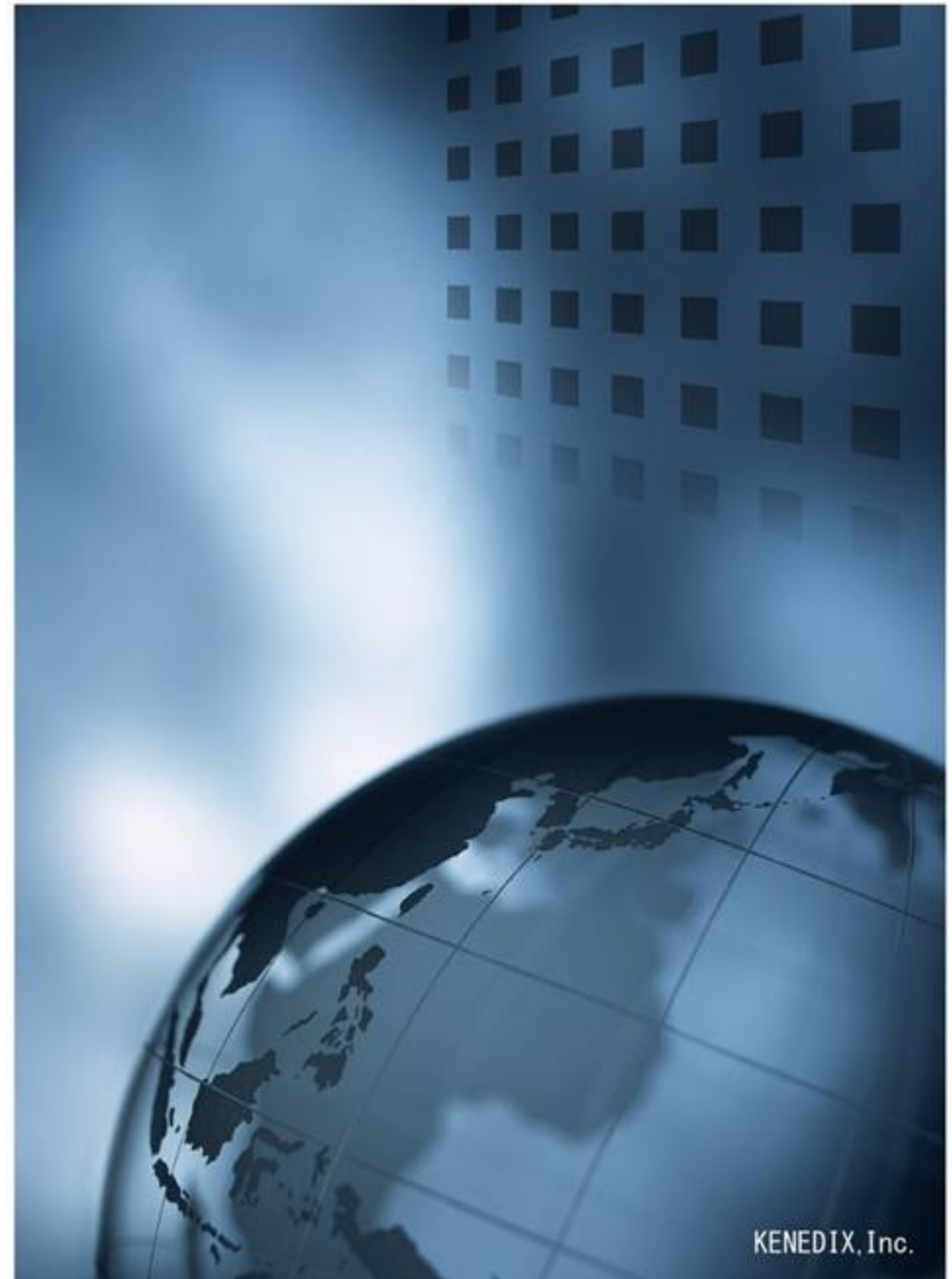




## Our Stance on the Shareholder Proposal



## Our Stance on the Shareholder Proposal regarding Disclosure of Compensation



We oppose the shareholder proposal which is Agenda 7 of the upcoming AGM because;

- Regarding compensation, we already disclose our policy including performance based compensation, amount limit, and total amount of payment clearly.
- We plan to add one Outside Director to the current two Outside Directors, all three to be highly independent, at the upcoming AGM, aiming to maintain and improve our corporate governance.
- Disclosure of compensation for all individuals regardless of amount may cause some difficulties in recruiting highly talented and independent Outside Directors going forward.

# Our Policy and Disclosure regarding Compensation



- Currently we do not disclose individual compensation as there is no executive receiving more than 100 million yen per year.
- Our compensation for Executive Directors is designed to link with the Company's Financial Performance and the interest of shareholders, and there is a limit in the amount. We do not think our shareholders are overly concerned or require more detailed disclosure.

## **Our Compensation Policy**

(After approval of Agenda 1 and 4 at the upcoming AGM)

Type of Compensation	Limit of Compensation	Changes from Current Compensation System and Other Notes
Fixed Compensation for Executive Directors	No more than 180 million yen per year comprised of a fixed portion and stock options	Limit will be left unchanged. Compensation system will be greatly improved by increasing the portion of stock-price-linked compensation along with decreasing fixed compensation.
Variable Compensation for Executive Directors	No more than 3% of consolidated net income in the previous fiscal year per year.	There has been no payment of variable compensation since FY 2008, considering the balance with shareholder return, as dividend has not been paid during the period. We aim for resumption of dividend payment at the earliest possible time.
Fixed Compensation for Outside Directors	No more than 20 million yen per year.	Limit will be left unchanged, although we plan to add one Outside Director to the current two Outside Directors at the upcoming AGM.

## Appendix: Directors/Corporate Auditors' Compensation Paid for Fiscal Year 2012



- Directors: 175 million yen for seven Directors.  
(Limit specified in the Articles of Incorporation is 200 million yen)
- Corporate Auditors: 31 million yen for five Corporate Auditors.  
(Limit specified in the Articles of Incorporation is 50 million yen)

\* These include payments for retired Directors/Corporate Auditors and Outside Directors/Corporate Auditors.

# Our Corporate Governance



- Should our proposal of Director Election at the upcoming AGM be approved, three out of the Company's six Directors will be highly independent Outside Directors.
  
- Currently, two out of five Directors and two out of four Corporate Auditors are Outside Directors/Corporate Auditors. All four Directors/Corporate Auditors qualify as "Independent Director/Auditor" according to TSE regulations\*.
  - \* TSE (Tokyo Stock Exchange) regulation requires each listed company to secure at least one independent director/auditor (meaning an outside director/auditor who is unlikely to have conflicts of interest with general shareholders).
  
- These Outside Directors/Corporate Auditors proactively express their opinions and significantly contribute to the effective discussions at the Board of Directors' meetings, based on their professional expertise.
  
- The current two Outside Directors oppose the shareholder proposal regarding disclosure of individual compensation.