

We are planning sound management and organizational efficiency promotion to create a corporate structure that can swiftly react to changes in its environment.

Highlight of fiscal 2008

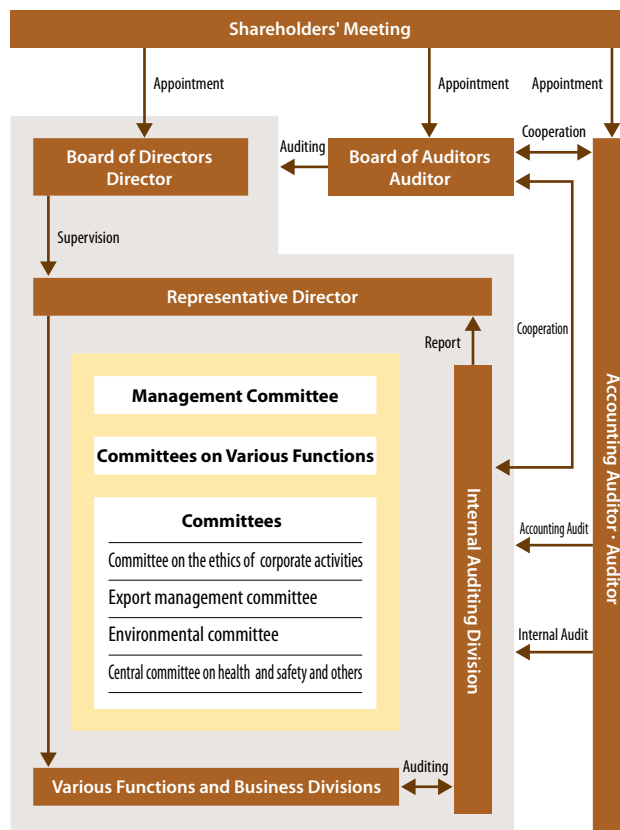
- Strengthening the auditing implementation internal checking system in functioning divisions
- Holding the 1st Internal Auditor Training

Achieving Prompt, Efficient and Sound Business Management

We are conducting the enrichment and strengthening of corporate governance that has as its goal sound corporate management of which the most significant matter for management is the stable improvement of shareholder value. Therefore, for the sake of meeting the expectations of all stakeholders including stockholders and customers, we are building and maintaining an organizational system that can swiftly and appropriately respond to environment changes and a fair, transparent, and sound management system.

We have set up the necessary functions including shareholders' meetings, a board of directors, a board of auditors and accounting auditors as mandated by law. In addition, we have also developed/established an internal control system that holds discussions on important issues, checks business operations, reinforces internal auditing, in an effort to achieve; (1) apt business judgments; (2) efficient business operations; and (3) effective supervision and auditing processes. Additionally, we have shortened the terms of directors to one year in an effort to develop a flexible management system that can respond swiftly to changes in the business environment and to further clarify the management responsibilities of directors.

■ Diagram of the Corporate Governance System



Implementation of auditing in functioning divisions bolsters internal auditing

Participants in Internal Auditing Corporate Training Meet
45 people

For the sake of checking whether laws and corporate ethics are being observed at our company, we are conducting internal management and supervision based on corporate laws. The internal auditing that had been conducted by the Auditing Division was implemented in fiscal 2008 in the General Administration, Human Resource, and Accounting Divisions, and a bolstered a system that checks whether auditing is able to observe everything down to smaller details, such as classified information management methods. There is a mechanism in place to collect the content of internal auditing within the functional divisions into the Auditing Divisions, through which we have built management/supervisory organizational systems.

Along with the creation of this system, we have implemented the 1st audit training for functional divisions and plan to step up this training from 2009 as well. Also, we prepared internal controls relating to financial reporting based on Financial Instruments and Exchange Law that went into effect in fiscal 2008, and submitted our "Internal Controls Report".



Internal Auditing Corporate Training Meet