

May 12, 2006

Changes to the Remuneration System for Directors and Auditors

This is to give notice that the directors' meeting on May 12 2006 resolved to propose the following at the annual shareholders' meeting to be held in June of this year to change the remuneration system for directors and auditors in order to "strengthen corporate governance" which was identified as an important policy in the new three year plan (CS B2008) that commenced in April of this year.

1. Overview of Changes to the Remuneration System for Directors and Auditors

(1) Introduction of remuneration that is linked to company performance

A system of remuneration that is linked to company performance will be introduced for directors (other than outside directors) after the conclusion of this year's annual shareholders' meeting in order to make clearer their responsibility for the company results in each financial year and to improve the linkage between remuneration and company results.

Also, the total value of performance-based remuneration is to be decided at each annual shareholders' meeting.

(2) Introduction of stock options as a form of remuneration

Stock options are to be introduced as a long term incentive in order to align the attitude of directors (other than outside directors) towards the long-term increase in corporate value and the trajectory of the company stock price.

(3) Abolition of retirement benefits scheme and the cessation of bonus payments to Directors and Auditors

The existing retirement benefits scheme for directors and auditors and the payment of bonuses to company officers based on the apportionment of profit will be abolished from the end of the annual shareholders' meeting to be held on June 23 2006.

Remuneration to outside directors and auditors will continue to be paid in the form of a standard salary despite the abolition of the retirement benefits scheme and the cessation of bonus payments to directors and auditors.

2. Overview of Resolution to be Proposed to the Shareholders' Meeting Relating to the Changes to the Remuneration System for Directors and Auditors

(1) Total value and conditions for the issuing of equity warrants as the stock options for the purpose of remuneration

The total value of equity warrants as the stock options to be awarded to directors (other than outside directors) by way of remuneration is to be no more than 130 million Yen, and the equity warrants will be issued with the conditions described in the appendix.

(2) Termination payment for the abolition of the retirement benefits scheme for Directors and Auditors

In recognition of the abolition of the retirement benefits scheme for directors and auditors, a total of 712.5 million yen a termination payment will be made to the current auditors and to those directors reappointed at this year's annual shareholders' meeting in recompense for their service during their time in office up until the end of the annual shareholders' meeting.

(3) Change to value of remuneration for auditors

In recognition of the abolition of the retirement benefits scheme for auditors and the cessation of bonus payments to auditors, the maximum annual remuneration for auditors will increase from 100 million Yen to 140 million Yen.

<Appendix: Conditions for the Issuing of Equity Warrants as the Stock Options by Way of Remuneration>

1. Reasons for the awarding of equity warrants by way of remuneration

Stock options awarded by way of remuneration that are able to be exercised from one year after retirement are to be introduced as a long term incentive in order to align the attitude of directors (other than outside directors) towards the long-term increase in corporate value and the trajectory of the company stock price.

2. Terms and conditions of equity warrants

(1) Type and number of shares able to be issued using equity warrants

The maximum number of shares that can be issued through the exercise of equity warrants issued in the year after the day following the date of the annual shareholders' meeting for each financial year shall be 130,000 ordinary shares.

However, the company has the right to adjust this number of shares if it is considered necessary in cases when the company deems it appropriate to change the number of shares by splitting shares (including the allocation of free bonus shares) or combining shares, or in the event of a merger, break up, exchange of shares, or transfer of shares.

(2) Total number of equity warrants

The maximum number of equity warrants that can be issued in the year after the day following the date of the annual shareholders' meeting for each financial year shall be 130. The equity warrants shall be for 1,000 shares each.

If the number of shares per parcel is changed, the number of shares per stock option shall also change to the new parcel size and the total number of equity warrants shall change to the number calculated by dividing the total number of shares able to be issued as specified in (1) by the new parcel size.

If the number of shares specified in (1) is changed, the number of shares per stock option shall be adjusted accordingly.

(3) Value of payment to be made on exercise of equity warrants

The payment to be made on exercise of a stock option shall be the exercise price of one Yen multiplied by the number of shares per stock option.

(4) Period in which equity warrants may be exercised

The equity warrants may be exercised within 30 years of the day following the date of the allocation of equity warrants on which the decision on the request for equity warrants was made.

(5) Restriction on the acquisition of equity warrants by assignment

Permission obtained through a resolution of the company's board of directors is required for equity warrants to be acquired by assignment.

(6) Conditions for exercising equity warrants

Notwithstanding (4) above, equity warrants may only be exercised from after one year after the day following the date on which the director's role at the company terminates for five years. Other conditions for exercising equity warrants shall be determined by the meeting of the board of directors when the decision to issue the equity warrants is made.