

Progress of Listing System Improvement Action Plan 2009
(Matters for prompt implementation) (as of December 30, 2009)

Tokyo Stock Exchange, Inc.

Improving conditions to enhance corporate governance of listed companies

Item in action plan	Contents of "Matters for prompt implementation"	Content of Measures	Implementation Status
1. The structure of board of directors	<ul style="list-style-type: none"> The TSE will present a model of corporate governance which is regarded as suitable for the majority of listed companies for securing the confidence of shareholders, investors, and others in accordance with viewpoints described in the Study Group Report. Based on this, the TSE will require listed companies to sufficiently disclose the details of their respective governance systems and the reasons for selecting a particular system in the corporate governance report. 	<ul style="list-style-type: none"> The TSE will present models of corporate governance which are described in the Study Group Report in the remarks column at the end of the Principles of Corporate Governance for Listed Companies. The TSE will require listed companies to disclose their current governance systems and the reasons for selecting the system in the corporate governance report based on the said models. 	<ul style="list-style-type: none"> Revise the Principles of Corporate Governance for Listed Companies and notify listed companies on December 22, 2009. Implement amended rule on December 30, 2009. (Rule 445-2 of the Securities Listing Regulations) Implement amended rules on December 30, 2009. (Rule 211, Paragraph 6, Item 2 of the Enforcement Rules for Securities Listing Regulations, and others) * Revise the Guidelines for Descriptions in Corporate Governance Reports and notify listed companies on December 29, 2009.
2. Strengthening the function of statutory auditors	<ul style="list-style-type: none"> For the purpose of promoting listed companies to implement measures including the following items to strengthen the functions of statutory 	<ul style="list-style-type: none"> The TSE will add content pertaining to system improvements to enhance the functions of statutory auditors that are described in the "Action Plan" to the 	<ul style="list-style-type: none"> Revise the Principles of Corporate Governance for Listed Companies and notify listed companies on December 22, 2009. Implement amended rule on

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	<p>auditors, the TSE will stipulate these measures as "Items Desired to be Observed" in the corporate governance principles of listed companies and develop frameworks for disclosing the status of each listed company in the corporate governance report.</p> <p>(1) Maintain adequate human resources and structures to support the statutory auditors who carry out audits (cooperating with internal audit and internal control divisions for this purpose);</p> <p>(2) Appoint highly independent outside auditors; and</p> <p>(3) Appoint auditors with an in-depth knowledge of finance/accounting.</p>	<p>Principles of Corporate Governance for Listed Companies.</p> <ul style="list-style-type: none"> The TSE will require listed companies to describe measures for enhancing the functions of statutory auditors in disclosing the current status on the system of corporate governance in the corporate governance report. 	<p>December 30, 2009. (Rule 445-2 of the Securities Listing Regulations)</p> <p>* Revise the Guidelines for Descriptions in Corporate Governance Reports and notify listed companies on December 29, 2009.</p>
3. Independence of outside directors and auditors	<ul style="list-style-type: none"> The TSE will require the disclosure of more specific details on the relationships that outside directors and auditors have with the company. It also requires appropriate disclosures of the company's views on the independence of the 	<ul style="list-style-type: none"> The TSE will require listed companies to describe relationships between outside directors/auditors and the companies as well as the company's stance on the independence of the persons in question in disclosing the current status on the 	<p>* Revise the Guidelines for Descriptions in Corporate Governance Reports and notify listed companies on December 29, 2009.</p>

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	persons in question.	corporate governance system in the corporate governance report.	
4. Selection of independent directors/ auditors	<ul style="list-style-type: none"> For the purpose of protecting general shareholders, the TSE will require listed companies to introduce the independent directors/auditors who the listed companies deem are unlikely to give rise to conflicts of interest in relation to general shareholders. 	<ul style="list-style-type: none"> The TSE will require listed companies to secure at least one (1) independent director/auditor and state this requirement as "Items to be Observed" in the Code of Corporate Conduct. The TSE will also require listed companies to describe the name(s) and reasons for designating the independent director(s)/auditor(s) in the corporate governance report. 	<ul style="list-style-type: none"> Implement amended rules on December 30, 2009. (Rule 436-2 of the Securities Listing Regulations, Rule 211, Paragraph 6, Item 5 of the Enforcement Rules for Securities Listing Regulations, and others) * Revise the Guidelines for Descriptions in Corporate Governance Reports and notify listed companies on December 29, 2009.
5. Disclosure by listed companies of ballot results for agendas at general shareholders meetings	<ul style="list-style-type: none"> With regard to the results of individual resolutions at general shareholders meetings, the TSE will request listed companies to disclose the number of votes cast for and against, in addition to disclosing whether the resolution was passed or rejected. 	<ul style="list-style-type: none"> The TSE will send a letter to the representatives of listed companies to request the content shown in the left column. 	<ul style="list-style-type: none"> Made the request to listed companies on October 29, 2009.
6. Response to company	<ul style="list-style-type: none"> The TSE will implement necessary improvements in light of enhancing 		

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grouping by listed companies	<p>corporate governance of not only the parent company but also the company group as a whole.</p> <p>- The TSE will review the corporate governance principles of listed companies in order to clarify that the corporate governance should be realized as the corporate group of the listed company as a whole.</p> <p>- In the event that a listed company has a core subsidiary, when such subsidiary decides an important management issue, the TSE will require the listed company to conduct appropriate disclosure of views of the subsidiary’s management as well as its own views so that they will discharge accountability as a corporate group.</p>	<ul style="list-style-type: none"> • The TSE will add a statement to the effect that the corporate governance of listed companies should be enhanced by the company group as a whole in the Principles of Corporate Governance for Listed Companies. • With regard to disclosure of listed companies which have a core subsidiary, the TSE will require listed companies to conduct appropriate disclosure of views of the subsidiary's management in the event that such subsidiary decides an important management issue. 	<ul style="list-style-type: none"> • Revise the Principles of Corporate Governance for Listed Companies and notify listed companies on December 22, 2009. * Revise the TSE Timely Disclosure Guidebook and notify listed companies on December 29, 2009.

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Improving the system and practices pertaining to timely disclosure in light of changes in circumstances

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1. Promote more effective and efficient disclosure in light of enhancements/changes to disclosure system and changes in investor needs in recent years	<ul style="list-style-type: none"> • In light of current market conditions, etc. where investment evaluation and business administration are based on a consolidated basis, the TSE will request proactive disclosure of company information which is significant on a consolidated basis. • With regard to the preparation of timely disclosure materials, the TSE will clarify the minimum disclosure content required based on the listing rules, and enhance listed companies’ awareness of measures that may be taken against them, to ensure effectiveness of listing rules. • With respect to timely disclosure, etc. pertaining to corporate information of unlisted parent companies, etc., the TSE will integrate it into disclosure of details of transactions with the controlling shareholder or matters relating to controlling shareholder, etc. (which have been improved in recent years), in order to improve efficiency of business 	<ul style="list-style-type: none"> • The TSE will send a letter to the representatives of listed companies to request the content shown in the left column. • When listed companies perform timely disclosure of company information, the TSE will clarify the content of information required for common items for disclosure. • With respect to disclosure of company information pertaining to unlisted parent companies, etc., the TSE will integrate it into disclosure regarding controlling shareholders, etc. after reviewing the content. 	<ul style="list-style-type: none"> • This measure is scheduled to be implemented within the fiscal year. • Implement amended rules on December 30, 2009. (Rule 402 of the Securities Listing Regulations, Rule 402-2, Paragraph 1 of the Enforcement Rules for Securities Listing Regulations and others) • Implement amended rules on December 30, 2009. (Rule 406 of the Securities Listing Regulations, Rule 411, Paragraph 2 of the same Regulations, and others)

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	<p>practices.</p> <ul style="list-style-type: none"> • Taking into account the state after the introduction of the internal control report system pertaining to financial reporting, the following cases will be included as items to be included in matters requiring timely disclosure by listed companies. <ul style="list-style-type: none"> (i) a case where the management executive finds a material weakness in the internal control system; and (ii) a case where the management executive deems the evaluation result of the internal control system cannot be disclosed. 	<ul style="list-style-type: none"> • In the event that the management of a listed company has decided to submit an internal control report containing the fact that the management executive finds a material weakness in the internal control system or deems the evaluation result of the internal control system cannot be disclosed, the said company will disclose the contents of such decision immediately. 	<ul style="list-style-type: none"> • Implement amended rule on December 30, 2009. (Rule 402, Item 1, Sub-item am. of the Securities Listing Regulations)
2. Response to introduction of IFRS	<ul style="list-style-type: none"> • From the perspective of increasing the global competitiveness of the TSE market, the TSE will extend necessary cooperation to actions of parties concerned in order to facilitate the adoption of IFRS by listed companies. • In order to support the discussion on adoption of IFRS, the TSE will clearly state in the Code of Corporate Conduct 	<ul style="list-style-type: none"> • The TSE will cooperate with listed companies on an as-needed basis. • The TSE will prescribe the following matter as “Items Desired to be Observed” in the Code of Corporate Conduct: 	<ul style="list-style-type: none"> • Implement on an as-needed basis. • Implement amended rules on December 30, 2009. (Provisions related to Rule 409-2 of the Securities Listing Regulations)

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	(Items Desired to be Observed) that listed companies will strive to cooperate in activities pertaining to the development and revision of accounting standards which form the basis for appropriate preparation of disclosure materials, as well as promoting the education of accounting standards.	- The listed company shall endeavor to develop a system under which it will be able to appropriately respond to changes, etc. in accounting standards, etc., and such response includes entry into an organization or group (e.g., the Financial Accounting Standards Foundation) that performs submission or dissemination of opinions or communication with respect to changes, etc. in accounting standards, and participation in training conducted by an accounting standard setting body, etc.	

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