committee audits and supervises directors from the point of view of their fiduciary duty.
- An outside accounting auditor audits the financial report and reports the results to the CEO and the Audit Committee.
- Internal auditors audit daily business operations on behalf of the CEO and report the results directly to the CEO and the Audit Committee.
- Each director has the right to vote for any agenda item, including dismissal of CEO, at the board meeting.

Companies with an Audit and Supervisory Committee



- Shareholders elect directors at the annual shareholders meeting.

- Under the board is an Audit Committee, which should consist of more than two thirds of independent directors.
- Directors supervise the CEO who executes the company's business activities and the Audit Committee audits and supervises directors from the point of view of their fiduciary duty.
- An outside accounting auditor audits the financial report and reports the results to the CEO and the Audit Committee.
- Internal Auditors audit daily business operations on behalf of the CEO and report the results directly to the latter and the Audit Committee.
- Each director including Audit Committee members has the right to vote for any agenda item, including dismissal of the CEO, at the board meeting.
- This system was newly adopted in 2015 by amendment of the Companies Act in order to make clear the director's role as a supervisor rather than a business executor, without the need for nomination and remuneration committees, which many executives regard as an encumbrance.