

Background for establishing “Electronic Voting Platform for Institutional Investors”

1 . Changing Environment of Japanese Capital Markets

Liquidation of Cross Holding Shares

Growing Presence of Foreign Investors

Increasing Influence of Institutional Investors(Pension Fund, Investment Trust.etc.)

Ownership Structure of Public Companies (Source: stock exchanges in Japan)

•City Banks/Regional Banks: 21.6% in 1985 => 5.7% in 2003

•Foreign Investors: 5.7% in 1985 => 19.7% in 2003

•Pension Funds/ Investment Trust: 2.0% in 1985 => 7.3% in 2003

2 . Heightened Awareness toward better “Corporate Governance”

The need for fostering an environment where institutional investors can exercise voting rights properly, has increased.

By facilitating shareholders’ rights exercise, competitiveness of Japanese capital markets will be enhanced among markets around the world. (Joint initiatives with Japan Securities Dealers Association)

Comparison with Current Electronic Voting Systems

Current Electronic Voting Systems in place

- Providing voting tools for **Registered Shareholders** (in no use when a registered shareholder is not identical with beneficial shareholder)
- functioning in effect, only for registered individual shareholders possessing relatively limited number of issues (present utilization is still limited.)

Electronic Voting Platform for Institutional Investors (Platform)

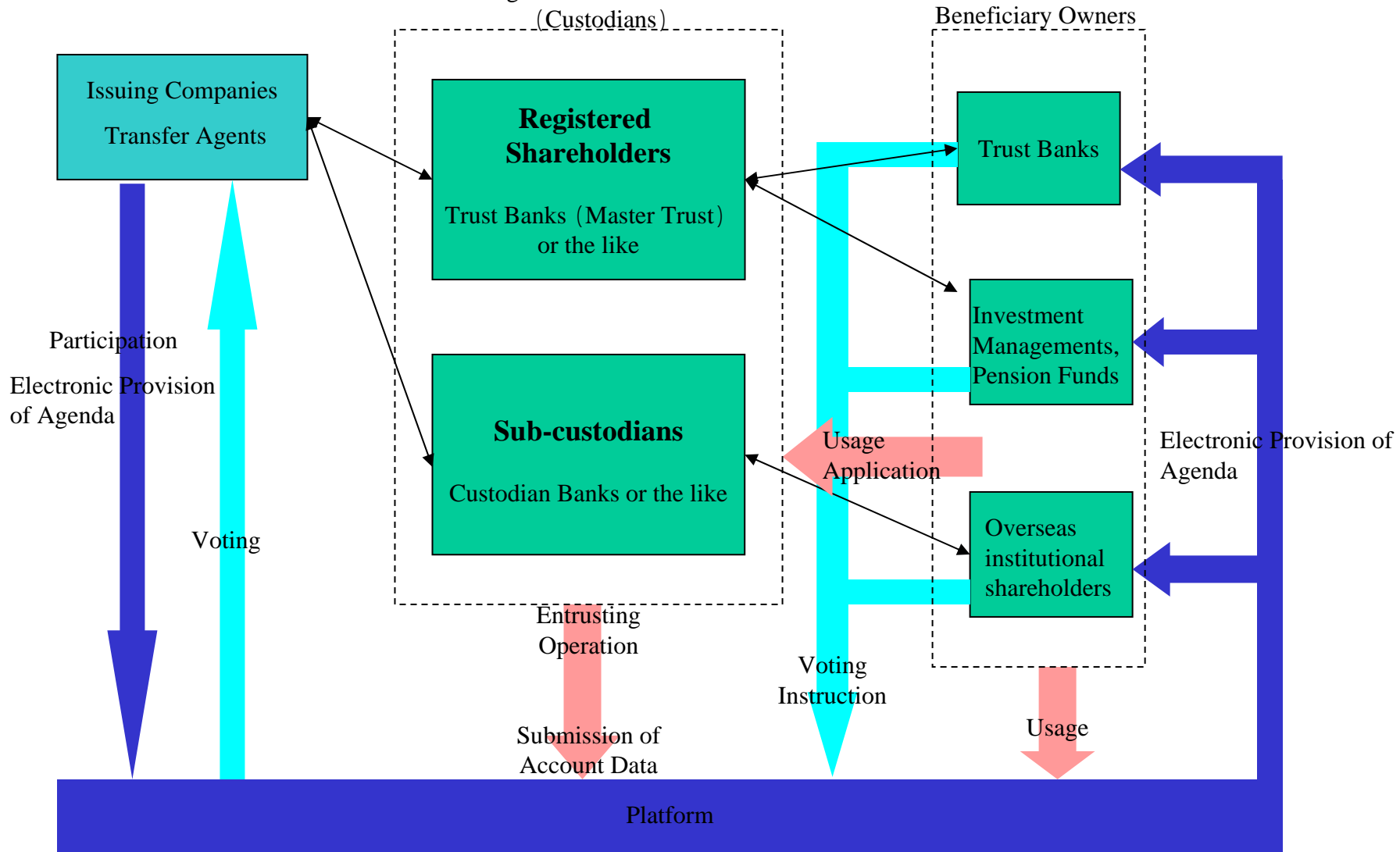
- Providing voting tools for **investors who are not registered shareholders on the book, but have beneficial voting rights**; Foreign Investors, Institutional Investors, Investment Advisory Firms, and etc.

✓ Status of the Platform will be defined as either “Agent who ” or “ Messenger ” to whom the operation is outsourced by registered shareholders.

✓ Platform will cast a vote to the issuer, under the name (ID/PW) of registered shareholder.

Concept Picture of the Online Voting Platform for the Institutional Investors

is the current flow of information
Registered Shareholders
(Custodians)



Merits for Issuers participating in the Platform

1 . Appealing Effect to Institutional Investors(Beneficial Shareholders)

By participating in the Platform and thereby providing an opportunity for easier voting environment to non-registered beneficial shareholders, such as foreign and institutional investors, the issuer can appeal to them that it is protective of their shareholders' rights and attentive to their needs.

2 . Ensuring Provision of the Meeting Agenda

The issuer can ensure that the meeting agenda be provided to beneficial shareholders as of record date, who exercise voting rights. Also, as the agenda is provided in a timely manner, due to its electronic transmission by the Platform, the issuer can set aside enough time for the beneficial shareholders to review the agenda carefully.

3. Higher exercise rate of voting rights by foreign investors can be expected

By providing the meeting agenda swiftly with an effective infrastructure to foreign investors, who less exercise their voting rights compared to domestic institutional investors, higher exercise rate of voting rights can be expected.

4 . Accessing to interim voting status in time

Currently, issuers experiences difficulties in following the latest proxy voting status, as it is notified to the issuer via trust bank or custodian bank, on previous date of the meeting date or sometime closer to that date. However, upon participation in the Platform, the issuer can have access to the latest voting status, whenever necessary, in advance of the meeting date.