

Views on the Number of Outside Directors

[Principle 4.8 Effective Use of Independent Directors]

Independent directors should fulfill their roles and responsibilities with the aim of contributing to sustainable growth of companies and increasing corporate value over the medium- to long-term. Companies listed on the Prime Market should therefore appoint at least one-third of their directors as independent directors (two directors if listed on other markets) that sufficiently have such qualities.

Irrespective of the above, if a company listed on the Prime Market believes it needs to appoint the majority of directors (at least one-third of directors if listed on other markets) as independent directors based on a broad consideration of factors such as the industry, company size, business characteristics, organizational structure and circumstances surrounding the company, it should appoint a sufficient number of independent directors.

<Rationale Concerning the Number of Independent Outside Directors>

The Company presently has appointed 5 independent outside Directors. Together with 9 directors, the Board of Directors is comprised of 14 members.

Although there is no specific level considered as necessary for the future, to ensure vibrant opinions can be heard at the Board of Directors, in principle, one-third or more of the members of the Board are outside Directors who are independent and neutral.

(Corporate Governance Guidelines Article 13.5)

Moreover, as a company with Audit & Supervisory Board, the Company has appointed three full-time and three outside Audit & Supervisory Board Members. We mainly expect the monitoring function from independent outside Directors and Audit & Supervisory Board Members, and the Audit & Supervisory Board. Directors expected to perform the monitoring function are ten, including Chairman who keeps some distance from the execution of operations. They constitute no less than one-third of the number of Directors and Audit & Supervisory Board Members. Taking these into consideration, we are in the opinion that three independent outside Directors are appropriate for the Company at the moment.

As regards this issue, on the basis of comprising the balanced Board for management and monitoring functions for business, we intend to review as necessary in accordance to the operational size, business conditions, and the like.