

【Translation for Reference and Convenience Purposes Only】

**ASATSU-DK**

**CORPORATE GOVERNANCE**

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of ASATSU-DK INC., which is reported to the Tokyo Stock Exchange. ADK provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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ADK's stance on corporate governance is described below.

**I. Basic Philosophy on Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information**

**1. Basic Philosophy**

1. Basic Policy

ADK believes that the ultimate objective of a publicly listed company is to maximize value for shareholders by generating sustained growth. In pursuing this goal, it is essential for an enterprise to motivate and monitor its management team to ensure the long-term, stable enhancement of corporate value and increased competitiveness. Corporate governance that functions effectively in accordance with these goals is an essential framework for a company's activities.

Management has to reconcile the complex interests of various stakeholders, including employees. A listed company also seeks broad access to capital markets for fund-raising. It is the confidence of the shareholders—who ultimately provide the capital—that fuels selection and supervision of management and the authority of directors to perform their management duties. Accordingly, an environment that protects shareholder rights and facilitates fair and equal dealings is vital for effective corporate governance.

ADK executes its various corporate governance strategies based on this philosophy. We preserve Group-wide corporate governance, while maintaining close links between ADK and the other companies of the ADK Group.

**2. Capital Structure**

Ratio of overseas shareholders	30% or more
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[Major shareholders: as of December 31, 2009]

Name or company	Number of shares held	Percentage of total
WPP International Holding BV	10,331,100	22.87
Northern Trust Company (AVFC) Sub Account American Client	2,614,800	5.79

Northern Trust Company AVFC RE U.S. Tax Exempted Pension Funds	1,871,800	4.14
The Silchester International Investors International Value Equity Trust	1,672,200	3.70
Masao Inagaki	1,640,514	3.63
J.P.Morgan Chase Bank 380055	1,435,400	3.17
State Street Bank and Trust Company 505225	870,969	1.92
Japan Trustee Service Bank, Ltd. (trust A/C)	846,400	1.87
The Master Trust Bank of Japan, Ltd., Retirement Benefit Trust Account (Mitsubishi Corporation Account)	765,000	1.69
State Street Bank and Trust Company 505223	739,600	1.63

### 3. Corporate Attributes

Stock exchange listings and market classification	Tokyo Stock Exchange, 1 <sup>st</sup> Section
Settlement period	December
Industry	Service industry
Number of employees (consolidated)	1,000 employees or more
Net sales (consolidated)	¥100 billion to ¥1 trillion
Parent Company	None
Number of consolidated subsidiaries	10 to 49 companies

### 4. Other Exceptional Circumstances Pertinent to Corporate Governance

ADK entered a capital and business collaboration agreement with world-leading advertising holding company WPP plc, one of the largest advertising and marketing group in the world, in August 1998. The WPP plc is ADK's largest shareholder, indirectly holding 22.87% of issued shares through the WPP plc's 100% indirect subsidiary, Dutch corporation WPP International Holding BV (as of December 31, 2009). Conversely, ADK directly holds 2.49% of the WPP plc's shares, making it the seventh largest shareholder, after employee shareholder associations, equity investment fund operators and stock management and trust corporations, and the largest single business corporation (as of December 31, 2009). Moreover, ADK and WPP Group mutually dispatch one absentee director. The business collaboration between the two companies functions on an equal basis founded on this capital collaboration. In addition to management expertise and information exchange, the collaboration promotes a business relationship with WPP Group's individual advertising companies in the field of creative work and media buying as well as acquiring new clients. From a global standpoint, the two companies are able to mutually supplement deficiencies in each other's regional management resources.

## **II. Business Management Organization for Management Decision- Making, Execution and Supervision and Other Corporate Governance Systems**

### 1. Items relating to organizational structure and operation

Organization form	Company with corporate auditors
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#### [Directors]

Chair of the Board of Directors	President
Number of directors	12
Election of external directors	Not Elected

#### **Reason for adopting current system**

ADK adheres to a corporate auditor system for its management supervisory functions, exceeding

legal stipulations through a policy of maintaining four or more members on a Board of Corporate Auditors, three or more external auditors and three or more full-time corporate auditors, as well as two of the external auditors as full-time auditors. Full-time external auditors attend the Management Strategy Committee and other important meetings except the Board of Directors to ensure appropriate decision making process and monitor day-to-day operation. Accordingly, the Company has installed a system whereby the outside checking function is satisfied by audits performed by external auditors.

**[Auditors]**

Establishment of Board of Corporate Auditors	Established
Number of corporate auditors	4

**Collaboration between corporate auditors and accounting auditors**

With respect to collaboration between corporate auditors and accounting auditors, the corporate auditors receive reports about audits and auditing methods from the accounting auditors at meetings of the Board of Corporate Auditors. Corporate auditors and accounting auditors also exchange information about internal controls and other matters as necessary.

(Information related to accounting auditors)

The Company has a contractual agreement with Yasumori Accounting and Audit Office. Further, no special interests exist between any managing partners of said audit corporation in pursuit of ADK's accounts and ADK.

**Collaboration between corporate auditors and internal auditing departments**

The internal audit is the responsibility of the Group Audit Room, which reports directly to the President. The Group Audit Room's auditors' report is presented to the corporate auditors, as well as to the President. Moreover, officers of the Group Audit Room attend meetings of the Board of Corporate Auditors and work as a link between the audits of the corporate auditors and the accounting auditors.

Election of external auditors	Elected
Number of external auditors	3

**Relation to company (1)**

Name	Attributes	Relation to company <sup>*1</sup>								
		a	b	c	d	e	f	g	h	i
Yuzo Shikata	Originating from another company									
Makoto Ichikawa	Originating from another company									
Hideshige Haruki	Attorney at Law				○					

\*1 Selection criteria regarding relations with company

- a. Originating from parent company
- b. Originating from another related company
- c. A major shareholder in said company
- d. An external director in another company or a concurrent external auditor
- e. An executive director, operating officer or similar in another company
- f. The spouse, immediate family or other pursuant person of an executive director, operating officer or similar in said company or a company with specified relationship to said company
- g. A trustee of the parent company of said company or a subsidiary of the parent company and as such in receipt of remuneration or other income from assets
- h. A person in a limited-responsibility contract with said company
- i. Other

**Relation to company (2)**

Name	Supplementary explanation relating to conformity to criteria	Reasons for election as an external auditor
Yuzo Shikata	Independent Director	<ol style="list-style-type: none"> <li>Reasons for election as an external auditor Originating from a Securities company institution, Mr. Abe brings a high level of business management knowledge.</li> <li>Reasons for Designating Independent Directors Mr. Shikata satisfies all requirements related to impartiality of independent directors as specified by the Tokyo Stock Exchange Group, Inc., and we believe there is no conflict of interest between Mr. Shikata and general shareholders.</li> </ol>
Makoto Ichikawa	Independent Director	<ol style="list-style-type: none"> <li>Reasons for election as an external auditor Originating from a financial institution, Mr. Ichikawa brings a high level of business management knowledge.</li> <li>Reasons for Designating Independent Directors Mr. Ichikawa satisfies all requirements related to impartiality of independent directors as specified by the Tokyo Stock Exchange Group, Inc., and we believe there is no conflict of interest between Mr. Ichikawa and general shareholders.</li> </ol>
Hideshige Haruki	A partner in a law firm. However, the Company has not entered into an advisory contract nor received any legal services, and established a policy not to do so in the future.	A legal specialist who can contribute to compliance.

<b>Other items relating to important activities of external auditors</b>
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No items that need reporting.

**[Incentives]**

Enforcement of policies related to incentives for directors	Other
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<b>Supplementary explanation relating to these items</b>
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- The Company may pay a special bonus (other than regular bonus) to employees when its business performance is strong. When this bonus is paid to employees, based on the approval of General Meeting of Shareholders, we have a policy of paying bonuses to directors, too.
- Regarding stock option systems, we promote a payback policy to increase net income per share. The introduction of a stock option system would increase the number of shares that functions as the denominator when calculating net income per share. We have not introduced stock options as this is not the only method to reconcile boosting share value and heightening awareness of directors.

**[Directors' remuneration]**

Means of disclosure	Annual Security Report, Operating Statement
Disclosed information	Disclosure of total payment for all directors

Supplementary explanation relating to these items
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1. Total annual remuneration to directors: ¥377 million to 15 directors (as of December 2009)  
Bonuses were not paid to directors in fiscal 2009. The directors referred to above include two directors who retired upon the conclusion of the Company's 54th General Meeting of Shareholders, held on March 27, 2009. Because the Company does not have a system of directors serving concurrently as employees, it does not make separate payments to directors for work performed as employees.

2. Retirement bonuses paid in fiscal 2008

Pursuant to a resolution passed at the 54th General Meeting of Shareholders, held on March 27, 2009, the Company paid a ¥21 million retirement bonus to two directors who retired at the conclusion of said meeting. The retirement bonus included a ¥15 million retirement bonus transfer, which was included in directors' remuneration per Note 1 above and the previous year's business report. The company paid ¥2 million retirement bonus to one auditor who retired at the conclusion of the Company's 54th General Meeting of Shareholders, based on the resolution of the Company's 52nd General Meeting of Shareholders, "cutoff payments for retirement benefits due to the abolishment of the system for granting retirement benefits to corporate auditors"

**[Support system for external directors (external auditors)]**

No full-time staff have been assigned to assist the external auditors. However, the Company provides support for external auditors by reinforcing and adding staff (total of seven persons) to the Group Audit Room which functions as the Group's internal auditing body and performs audits in cooperation with corporate auditors.

**2. Items relating to function of execution of duties, auditing, supervision, nominations, remuneration, etc.**

1. Overview of current system

The Board of Directors meets once a month in principle to reach decisions on items regulated by Japan's Company Law and other important matters, and to monitor the execution of business.

ADK has appointed operating officers from among its executive directors and employees. Operating officers are charged with business execution related to broader decisions made by the Board of Directors. The business execution organization is separated into functional divisions, units, departments, and small groups, all reporting to the president.

The Management Strategy Committee assists in decision-making by the president, who has the ultimate authority of day-to-day operations. Consisting of operating officers in charge of divisions, the Committee meets once a week in principle to conduct preliminary deliberations on Board of Directors proceedings and exchange opinions on important matters.

Full-time corporate auditors also attend meetings of the Board of Directors and the Management Strategy Committee to monitor the relevance of items discussed. In addition, the president holds meetings at least twice a year to exchange opinions with corporate auditors.

"The Auditing Standards for Corporate Auditors" and "The Standards for Implementation of Audit on Internal Control System" have been established for audits conducted by corporate auditors. "The Auditing Standards for Corporate Auditors" determines the responsibilities of corporate auditors, functions and operations of the Board of Corporate Auditors, audit targets and

methods, and reporting of audit results. “The Standards for Implementation of Audit on Internal Control System” stipulate the standards and action guidelines for audits of the Company’s internal control system conducted by corporate auditors.

“Internal Audit Regulations” have been formulated to stipulate the responsible departments, operating procedures, and method of reporting of internal audits.

Yasumori Audit Corporation serves as ADK’s accounting auditor. Accounting audits are conducted by Mr. Makoto Tsukura and Mr. Satoshi Saigusa, both CPAs of Yasumori Audit Corporation. Mr. Tsukura has conducted such audits for three consecutive years, while Mr. Saigusa has conducted such audit for one year.

**2. Reasons for adopting a corporate auditor system**

ADK uses a corporate auditor system because it is most suitable for two aspects of corporate governance: efficiency of management decision-making and reinforcement of management supervisory functions.

With regard to the former, we decided against a corporate system in which committees retain certain decision-making authorities in a board of directors based around external directors. We believe our system to be more efficient, constituting a board of directors based around internal directors that carries out flexible decision-making with information exchange across all domains of Company activities.

Neither is there evidence of the superiority of a committee-based system in terms of reinforcement of management supervisory functions. Accordingly, ADK adheres to a corporate auditor system.

The tenure of directors is one year, allowing us to clarify responsibilities and gauge the trust of shareholders.

**III. Enforcement of Policies Related to Shareholders and Other Beneficiaries of Profits**

**1. Measures to convene the General Meeting of Shareholders and facilitate exercise of voting rights**

	Supplementary explanation
Convening General Meetings of Shareholders on days other than those when such meetings are typically concentrated	To accommodate shareholder participation, the Company sets aside a preparation period to assure the smooth operation of the General Meeting of Shareholders, and as much as possible avoids holding these meetings on dates when those of other companies are concentrated. Depending on the calendar, however, there are times when the Meeting may need to be held on a day of such concentration.
Exercise of voting rights by electronic means	Internet voting methods were introduced for the exercise of voting rights from the Ordinary General Meeting of Shareholders in March 2003. At the Ordinary General Meeting of Shareholders in March 2006, an exercise of voting rights platform for institutional investors operated by ICJ, Inc., was utilized.
Other	The Convocation Notice for the General Meeting of Shareholders is posted on the Company website (with English translation for reference). Qualification restrictions for presence by proxy at the General Meeting of Shareholders have been abolished.

**2. Investor relations activities**

	Supplementary explanation	Explanations by representatives

Hosting of periodic briefings for analysts and institutional investors	Twice a year, following the announcement of interim and final settlements of accounts, the President conducts a briefing on the settlement of accounts and strategies for analysts.	Yes
Posting of investor relations materials on the Company website.	The Summary of Consolidated Interim Financial Results and other current disclosure materials, materials for results briefings, securities reports, the convocation notice for the General Meeting of Shareholders and other materials are posted on the Company website ( <a href="http://www.adk.jp/ir/">http://www.adk.jp/ir/</a> or <a href="http://www.adk.jp/english/ir/index.html">http://www.adk.jp/english/ir/index.html</a> for English disclosure materials	No
Establishment of an investor relations department (liaison)	Investor relations are handled by Office of Corporate Communications (Phone: +81-3-3547-2003).	—

### 3. Measures to maintain the position of stakeholders

	Supplementary explanation
Internal regulations to maintain the position of stakeholders	In the “ADK Group’s Code of Conduct”, ADK has declared that it shall balance various interests among a wide range of stakeholders and try to achieve harmonious coexistence with society as its management philosophy. Especially, “to fulfill responsibilities toward the investing public”, ADK made it a principle to operate in the best interests of its shareholders and disclose accurate corporate information in a timely manner to a wide range of stakeholders.
Environmental protection, corporate and social responsibility, and other activities	In addition to operational support for “University of Tokyo ASATSU-DK China Scholarship Fund” to contribute to the advance of Japan-China relations, ADK offers a television commercial planning course at Ritsumeikan University based on a scholarly exchange agreement. ADK cooperates in advertising work for the campaigns supported by AC (Japan Advertising Council). ADK also supports CSR activities of many companies in “CSR projects” to make social contributions with advertisers. Regarding the environmental protection activities, ADK acquired ISO14001 certification in Tokyo headquarters and it will continue to implement the management system to focus on environmental concerns and aim for the certification in all the branch offices.

## **IV. Basic Philosophy and Development of the Internal Control System**

### **(General Rules)**

Based on the “Management by All” principle that has guided ADK since its establishment, we have developed an internal control system with the following aims:

- (1) Raise operational effectiveness and efficiency;
- (2) Maintain the reliability of financial reporting;
- (3) Ensure compliance with laws and regulations relating to business activities; and

(4) Safeguard assets.

Development of the internal control system is overseen by the Risk Management Committee, which is chaired by the president. The Risk Management Committee regularly investigates if the system effectively functions or not, using a process management method based on the PDCA (Plan, Do, Check, Act) cycle.

The elements of resolution stipulated in the Company Law and the enforcement regulations of the Company Law are described in the following rules.

**(Specific Rules)**

**1. System to Ensure Directors and Employees Perform Their Duties in Accordance with Laws, Regulations, Ordinances, and the Articles of Incorporation**

The Board of Directors formulated the “ADK Group’s Code of Conduct” to clarify the ethics and values to be shared by all directors and employees. The directors themselves observe this code, and the chairman and the president continuously reiterate its spirit to employees.

The Risk Management Committee appoints the Compliance Committee as a subordinate organization chaired by the director in charge of compliance; its members shall include external attorneys. The Compliance Committee implements policies to raise compliance awareness among directors and employees, investigates major violations of laws and regulations or suspicion of violations, and instructs the responsible departments to take corrective actions. To help guarantee compliance with business execution regulations and the Articles of Incorporation, the perspective of rejecting ties with antisocial influences is incorporated in the ADK Group Code of Conduct. The Compliance Committee will spearhead efforts to ensure effective rejection of such antisocial influences.

The Compliance Committee also operates the “Group Helpline System,” which involves external law offices and guarantees anonymity to encourage employees to report violations of laws and regulations in order to prevent and correct such violations.

The Risk Management Committee also appoints the Process Owner Committee, chaired by the director in charge of the maintenance and control of the system for ensuring the reliability of financial reporting, as a subordinate organization. To ensure that business execution complies with various regulations, especially pertaining to financial reporting, the Process Owner Committee identifies risks related to the reliability of financial reporting and issues instructions accordingly. Based on such instructions, the Committee ensures that suitable responses are implemented to address risks identified in each major department and that the risk management system is properly operated and maintained.

**2. System Regarding the Retention and Management of Information Related to the Execution of Duties of Directors**

The following policies have been put in place under the supervision of the director in charge of the information management system with regard to the retention and management of information related to the execution of duties of directors.

(1) The minutes of the Board of Directors meetings and the materials distributed to directors for deliberation of resolutions shall be retained for a minimum of 10 years in the division in charge of the secretariat.

(2) The minutes of regular meetings that directors must attend, as well as other business documents approved by directors or in which their opinions are written, shall be managed in compliance with “Document Management Regulations” and “Information Security Policy.”

**3. Regulations and Systems relating to Risk Management**

The Risk Management Committee defines the “Risk Management Policy” and implements comprehensive risk management for the entire ADK Group, consisting of ADK and its subsidiaries. The Risk Management Committee implements risk management by using a process management method and instructs responsible departments to take necessary measures.

Under the control of the Risk Management Committee, in addition to the aforementioned the Compliance Committee and the Process Owner Committee, the Personal Information Protection Committee, the Information Security Committee, and the Business Continuity Committee have been established as specialist committees to implement risk management in their respective fields. Other specialist committees shall be established as needed. The Risk Management Committee directly implements risk management in the fields not covered by specialist committees.

The Group Audit Office monitors the effectiveness of the risk management system and reports to the Risk Management Committee.

#### **4. System to Ensure the Effective Execution of Directors' Duties**

The Company maintains an appropriate number of directors in order to ensure the flexible holding of and active discussions at the Board of Directors meetings. The Company also limits the tenure of each director to one year in order to frequently check the qualification of directors.

The Company has adopted an operating officer system to operate the Board of Directors in careful consideration of the authority of the Board of Directors, centering on the decision and supervision of execution of duties as stipulated in the Company Law.

The Board of Directors sets companywide goals for directors and employees to share and establishes medium-term and annual business plans to achieve these goals. Progress is reported on a quarterly basis to the Board of Directors. In case there are factors that hinder progress toward these goals, the executive director in charge of the relevant department takes responsibility for formulating solutions, and the president carries them out by giving directions to the relevant departments.

#### **5. System to maintain appropriate business practices throughout the ADK Group**

Under the supervision of the Risk Management Committee, the division in charge of management of subsidiaries directs each subsidiary to maintain its own internal control system and establishes a group-wide internal control system by requesting subsidiaries the compliance with the "ADK Group's Code of Conduct" and implementation of specific measures, such as an adoption of the "Group Helpline System".

The division in charge of management of subsidiaries makes arrangements with major subsidiaries about approval and reporting, makes it mandatory to gain approval from or report to ADK before making decisions regarding certain matters, and manages them while respecting each subsidiary's independence.

#### **6. System for employees when requested to support the Board of Corporate Auditors and their independence from directors**

In the event that the corporate auditors request the assistance of employees, the Company assigns the appropriate persons as assistants to corporate auditors as soon as possible. To reinforce independence from directors, the employees to assist the corporate auditors shall not be assigned to interlocking duties in the organization under the authority of directors. Performance review, personnel transfer, and decisions on reward and punishment must be approved in advance by the Board of Corporate Auditors.

#### **7. Reporting to the Board of Corporate Auditors and system to ensure the efficient execution of audits**

The Company has a policy to maintain four or more corporate auditors in total, three or more outside corporate auditors, and three or more full-time corporate auditors-exceeding the legal requirement.

In addition to the Board of Directors meetings, the attendance of corporate auditors is requested at Business Strategy Meetings, Performance Report Meetings, and other important regular meetings, and the minutes of those meetings must be presented to all corporate auditors. If corporate auditors request attendance at any other meetings, directors and employees shall not refuse the request. Directors and employees shall report immediately to the Board of Corporate Auditors on cases that may cause serious damage to the Company, inappropriate actions in the execution of duties by directors, material facts that breach laws, regulations, and the Articles of Incorporation, reports

received through the Helpline System, or results of inspection by the regulator or external audit. At least twice a year, the president holds a meeting to exchange opinions with the corporate auditors. The Audit Reports of the Group Audit Office is submitted to the corporate auditors, and members of the Group Audit Office attend meetings of the Board of Corporate Auditors to cooperate with corporate auditors.

Our basic concept and system to exclude the anti-social groups are as follows:

### **1. Basic concept, the code of conduct, and improvement of internal rules**

As a corporation has a larger economic scale compared with individuals, an adverse impact may be significant if it is used by the anti-social groups. Thus, it is an obligation of the corporation not to do any action that could be beneficial to the anti-social groups. “ADK Group’s Code of Conduct” stipulated by the Board of Directors clearly document the concept and declares that “The Group shall maintain no contact with anti-social groups, and will staunchly decline any requests from them” in the provision of Article entitled “To adopt to social norms and ensure social justice”.

Our Compliance Committee establishes the “ADK Compliance Guideline” which concretely expresses the spirit of the “ADK Group’s Code of Conduct”. In the Guideline, there is a description explaining the necessity of “Exclusion of relationship with the anti-social groups” and how to do it. “ADK Compliance Guideline” is distributed as a handbook to all the employees.

Furthermore, we created the “Manual of Handling of Unfair Request from the Anti-social Groups” which describes concrete procedures, steps, and internal and external collaboration in case anti-social groups approach us. For the purpose of through dissemination the information among employees, the manual is uploaded onto our intranet allowing all the employees to access and read it any time.

### **2. Improvement of internal system**

(1) Section in-charge of supervising and assignment of a manager in charge of preventing an unfair request

We assign Corporate Governance Office, an administrative office for Compliance Committee, as a supervisory section to handle issues related to the anti-social force. The Office strives to receive training sessions held by The National Center For the Elimination of *Boryokudan* (crime syndicate) that are for managers in charge of preventing an unfair request.

(2) Collection and management of information on the anti-social force

We file the information obtained from the specific violation prevention conference we belong to and distribute it among sections concerned. If there is a doubt that individuals or groups with whom a certain section contacts in the daily business would have an anti-social nature, we make an inquiry through the supervisory section to the competent police office, the Office of Specific Violation Prevention Association under Metropolitan Police, or an inquiry agency.

(3) Collaboration with external professional organizations

In case we have a contact with individuals or groups that could belong to the anti-social groups, we firm against them, following the instruction of the competent police office and our legal advisor.

(4) Implementation of training sessions

The “ADK Group’s Code of Conduct”, the “ADK Compliance Guideline” and the “Manual of Handling of Unfair Request from the Anti-social Groups” are uploaded on the intranet, allowing all the employees to read them anytime they want. We also hold in-person training sessions at the time of new employee training and new manager training where the administrative office of Compliance Committee serves as a lecturer and “ADK Compliance Guideline” is used as a textbook, as well as at the time of meeting in each organization.

## **V. Other**

### **1. Items relating to Takeover Defense**

The Company believes that persons who control the Company's decisions on financial matters and business policies should be ultimately judged by shareholders.

In addition to the improvement of capital efficiency and implementation of various measures to return profits to shareholders, the Company has made company-wide efforts to maximize corporate value and common interests of shareholders based on our "Management by All" principle. The Company believes that the management with such a company-wide sense of unity and a sense of common destiny among directors and employees in the advertising industry called "people business" is the best defense against an inadequate takeover, and the Company has not implemented any specific takeover defense measures at present.

On the other hand, in the event of a large-scale purchase of the Company's shares or a takeover proposal, the Board of Directors who assumes management responsibility for shareholders will assess the impact of such purchase on corporate value and common interests of shareholders, while respecting the opinions of outside specialists. In addition to expressing its views, the Board of Directors will negotiate with such purchaser and do its best to provide necessary information and ensure sufficient time for shareholders to properly judge whether to accept such purchase or not.

Moreover, in the event that such purchaser does not provide necessary information or it is deemed that such proposal may damage corporate value and common interests of shareholders, the Board of Directors will take reasonable countermeasures to be most effective at that time and accepted by shareholders.

The Company will carefully discuss whether to implement specific takeover defense measures in advance, in consideration of future economic environments, capital markets, and trends in laws and regulations.

## **2. Other Items relating to Corporate Governance System, etc.**

None to be reported.