

## Updated Consolidated Results of Independent Directors/Auditors Notifications

July 21, 2010

Tokyo Stock Exchange, Inc.

Tokyo Stock Exchange, Inc. (“TSE”) hereby announces the updated consolidated results of the independent directors/auditors notifications. This results were compiled in conjunction with the enforcement<sup>1</sup> of the provision in TSE regulations (Rule 436-2 of the Securities Listing Regulation) which requires each listed company to secure at least one independent director/auditor (hereinafter “ID/A”) (meaning an outside director/auditor who is unlikely to have conflicts of interest with general shareholders; the same shall apply hereinafter). The provision shall be applied to each listed company from the period after it settles accounts in or after March 2010.

### 1. Independent Directors/Auditors Notifications

These consolidated results are based on ID/A notifications which were submitted by July 16, 2010 by domestic companies listed as of June 30, 2010 (2,301 companies) (Figure 1).

### 2. Consolidated Results

#### a. Company-based

- **93.6% of TSE-listed Companies have Secured ID/A(s)**

2,153 (93.6%) listed companies included in these results have submitted ID/A notifications that they have secured ID/A(s). Since the previous consolidated results<sup>2</sup>, the percentage of companies which have already secured ID/A(s) has risen by 3.8 points (86 companies) (Figure 2-1). In terms of listed company size<sup>3</sup>, larger companies have a relatively higher rate of having already secured ID/A(s), and also a greater number of ID/A(s) submitted (Figure 2-2).

- **10.6% of listed companies submitted notifications containing only outside directors; 70.7% only outside auditors; 18.7% both outside directors and auditors**

Out of listed companies which submitted ID/A notifications that they have already secured ID/A(s), 10.6% submitted notifications containing only outside directors, 70.7% contained only outside auditors, and 18.7% contained both outside directors and auditors.

In comparison with previous consolidated results, the percentage of listed companies which have submitted notifications containing both outside directors and outside auditors rose by 1.7 points,

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<sup>1</sup> In the case of a company that settles accounts in March 2010, the obligation of securing ID/A(s) shall apply from the day following the general shareholders meeting held in June 2010 (Item 4 of the supplementary provisions on the revision to the Securities Listing Regulations).

<sup>2</sup> Please refer to “Consolidated Results of Independent Directors/Auditors Notifications”, dated May 20, 2010. (<http://www.tse.or.jp/english/rules/ls-improvements/b7gje600000044iq-att/b7gje60000009yto.pdf>)

<sup>3</sup> Based on monthly average market capitalization for June 2010.

while notifications containing only outside auditors fell by 1.5 points (Figure 3-1). In terms of company size, larger companies display a higher tendency toward submitting notifications containing only outside directors, and notifications containing both outside directors and outside auditors (Figure 3-2).

- **Out of companies that settle accounts in March which had yet to secure ID/A(s), 49.1% have secured ID/A(s) after the general shareholders meeting held in June 2010**

Out of companies that settle accounts in March which had yet to secure ID/A (159 companies), 78 companies (49.1%) submitted notifications that they have secured ID/A(s) after the general shareholders meeting held in June 2010 (Figure 4-1).

Out of the 79 companies that settle accounts in March which have yet to secure ID/A(s) at the current point of implementation of the requirement to secure ID/A(s), 55 companies (69.6%) have submitted ID/A notifications stating that they will secure ID/A(s) before the general shareholders meeting for the March 2011 term<sup>4</sup>. The 35 companies (44.3%) that settle accounts in March which have yet to secure ID/A(s) are listed subsidiaries (i.e., listed companies which have a parent company (or companies))<sup>5</sup> (Figure 4-2).

- **6.4% of all listed companies, and 19.2% of listed subsidiaries yet to secure ID/A(s)**

6.4% of all listed companies submitted notifications that they have yet to secure ID/A(s). However, this figure reaches 19.2% for listed subsidiaries (Figure 5).

#### **b. Independent director/auditor(s)**

- **25.0% of ID/A(s) are outside directors, 75.0% are outside auditors**

A total of 4,180 ID/As have been included in the notifications (an increase of 235 persons from previous consolidated results). Out of companies which have submitted notifications that they have secured ID/A(s), the average number of ID/As secured per company is 1.94 persons. Out of ID/A(s) submitted in the notifications, 1,046 (25.0%) are outside directors, 3,134 (75.0%) are outside auditors.

In comparison with previous consolidated results, there is a slight increase in the ratio of outside directors (Figure 6-1). In terms of size, larger companies display a greater tendency to secure outside directors (Figure 6-2).

- **6.0% of ID/A(s) have attributes requiring additional disclosure**

Out of the ID/A(s) submitted in the notifications, there are 3,928 (94.0%) who do not have

<sup>4</sup> The measure to ensure effectiveness of the provision which requires listed companies to secure ID/A involves publication of a violation of such provision. As a general rule, such measure shall apply to the situation after the general shareholders meeting pertaining to the end of the business year after March 1, 2011 (in the case of a company that settles accounts in March, this shall be after the general shareholders meeting in June 2011).

<sup>5</sup> Based on descriptions in corporate governance reports, etc.

attributes requiring additional disclosure (hereinafter “additional disclosure attributes”) as described in Rule 211, Paragraph 6, Item 5, etc. of the Enforcement Rules for Securities Listing Regulations 252 ID/A(s) (6.0%) have any one additional disclosure attribute.

In comparison with previous consolidated results, the number of ID/As who do not have additional disclosure attributes has increased. As a result, the share of ID/As who have additional disclosure attributes has fallen slightly (Figure 7-1). In terms of size, larger companies have less ID/A(s) who have additional disclosure attributes (Figure 7-2).

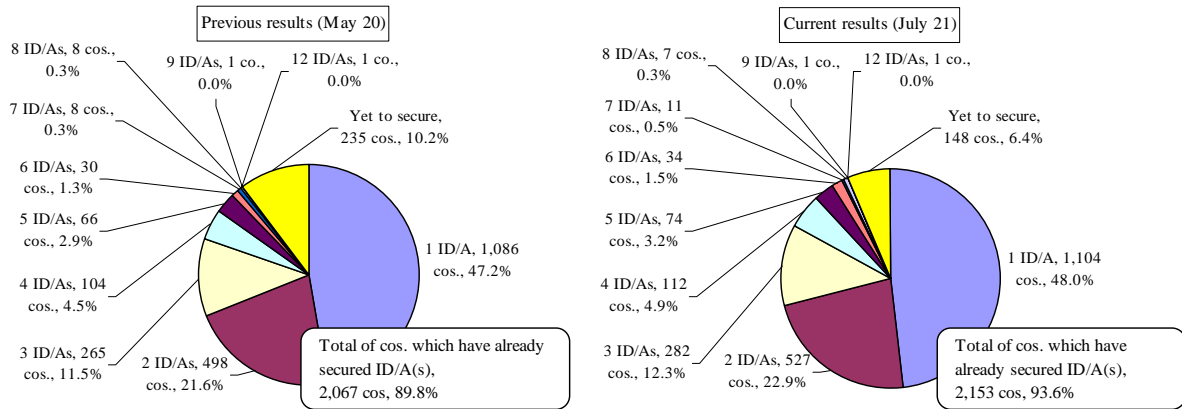
- **Out of newly designated independent director(s)/auditor(s) in notifications submitted after “En Bloc Notification” at the end of March 2010, 37.2% are outside directors, 62.8% are outside auditors**

Out of newly designated ID/A(s) in notifications submitted after the “En Bloc Notification” at the end of March 2010 for the submission of ID/A notifications by all listed companies, 37.2% are outside directors, while 62.8% are outside auditors. In comparison with all ID/As designated to date, the ratio of outside directors is higher, while that of ID/As who have additional disclosure attributes is slightly lower 3.7% (Figure 8).

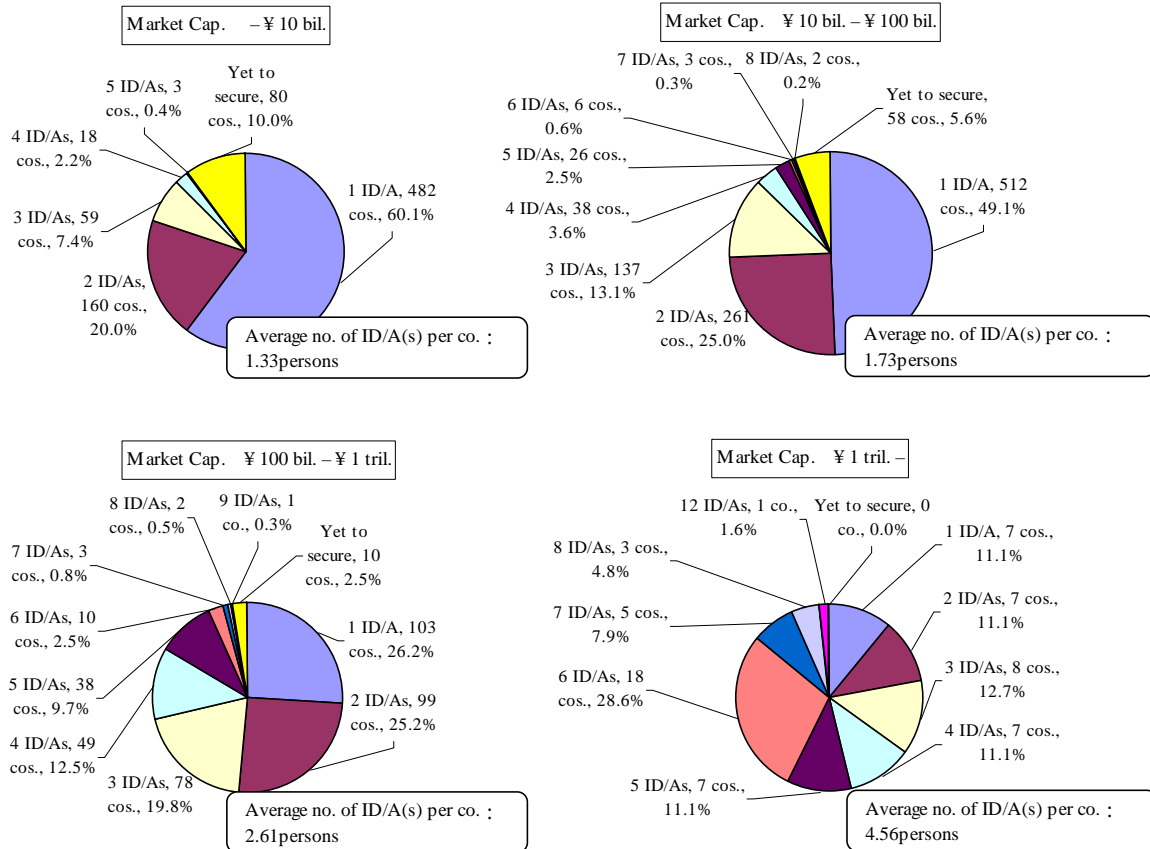
**Figure 1. Distribution of companies included in results by size and accounting term**  
**(as of June 30, 2010)**

Size		Accounting term	No. of companies	Accounting term	
				March	Other term
Market Capitalization		yen	2,301	1,746	555
		- 10 bil.	802	551	251
		10 bil. - 100 bil.	1,043	798	245
		100 bil. - 1 tril.	393	340	53
		1 tril. -	63	57	6

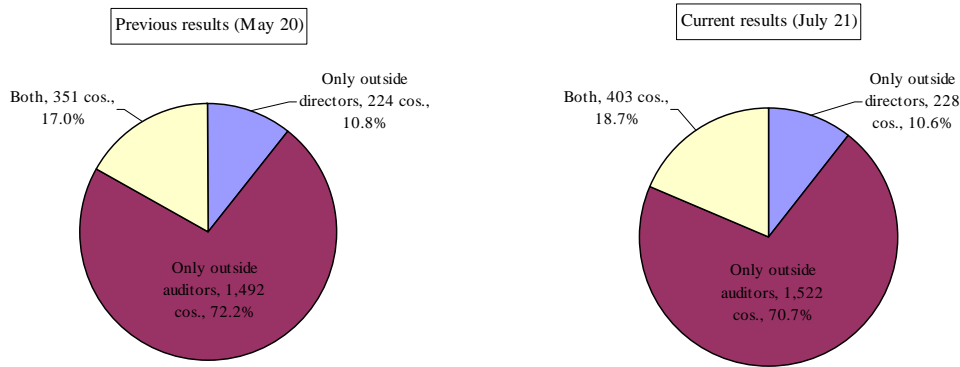
**Figure 2-1. State of securing ID/A(s)**



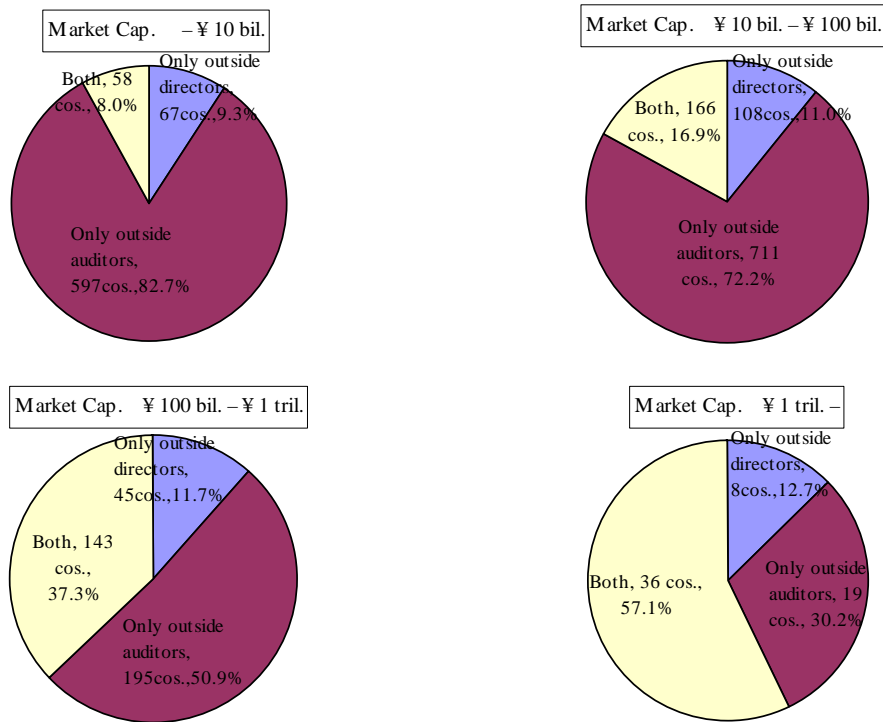
**Figure 2-2. State of securing ID/A(s) by size**



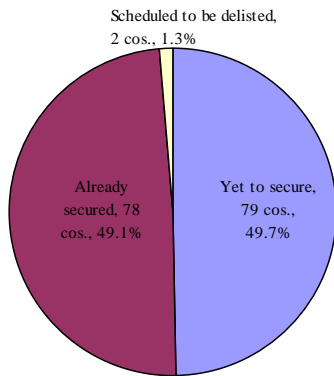
**Figure 3-1. Listed companies that have already secured ID/A(s)**



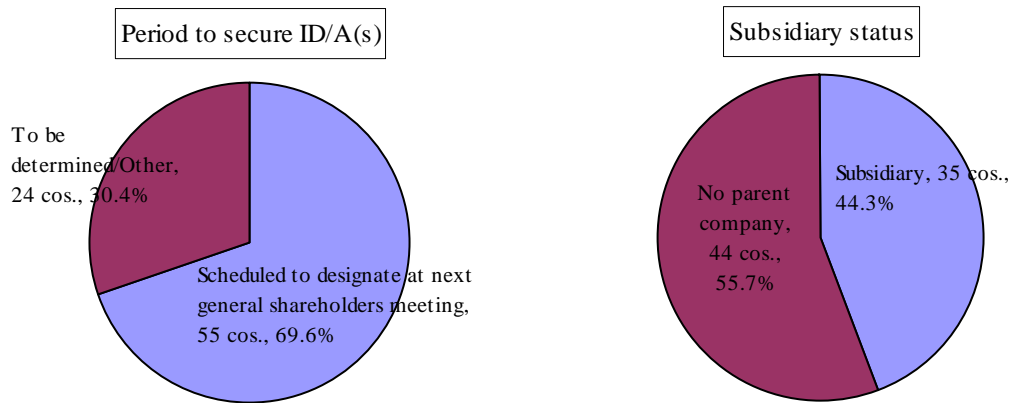
**Figure 3-2. Listed companies that have already “secured” ID/A(s) by size**



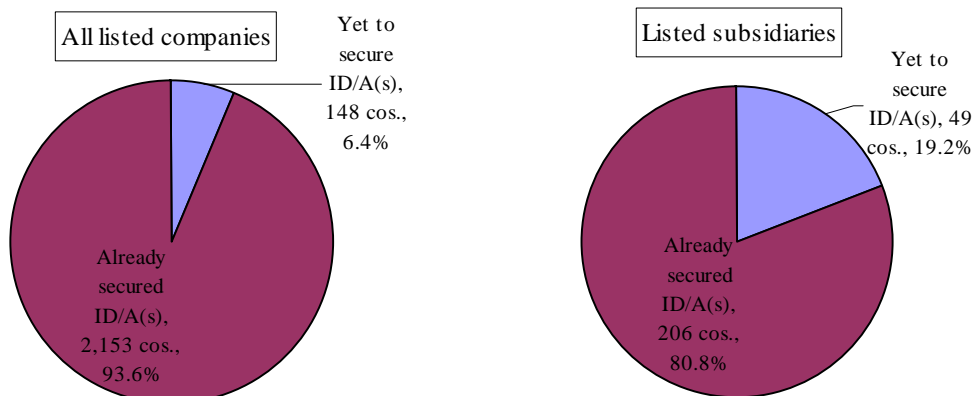
**Figure 4-1. Companies that settle accounts in March and those that had yet to secure ID/A(s) as of previous consolidated results**



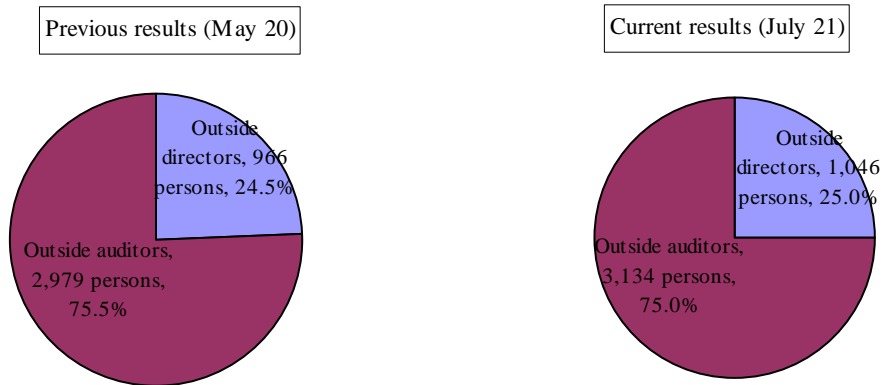
**Figure 4-2. Companies that settle accounts in March and have yet to secure ID/A(s) as of these results**



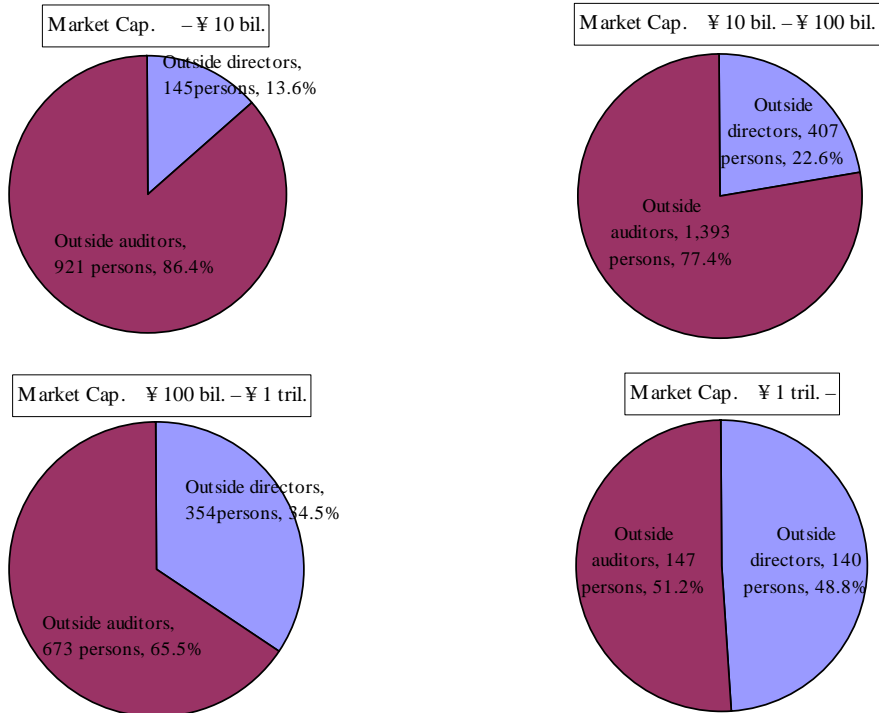
**Figure 5. Listed subsidiaries and state of securing ID/A(s)**

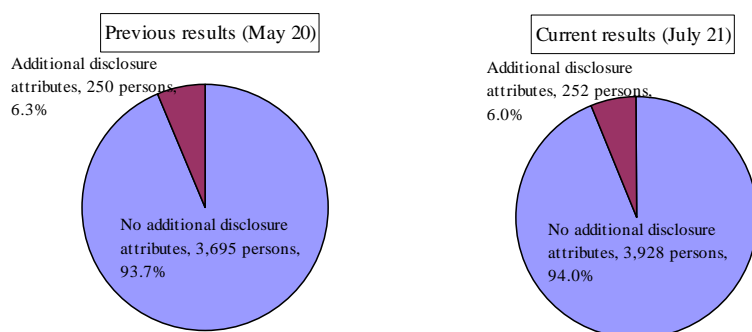


**Figure 6-1. Ratio of outside directors and auditors**



**Figure 6-2. Ratio of outside directors and auditors by size**



**Figure 7-1. ID/As with additional disclosure attributes****Figure 7-2. ID/As with additional disclosure attributes (details)**

Previous consolidated results (May 20, 2010)	Current/Recent		Past	
	Persons	%	Persons	%
a1: Person who executes business of a parent company of the listed company	0	-	0	-
a2: Person who executes business of a fellow subsidiary of the listed company	0	-	2	0.1%
b1: Party for which the listed company is a major client or a person who executes its business	0	-	7	0.2%
b2: Listed company's major client or a person who executes its business	0	-	197	5.0%
c: Consultant, accounting professional, or legal professional who receives a large amount of money or other financial asset other than remuneration for directorship/auditorship from listed company	0	-	9	0.2%
d: Listed company's major shareholder or a person who executes its business	9	0.2%	31	0.8%
e1: Close relative of a person who executes business of the listed company or its subsidiary	0	-	3	0.1%
e2: Close relative of directors or accounting advisors (where outside auditors are ID/A(s)) who are not executive personnel of the listed company or its subsidiary	0	-	0	-

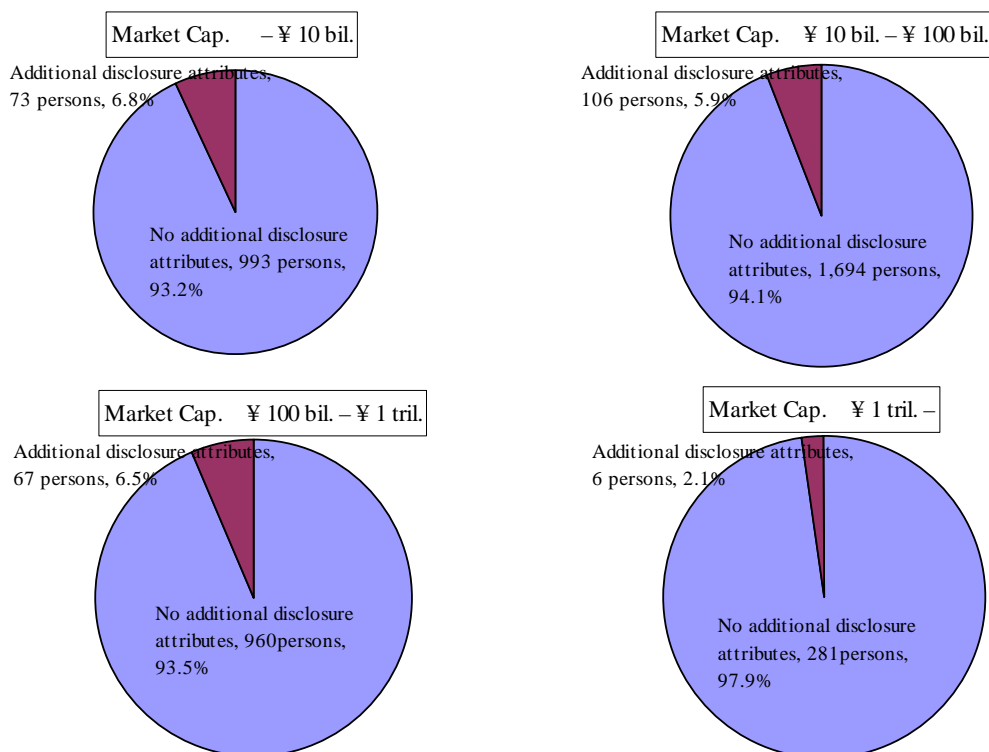
Current consolidated results (July 21, 2010)	Current/Recent		Past	
	Persons	%	Persons	%
a1: Person who executes business of a parent company of the listed company	0	-	0	-
a2: Person who executes business of a fellow subsidiary of the listed company	0	-	2	0.0%
b1: Party for which the listed company is a major client or a	0	-	7	0.2%



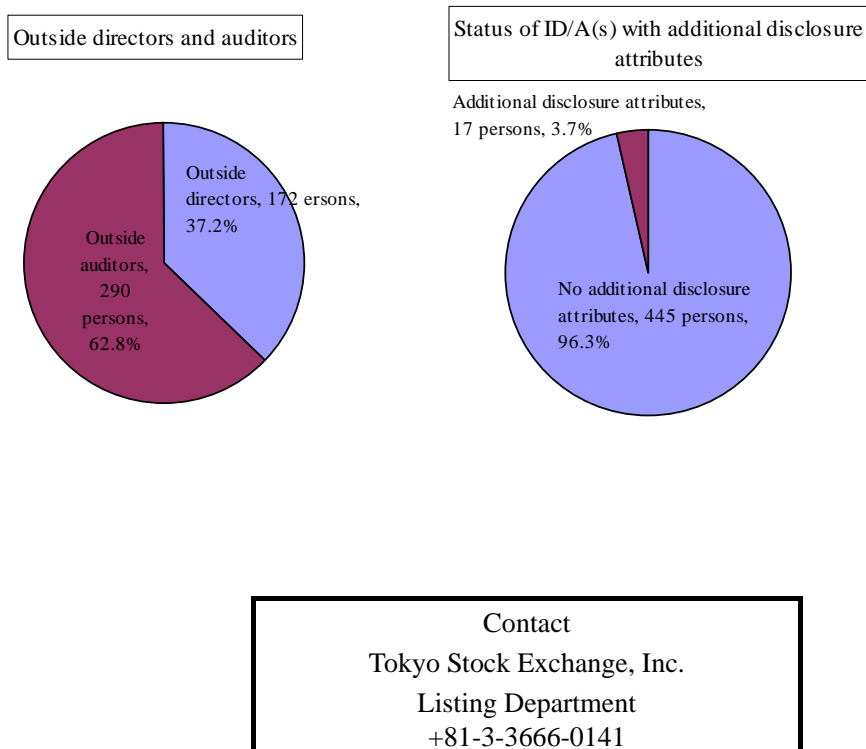
person who executes its business				
b2: Listed company's major client or a person who executes its business	0	-	198	4.7%
c: Consultant, accounting professional, or legal professional who receives a large amount of money or other financial asset other than remuneration for directorship/auditorship from listed company	0	-	9	0.2%
d: Listed company's major shareholder or a person who executes its business	9	0.2%	32	0.8%
e1: Close relative of a person who executes business of the listed company or its subsidiary	0	-	2	0.0%
e2: Close relative of directors or accounting advisors (where outside auditors are ID/A(s) who are not executive personnel of the listed company or its subsidiary)	0	-	0	-

\* Items a1 to e2 in the above table contain brief descriptions of the attributes specified in Rule 211, Paragraph 6, Item 5, etc. of the Enforcement Rules for Securities Listing Regulations. Please note that due to the fact that there are ID/A(s) who fall under multiple attributes, the total number of persons in the table is not equal to the number of ID/A(s) who have any one of the above attributes.

**Figure 7-3. ID/As with additional disclosure attributes by size**



**Figure 8. ID/A(s) designated after “En Bloc Notification”**



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