

Fundamental Stance on Corporate Governance

Amid progressive globalization of business management, the fundamental policy and purpose of our corporate governance activities is to achieve thorough adherence to our corporate ethics and laws and regulations, to establish and strengthen our internal control and risk management systems, and to maintain transparency and objectivity in our business. Our ultimate goal is to promote management that is focused on building corporate value for shareholders and all other stakeholders.

Corporate Governance Measures

In the past the Company has separated the functions of our board of directors and executive body. In April 2003, however, the Company further clarified their roles by introducing an executive officers system, enabling an organization that is quicker in formulating and implementing strategies. The major functions of the board of directors are now clearly defined as 1) deciding basic management policies, 2) considering and deciding fundamental business strategies proposed by executive officers, and 3) overseeing and assessing group management.

Compensation and Nomination Committees

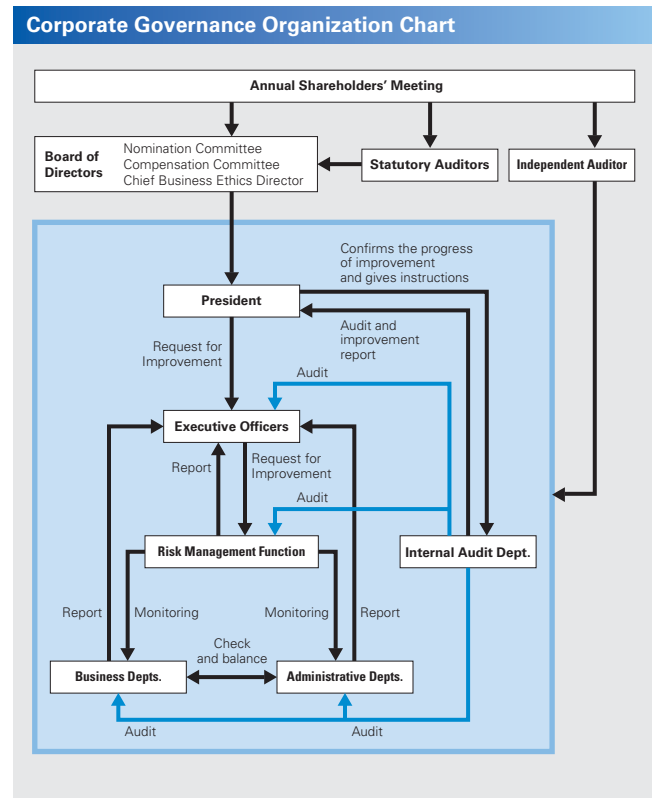
Aiming to implement improvements in corporate governance from within our own company organization, the Company has created Compensation and Nomination Committees within our board of directors. The Compensation Committee determines compensation for the president, while the Nomination Committee, composed of three directors other than the president, selects candidates to be elected as directors at the annual shareholders' meeting and a candidate to be elected as president by the board of directors.

Other Activities

As a company with shareholder-oriented management, the Company discloses personal compensation received by our two representative directors in our "Notice of Annual General Meeting of Shareholders" from the standpoint of the importance of shareholders' acknowledging our business activities as being transparent.

At the annual shareholders' meeting held in June 2002, the Company shortened the term of office for directors to one year from two to enable a faster response to changes in our business environment and to further clarify management responsibilities.

The following is an outline of the Company's corporate governance organization.



Internal Control and Risk Management Systems

Our guiding principles are to maintain a high standard of business ethics throughout our activities and comply with laws and international regulations. Accordingly, the Company has appointed a director in charge of business ethics and established a code of ethics to thoroughly implement business ethics companywide.

Reaffirming the importance of establishing proper internal control and risk management systems, the Company has upgraded the internal auditing functions of the Internal Audit Department and established a new section within the General Affairs Department responsible for managing business, operating and other risks. Moreover, efforts are being made to develop the internal regulations required to manage these risks, and to carry out activities to educate and raise employees' awareness of these issues.