

Electronic Share Certificate System (Paperless Share System) FAQ

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Japan Securities Dealers Association
**Reform Promotion Center for Securities Clearing
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[TRANSLATION]

**CONCERNING THE INTRODUCTION OF THE ELECTRONIC SHARE
CERTIFICATE SYSTEM**

(I) OUTLINE OF THE ELECTRONIC SHARE CERTIFICATE SYSTEM

(1) What is the “Electronic Share Certificate System (Paperless Share Certificate System)”?

Once the electronic system is implemented, all paper share certificates issued by listed issuers will become invalid (*1) and shareholders’ rights (*2) will be managed electronically in trading accounts (*3) at financial institutions (*4) such as securities companies.

Currently, assignments of, and creation of pledges on, shares are implemented by the delivery of paper share certificates. After the implementation of the electronic system, delivery of paper share certificates in your possession will no longer be considered as an effective means of assigning or creating a pledge on shares, and no share can be sold using a paper share certificate.

Moreover, if the implementation of the electronic system occurs while you are holding a paper share certificate registered in another person’s name, you will not be able to complete the procedure for changing the shareholder’s name by presenting the paper share certificate after the electronic system is implemented. For this reason, holders of paper share certificates registered in others’ names will not be able to exercise voting rights at shareholders’ meetings or to claim dividends.

*1: Paper share certificates will lose all legal value and become nothing more than pieces of paper. No paper share certificate will be collected when the electronic share certificate system is implemented. (Ref., (VI)-(3))

- *2: “Shareholders’ rights” refers to the rights which are recognized to arise from one’s status as a shareholder, including the right to vote at shareholders’ meetings, right to receive dividends and right to claim distribution of residual assets, etc., in the case of the applicable issuer’s dissolution, etc.
- *3: They are called “Transfer Account Books [*furikae kouzabo*]” in the relevant law.
- *4: They are called “Account Management Institutions [*kouza kanrikikan*]” in the relevant law.

(2) Why change to the Electronic Share Certificate System?

Under the electronic share certificate system, share management and transactions involving shares will be safer and more efficient.

With respect to share management, the electronic share certificate system lowers the risk to shareholders of the loss or theft of paper shares certificates in their possession.

With respect to transactions involving shares, the electronic share certificate system eliminates the risk of persons obtaining fraudulent paper share certificates and also greatly simplifies the procedures involved in the delivery of paper share certificates for purchases and sales, and in the registration of new shareholders which must be implemented for each acquisition of shares.

(Reference)

Benefits of the electronic share certificate system for listed issuers will include cutting the cost of printing at the time of the issuance of paper share certificates, postage for sending paper share certificates to shareholders and stamp duty, as well as the expenses associated with the collection and issuance of paper share certificates, etc., in connection with certain corporate restructuring (such as mergers, stock exchanges [*kabushiki kokan*], stock transfers

[*kabushiki iten*], etc., between corporations). Further, benefits of the electronic share certificate system for securities companies include increased safety and convenience and cost reduction, due in part to a reduction in the cost, risk, etc., associated with the storage and transportation of paper share certificates.

(3) When will the electronic share certificate system be implemented?

The concerned parties have been making preparations to implement the electronic share certificate system in January 2009.

Based on the progress of preparations for the electronic share certificate system in the industry, the actual implementation date of the electronic share certificate system will be set by a cabinet ordinance which will probably be issued in or around the fall of 2008.

(4) What will happen to the paper share certificates issued by non-listed issuers?

The electronic share certificate system will not apply to paper share certificates issued by non-listed issuers, and their previously issued paper share certificates will remain valid. Transfers of such shares can be implemented by delivery of paper share certificates.

A person's acquisition of shares of a non-listed issuer which does not issue paper share certificates will be perfected with respect to the issuer and third parties once the new shareholder is registered in the list of shareholders; however, such registration of the new shareholder is made, in principle, pursuant to the joint request of the transferor (registered holder) of the shares and the person who acquired the shares.

(Reference)

- (i) The Companies Law (which became effective on May 1, 2006) provides that a corporation organized after the enforcement date of the Companies Law shall, in principle, not issue paper share certificates, and that such corporation shall issue

paper share certificates only if its Articles of Incorporation require its issuance of paper share certificates.

- (ii) The electronic (paperless) system has already been implemented with respect to general corporate bonds [*ippan-sai*] and investment trusts [*toshi shintaku*].

The electronic system is scheduled to become effective with respect to ETFs (exchange traded funds) [*jojo toshi shintaku*] in January 2008.

The electronic system will be implemented with respect to CBs (corporate bonds with new stock subscription rights), REITs (real estate investment trusts) and preferred investment securities [*yusen shusshi shoken*] simultaneously with the implementation of the electronic share certificate system. The electronic share certificate system will not apply to paper share certificates, etc., issued by foreign corporations; however, the custody and book-entry transfer system for foreign share certificates, etc., which is currently operated by JASDEC (Japan Securities Depository Center, Inc.) (*Hofuri*) will remain available for use after the implementation of the electronic share certificate system.

(II) PROCEDURES RELATING TO THE ELECTRONIC SHARE CERTIFICATE SYSTEM

- (1) How can I confirm “whether or not I am the registered holder of my paper share certificate”?**

On the reverse side of your paper share certificate, there should be columns for “Shareholder’s Name,” “Registration Date (date on which the registered holder is changed)” and “Registered Seal Impression.” Please check the information that appears in the column for “Shareholder’s Name.”

If the shareholder’s name does not appear on your paper share certificate, which may be the

case if it was issued after the enforcement date of the Companies Law (May 1, 2006), please make an inquiry to the transfer agent [*kabushiki meibo kanrinin*] (trust bank, etc.). (* The transfer agent is the issuer of notices relating to dividends, etc.)

Please note that, if the procedure for registering a change in shareholders has not been completed, and if you have not yet been registered as the shareholder on the list of shareholders, you will not be treated as the shareholder under the electronic share certificate system after the implementation date of the electronic system.

You can be assured that your share certificate is registered in your name, if convocation notices of shareholders' meetings and "payment notices" of dividends have been addressed and delivered to you, and if you have been receiving dividends.

-1: Do I need to complete any procedure, even if my share certificate is registered in my name?

When the electronic share certificate system is implemented, your shares registered in your name will be recorded in the "Special Account" [*tokubetsu koza*] (*) opened by the issuer based on the information contained in the list of shareholders and your rights as the shareholder will be protected. Your rights as the shareholder (Ref., (I)-(1) (*2)) will thus not be affected. (* The "Special Account" is different from the Designated Account [*Tokutei Koza*] of securities companies relating to the tax system).

The "Special Account" will be automatically opened by the issuer, the details of which will be communicated by the issuer to the shareholders. This means that such holders of paper share certificates will not need to comply with any procedural requirement.

However, in order to sell any of your shares after the implementation of the electronic system, you will need to open your own trading account [*torihiki koza*] with a securities company, and then transfer the remaining shares from the "Special Account" to the trading account [*torihiki koza*] you have opened at the securities company in compliance with prescribed

procedures. (Ref., (III)-(1).)

(Reference)

For a period of two (2) weeks immediately preceding the implementation date of the electronic system, due to the preparation for recordation in transfer accounts and other administrative work relating to the transition to the electronic system, it is legally prohibited to deposit paper share certificates with, or to request delivery of previously deposited paper certificates from, the JASDEC (*Hofuri*), securities companies, etc.

Because settlements of purchase and sale transactions of listed shares at securities exchanges are made by way of the book-entry transfer method through JASDEC (*Hofuri*) under the securities exchanges regulations, purchases and sales of shares represented by those paper share certificates which have previously been deposited with JASDEC (*Hofuri*) will not be affected.

Moreover, after the implementation of the electronic system, trading of shares recorded in the “Special Account” will be suspended for a period of approximately three (3) weeks until the applicable procedures, etc., are completed. Thus, as a practical matter, these shares suffer the inconvenience of not being able to be sold or purchased before and after the implementation date of the electronic system.

-2: What procedures do I need to complete if my share certificate is not registered in my name?

Because your rights as a shareholder are not protected, you need to register yourself as the shareholder as soon as possible.

Please contact the transfer agent (trust bank, etc.) or the securities company with which you transact business for details concerning the procedures.

(Reference)

If you are not the registered holder of a paper share certificate, the most recent registered holder (i.e., the so-called nominal shareholder) will appear as the shareholder on the list of shareholders managed by the transfer agent (trust bank, etc.) upon the implementation of the electronic system, and the “Special Account” will be opened in the name of such registered shareholder. In such event, you are at risk of losing your rights as the shareholder if the nominal shareholder without your permission sells the shares, etc., and you must complete extensive procedures in order to regain your rights as the shareholder. For this reason, you need to register yourself as the shareholder as soon as possible.

-3: What needs to be done if the registered shareholder has passed away?

Procedures for registering the new shareholder must be completed in connection with your legal inheritance of the shares, or between you and the person who inherited them from the nominal shareholder.

Please contact the transfer agent (trust bank, etc.) or the securities company with which you transact business for details concerning the procedures.

-4: What should I do with the Less-than-One-Unit shares (*) I have?

The so-called Registered Less-than-One-Unit shares, for which no paper share certificate has been issued but which are registered on the list of shareholders, cannot be deposited with JASDEC (*Hofuri*) through securities companies.

After the implementation date of the electronic system, the Registered Less-than-One-Unit shares will be recorded and managed in the “Special Account” opened by the issuer.

Please contact the transfer agent (trust bank, etc.) for details concerning the procedures for selling (or making a request for purchase) the Less-than-One-Unit shares before the

implementation of the electronic system.

If a request for purchase is made concerning the Less-than-One-Unit shares in the “Special Account,” such Less-than-One Unit shares can be sold without completing the procedure for transferring them to the account held in your name at a securities company. Moreover, some issuers have adopted the sale (or additional purchase) system for Less-than-One-Unit shares, where shareholders can make a request for sale, or purchase of Less-than-One-Unit shares to obtain a whole share unit through the “Special Account”. Please contact the transfer agent (trust bank, etc.) for details.

(Reference)

1. In connection with the transition to the electronic system, no particular action needs to be taken for the Less-than-One-Unit shares which were deposited with JASDEC (*Hofuri*) prior to the implementation of the electronic system.
2. If you have paper share certificates in your possession, please first confirm that such paper share certificates have been registered in your name. If they are registered in any other person’s name, you are at risk of losing your rights as the shareholder, and you need to cause the transfer agent (trust bank, etc.) to register you as the shareholder as soon as possible. (Ref., (II)-(1)-2)

*** What are “Less-than-One-Unit shares”?**

“Less-than-One-Unit shares” are shares which consist of a multiple of whole shares, but which do not constitute one unit (e.g., 100 shares, 1,000 shares, etc.) of shares under the Share Unit System [*Tangen-Kabu Seido*].

The three (3) general ways in which Less-than-One-Unit shares can be owned are listed below:

- (i) Registered Less-than-One-Unit shares whose shareholders are registered with the transfer agent (trust bank, etc.).
- (ii) Less-than-One-Unit shares deposited with JASDEC (*Hofuri*).
- (iii) Less-than-One-Unit shares which are owned in the form of paper share certificates (original certificates [*honken*]).

-5: What should I do with the fractional shares (*) I own?

Because fractional shares [*hakabu*] cannot be handled under the electronic share certificate system, those issuers which have adopted fractional share systems and which have actually issued fractional shares must take action to eliminate fractional shares before the implementation date of the electronic system.

The methods of eliminating fractional shares are anticipated to include, among others, (i) the method of “promoting the purchase of fractional shares and the request for additional purchase,” “amending the Articles of Incorporation to abolish the fractional share system,” etc., which will not affect the shareholders who do not own fractional shares; and (ii) the “method of simultaneously adopting the stock split and the Share Unit System.”

Each issuer is expected to adopt its own method of transferring fractional shares, depending upon the range of holders of fractional shares, etc., and each applicable issuer should contact you concerning the details in the future.

*** What is a fractional share?**

A fractional share represents a fractional number (less than one) share, which is a multiple of either one hundredth of a share or a percentage stated in the issuer’s Articles of Incorporation. Fractional shares are separately managed in a register of fractional shares, which is separate from the list of shareholders. An amendment to the Commercial Code, which became

effective in October 2001, introduced the Share Unit System, but any issuer which adopted the Share Unit System was not permitted to adopt a fractional share system at the same time. If a fraction of less than one share is created through a share consolidation [*kabushiki heigo*], etc., it is disposed of for cash.

The Companies Law, which became effective on May 1, 2006, as an interim measure, permits an issuer which had adopted a fractional share system before the enforcement date of the Companies Law to maintain the system to date; however, because no such interim measure is provided in connection with the amendment to the Law Concerning Book-Entry Transfer of Corporate Bonds, Etc., which relates to the amendment to the Companies Law, fractional shares need to be eliminated before the implementation date of the electronic share certificate system.

**-6: What should I do if the issuer of my paper share certificates no longer exists?
(Due to a merger, corporate name change, dissolution or de-listing)**

Please consult with the securities company with which you transact business.

(2) I have lost my paper share certificates. What should I do?

Please first contact the transfer agent (trust bank, etc.) and confirm whether or not you are the registered holder of the shares at issue on the list of shareholders.

Please contact the transfer agent (trust bank, etc.) for the details concerning the procedures for lost paper share certificates, as a system exists for nullification of paper share certificates.

(Reference)

Procedures under the system for nullification of paper share certificates are outlined below:

- (i) The person, who lost his/her paper share certificate, requests that the issuer (the

transfer agent) make an appropriate notation/record in the register of lost paper share certificates. The issuer will so register the loss in the register of lost paper share certificates which is open to the public for review, and so notify the shareholder registered on the list of shareholders if he or she is different from the person who requested the loss registration, and the registered pledge-holder of the relevant shares. If the relevant paper share certificate is submitted to the issuer for the exercise of any associated rights, the person who submitted such paper share certificate will also be notified of the fact that the loss of such certificate has been registered.

- (ii) No change in the registered shareholder can be made, and no voting right, etc., can be exercised, with respect to shares represented by the paper share certificate whose loss has been registered; provided, however, that voting rights can be exercised if the loss registration has been made by the shareholder registered on the list of shareholders.
 - (iii) The person actually holding the relevant paper share certificate may request cancellation of the registration made in the register of lost paper share certificates. Once a cancellation request is made, the issuer will report the name (trade name) and address of the person who requested cancellation of registration, as well as the certificate number of the applicable paper share certificate, to the person who registered the loss, and then cancel such registration two (2) weeks thereafter.
 - (iv) Unless the loss registration is cancelled, the paper share certificate whose loss has been registered shall become invalid (cancelled) one (1) year after the day immediately following the day of registration, and the paper share certificate will be re-issued by the issuer to the person who made the registration.
- (3) **Am I always required to deposit my paper share certificates with securities companies?**

You do not need to deposit your paper share certificates with securities companies if you do not plan to sell them in the future.

(4) My paper share certificates have been deposited with securities companies for safekeeping. Do I need to take any action?

Shares represented by paper share certificates which are not deposited with JASDEC (*Hofuri*) (because the shareholder has not consented to such deposit), will be recorded in the “Special Account.” (Ref., (III)-(1))

In some cases, under exceptions applicable to the securities companies’ deposit of “Paper Share Certificates for Safekeeping,” paper share certificates are deposited with JASDEC (*Hofuri*). Please contact the securities company, with which you transact business, for details.

(III) SPECIAL ACCOUNTS

(1) What is a “Special Account”?

A “Special Account” is an account, opened in connection with the elimination of paper share certificates at a financial institution, such as a trust bank, etc. (which is anticipated to be the transfer agent), pursuant to the issuer’s request, for the purpose of protecting the rights of the shareholders of paper share certificates which have not been deposited with JASDEC (*Hofuri*).

A “Special Account” is not a trading account [*torihiki koza*] maintained for the purpose of buying or selling shares.

In order to sell the shares recorded in a “Special Account,” you must first open your own trading account at a securities company, and then transfer the shares remaining in the “Special Account” to the trading account.

(Notes)

- (i) No sale can be made immediately before or after the implementation of the electronic share certificate system.
- (ii) No share can be sold or purchased through a “Special Account.”
- (iii) If you own more than one issue of shares, a “Special Account” will be opened for each issue.

-1: How can I confirm whether or not my shares are kept in a “Special Account”?

Please contact the issuer or the transfer agent (trust bank, etc.) engaged by the issuer.

**-2: Will I receive dividends while my shares are kept in a “Special Account”?
Will I receive convocation notices for shareholders’ meetings?**

Dividends will be paid and convocation notices for shareholders’ meetings, etc., will be mailed, as they are currently; however, convocation notices for shareholders’ meetings will not be sent to shareholders who own Less-than-One-Unit shares only.

-3: Will a shareholder receive any notice when a “Special Account” is opened?

It is anticipated that the issuer will send a written notice to the shareholder after a “Special Account” is opened.

-4: How can I prove that I am a shareholder?

A record of the remaining balance in the account opened at the transfer agent (trust bank, etc.) will be the proof of your rights as the shareholder. If necessary, you will be able to obtain a certificate concerning the balance.

-5: How can I sell or transfer my shares?

You can sell or transfer your shares after you open a trading account at a securities company and transfer the shares remaining in the “Special Account” to the trading account at the securities company.

(IV) CONCERNING PLEDGED SHARES

(1) If I have obtained a loan from a bank, credit association [*shinyo kinko*], etc., which is secured by my paper share certificates, what will happen after the implementation of the electronic system?

You will be able to pledge your shares after the implementation of the electronic system.

In principle, when engaging in a transaction involving a pledge of shares under the electronic system, both the pledgor (i.e., the shareholder; in many cases, the pledgor is also the obligor) and the pledgee (i.e., the obligee bank, etc.) must open accounts at a securities company, etc., and a pledge is established by way of an account transfer [*koza furikae*] from the owner account of the pledgor to the pledge account, etc., of the obligee bank, etc.

If you are currently engaged in a transaction where paper share certificates are used as collateral, such paper share certificates will become invalid upon the transition to the electronic system, and thus the pledge transaction will also become invalid if no proper action is taken.

If you wish to continue with the present pledge transaction after the implementation of the electronic system, certain transitional procedures must be completed. Please contact the financial institution, etc., with which you transact business, for details.

(2) If I have obtained a loan from a moneylender or business entity (that is not a bank, credit association [*shinyo kinko*], etc.), which is secured by my paper

share certificates, what will happen after the implementation of the electronic system?

In principle, the explanations set forth in (IV)-(1) above concerning transactions with banks, etc., involving pledges of shares will apply.

As explained in (IV)-(1) above, when engaging in a transaction with such moneylender or business entity involving a pledge of shares under the electronic system, a pledge is established by way of an account transfer [*koza furikae*] between an account opened by the pledgor (as described in (IV)-(1) above) and an account opened by the pledgee (which, in this context, is the moneylender or business entity).

If you are currently engaged in a transaction with a moneylender or business entity where paper share certificates are used as collateral, and if you wish to continue with such transaction after the implementation of the electronic system, as stated in (IV)-(1) above, certain transitional procedures must be completed.

Because such procedures cannot be completed without the cooperation of the moneylender, business entity, etc., with which you transact business, please contact such entity with which you transact business for details.

* Concerning pledges of shares, please refer to the website of the Japanese Bankers Association [*Zenkoku Ginko Kyokai*] for details.
(<http://www.zenginkyo.or.jp/news/2007/10/24153000.html>) (Japanese version only)

(V) CONCERNING NON-RESIDENTS

(1) I am currently living outside of Japan. Do I need to take any action in connection with the implementation of the electronic system?

So long as you are the registered holder of your paper share certificates, you will not lose

your rights as the shareholder (Ref., (I)-(1) (*2)). Please contact the securities company, with which you transact business, for details.

(Reference)

You can sell your shares by opening a trading account [*torihiki koza*] at a securities company in Japan and then by transferring the shares from the “Special Account” that is opened at the time of the implementation of the electronic system to the trading account [*torihiki koza*], when you return to Japan.

(2) I am scheduled to be transferred outside of Japan before the electronic system is implemented. Do I need to take any action in connection with the implementation of the electronic system?

Please first open a trading account [*torihiki koza*] at a securities company, and deposit your paper share certificates with JASDEC (*Hofuri*). By then appointing an agent [*dairinin*] and by submitting notice concerning the agent to the securities company, you will be able to engage in transactions through the agent [*dairinin*].

(3) I am scheduled to return to Japan after the electronic system is implemented (i.e., after January 2009). What action will I need to take?

So long as you are the registered holder of your paper share certificates, your rights as the shareholder will be protected by the “Special Account” which will be opened simultaneously with the implementation of the electronic share certificate system. You can sell, etc., the shares by opening a trading account [*torihiki koza*] at a securities company after you return to Japan and then transferring the shares from the “Special Account” opened at a financial institution, such as a trust bank, etc. (which is anticipated to be the transfer agent), to the trading account [*torihiki koza*].

* Please contact a securities company for details.

(VI) MISCELLANEOUS

(1) Is there any remedial measure for “oblivious” shareholders [*shitsunen kabunushi*]?

There are measures to protect the rights of those shareholders (i.e., “oblivious” shareholders [*shitsunen kabunushi*]) who fail to register themselves as the shareholders before the implementation of the electronic share certificate system. Such measures are designed to cause the issuer to transfer the applicable shares from the Special Account of the registered shareholder to the Special Account of the “oblivious” shareholder [*shitsunen kabunushi*] under the circumstances described below:

- (i) When a request is made jointly by the registered shareholder and the “oblivious” shareholder [*shitsunen kabunushi*].
- (ii) When the “oblivious” shareholder [*shitsunen kabunushi*] submits a request, to which a court decision or other document prescribed by the applicable ministerial order is attached.
- (iii) Under circumstances which are prescribed by an order issued by a ministry having jurisdiction as circumstances where no interested party will be adversely affected.

It is anticipated that the ministerial order will apply where the “oblivious” shareholder [*shitsunen kabunushi*] submits a request, together with the paper share certificates (the actual certificates [*kenmen*]) and evidence of his/her acquisition of the paper share certificates before the implementation of the electronic share certificate system, etc., within one (1) year after the electronic share certificate system is implemented.

(2) Will there be any change to how dividends are received?

With respect to the method of receiving dividends after the implementation of the electronic

system, the “Registered Dividend Receipt Account Method” [*toroku Haitokin Juryo Koza Hoshiki*] and the “Allocation Based on the Number of Shares Method” [*kabushikisu hirei haibun hoshiki*] will be newly adopted.

Under the “Registered Dividend Receipt Account Method,” by registering with JASDEC (*Hofuri*) the account opened at a financial institution to which dividends are remitted, you will be able to receive dividends relating to all issues you own.

Under the “Allocation Based on the Number of Shares Method,” dividends can be received through the securities company or other financial institution where the investor has opened an account, based on the balance remaining in the account.

Dividends can also be received by way of currently available methods including the Post Office’s payment notices and bank remittances.

(Reference)

After the implementation of the electronic system, obscure characters [*kanji*] used in the names of shareholders, as they appear in notices concerning dividends, etc., may be changed to standard characters (commonly used characters [*joyo kanji*]).

(3) Will the paper share certificates be collected after the electronic system is implemented?

Paper share certificates in your possession will not be collected.

-1: Can I keep my paper share certificates as souvenirs after the electronic system is implemented?

You may keep your paper share certificates, which should be considered as something like cancelled commemorative postage stamps.

(4) Will the paper share certificates, which are currently deposited with “JASDEC (*Hofuri*)” be returned after the electronic system is implemented?

Legally, JASDEC (*Hofuri*), securities companies, etc., are not permitted to return paper share certificates to the shareholders after the implementation of the electronic system.

This is due to the need to eliminate the risk of unnecessary confusion which may arise if a large amount of invalid paper share certificates flood the market.

(5) Can I engage in negotiated transactions [*aitai torihiki*] after the electronic system is implemented?

After the implementation of the electronic system, even negotiated transactions [*aitai torihiki*] between investors will be implemented by way of transfers between accounts through securities companies or other financial institutions.

CONCERNING SECURITIES COMPANIES

(1) Will there be any fee charged to open a trading account [*torihiki koza*]?

No fee will be charged.

(2) Will there be any fee charged when paper share certificates are deposited?

Securities companies are permitted to charge in their discretion various types of fees, including a fee (which is referred to as the “Account Management Fee”) for the custody, etc., of paper share certificates and other securities certificates in the trading account [*torihiki koza*]. Because each securities company charges different fees, please confirm the details of services provided by each company in advance.

(3) What documents are required when paper share certificates are deposited?

Under the Law Concerning the Identity Verification, Etc., of Customers, Etc., by Financial Institutions, Etc., documents that prove your identity will be required.

Please confirm in advance what documents will be required, because there is some variation among securities companies.

(4) Will I be solicited by sales people if I deposit my paper share certificates with a securities company?

Under the applicable laws, ordinances, etc., securities companies are required to perform solicitations/sales (business development) in accordance with each investor’s (client’s) investment policies, taking into consideration the client’s knowledge, experience, financial condition and investment objectives (principle of suitability).

Further, securities companies are prohibited from engaging in solicitation or sales activities

without providing clients with sufficient explanations concerning the products' structures and risks.

(5) Could you please recommend a securities company?

JSDA does not recommend any particular securities company.

-1: Could you please refer me to a securities company whose office is located nearby?

Securities companies can be searched using the website below:

The Internet address of “Securities Companies in My Town” on the website of the Japan Securities Dealers Association (“JSDA”):

<http://www.jsda.or.jp/html/watamachi/index.html> (Japanese version only)

-2: There is no securities company nearby. Is there any way of depositing paper share certificates with a securities company?

Some securities companies open trading accounts [*torihiki koza*] and accept deposits of paper share certificates through the mail. Please contact securities companies for details.

(6) What will happen if the securities company, with which my paper share certificates are deposited, goes bankrupt?

Securities companies are legally required to separately manage their clients' assets (paper share certificates, etc.) and their (securities companies') own assets (which is referred to as “separate management”).

Further, under the applicable laws and ordinances, securities companies are regularly audited by external audit companies [*kansa hojin*], etc., and submit reports to JSDA, concerning their

separate management practice. In addition, they are subject to audits/examinations by self-regulating organizations (JSDA and securities exchanges) and inspections, etc., by the Financial Services Agency (Securities and Exchange Surveillance Commission).

Thus, systems have been established under which the clients' assets are protected even in the event of securities companies' bankruptcy.

-1: What happens if a securities company fails to practice “separate management”?

If a client suffers damages with respect to his/her assets deposited with a securities company as a result of the bankruptcy of the securities company, with which the client transacted business and which failed to perform its “separate management” obligation, compensation in the amount up to 10,000,000 Yen per account will be paid from the “Japan Investor Protection Fund.”

(7) Can I divide up my paper share certificates and deposit them with multiple securities companies?

Since you are allowed to open one (1) trading account [*torihiki koza*] at each securities company, you will be able to divide up your paper share certificates and deposit them with multiple securities companies.

(8) What is a “Designated Account [*Tokutei Koza*]”?

A Designated Account [*Tokutei Koza*] is a trading account [*torihiki koza*] under the tax system opened at a securities company by an investor who sells and purchases shares, which is designed to enable the investor to submit final tax returns and pay taxes easily.

(9) Can I transfer my paper share certificates from one securities company to another?

You can transfer your paper share certificates by first opening a trading account [*torihiki koza*] at another securities company, and then completing transfer procedures at the current securities company. Please note that some securities companies charge transfer fees.

(10) By what time can I deposit my paper share certificates with a securities company?

Legally, you can deposit your paper share certificates with a securities company by the day which is fifteen (15) days before the day (the implementation date of the electronic share certificate system) on which all of the paper share certificates of listed issuers are abolished.

(Note) It is important that all procedures are completed as soon as possible, because the customer service departments of securities companies, etc., are expected to be very busy shortly before the implementation of the electronic share certificate system.

CONCERNING JAPAN SECURITIES DEPOSITORY CENTER, INC.

(“JASDEC”) (HOFURI)

(1) What is JASDEC (*Hofuri*)?

JASDEC is the only custody/book-entry transfer organization in Japan which was organized under the applicable law pursuant to the designation made by the ministers in charge of applicable matters (the Prime Minister and the Minister of Justice), and whose purpose is to efficiently and effectively keep the custody of, deliver, etc., paper share certificates and other securities certificates and to thus endeavor to promote the smooth circulation of securities.

(2) What is the “Custody/Book-Entry Transfer System”?

The Custody/Book-Entry Transfer System is the system under which paper share certificates and other securities certificates are centrally managed by JASDEC (*Hofuri*), which is established pursuant to the applicable law, and under which deliveries of securities are made by way of book-entry transfers among accounts opened at JASDEC (*Hofuri*) without deliveries of actual paper certificates [*kenmen*] themselves. Owners of securities certificates can exercise their rights while the securities certificates are deposited with JASDEC (*Hofuri*).

The Custody/Book-Entry Transfer System has been widely adopted in other countries, and most of the countries where securities exchanges exist have established custody/book-entry transfer organizations.

As of September 30, 2007, paper share certificates representing approximately 80% of all issued shares of all listed issuers in Japan were deposited with JASDEC (*Hofuri*).

No individual is permitted to deposit his/her paper share certificates directly with JASDEC (*Hofuri*). Shareholders must deposit their paper share certificates with JASDEC (*Hofuri*) through securities companies.

(3) Are there any fees, etc., charged when paper share certificates are deposited with JASDEC (*Hofuri*)?

Before depositing paper share certificates with JASDEC (*Hofuri*), an account must be opened at a securities company. Since each securities company independently establishes its fees, including the account management fee (custodial fee), please contact the securities company with which you transact business.

(4) Is the JASDEC (*Hofuri*) system safe?

Many measures have been taken by JASDEC (*Hofuri*) to achieve its system's operational stability and high security.

For example, at JASDEC (*Hofuri*), the business data relating to the system where ordinary business is operated is backed up nearly in real time, and an immediate responsive measure can be taken when the system goes down. Further, it is impossible to hack into the system because of the use of dedicated circuits between JASDEC (*Hofuri*) and its related organizations.

(5) What will happen if JASDEC (*Hofuri*) goes bankrupt?

Even if JASDEC (*Hofuri*) goes bankrupt, the deposited paper share certificates, which are the assets of the shareholders who deposited them, will not be subject to withdrawal or attachment by any third party.

JASDEC (*Hofuri*) is the only custody/book-entry transfer organization in Japan designated by the ministers in charge, is required to submit to the ministers in charge a report concerning its operations and assets for every settlement period, and is thus closely monitored by the applicable governmental agency in order to ensure that it will not go bankrupt.

In other major countries, custody/book-entry transfer organizations function as an important

part of the infrastructure for the settlement of securities transactions, and, to date, none of such organizations has been dissolved due to bankruptcy.

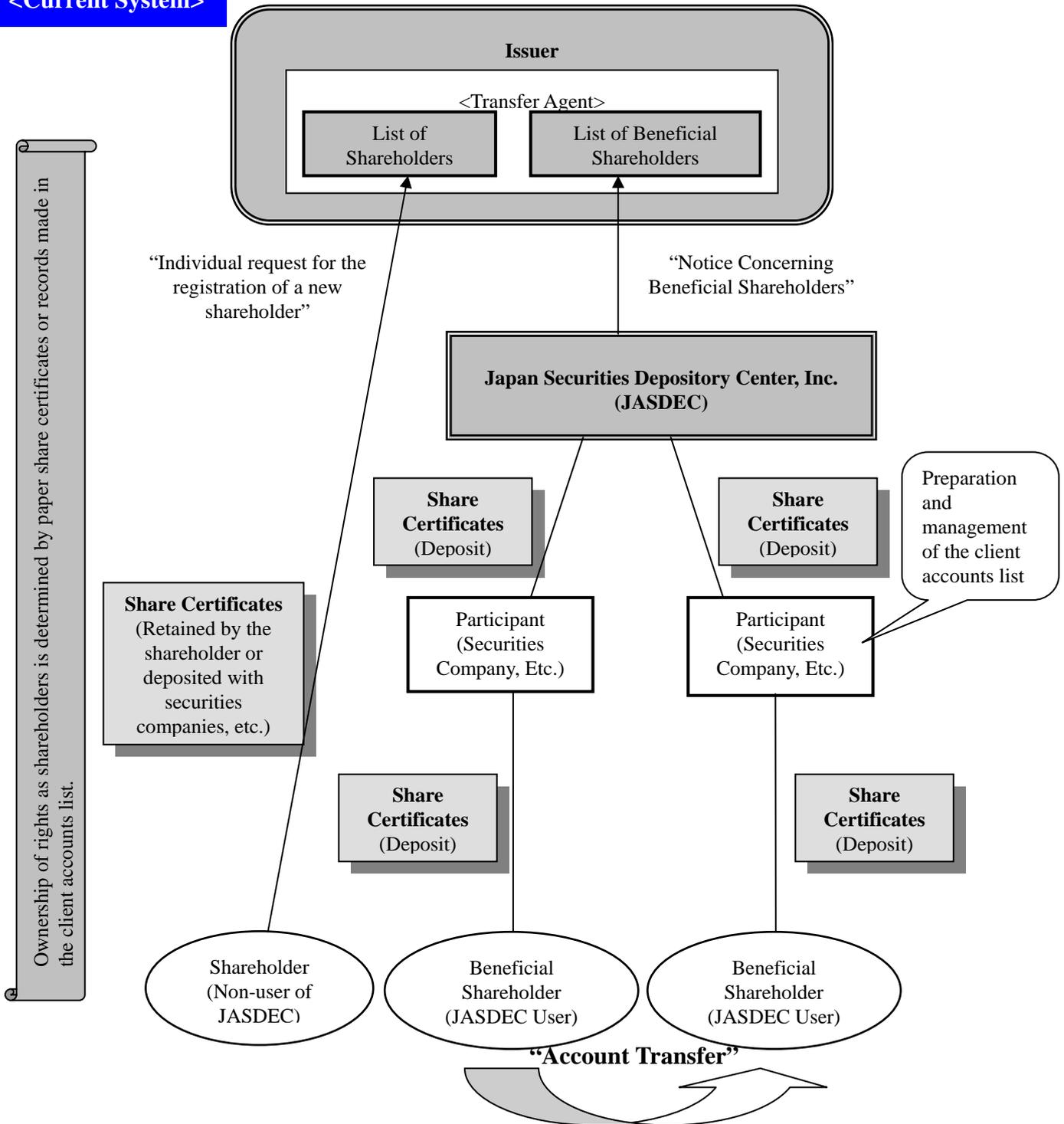
(6) What will happen to JASDEC (*Hofuri*) after the electronic share certificate system is implemented?

After the implementation of the electronic share certificate system, JASDEC (*Hofuri*) will function as a book-entry transfer organization which manages book-entry transfers, etc., of electronic share certificates.

* Please refer to the website of JASDEC (*Hofuri*) for details.
(<http://www.jasdec.com/finance/index.html>)

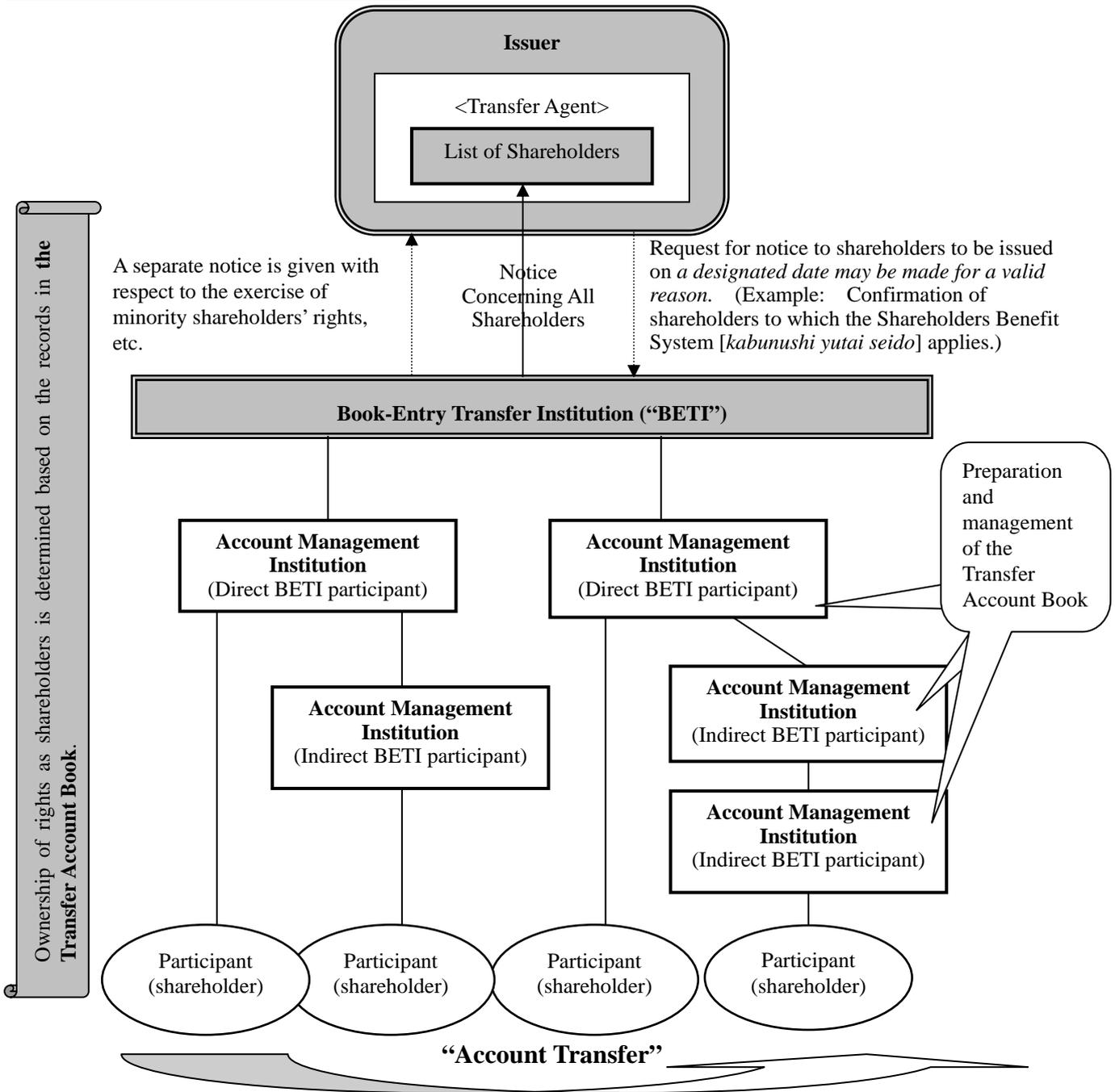
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<Current System>



- ◆ Shareholder management is performed using the “list of shareholders” with respect to paper share certificates held by the shareholders themselves, etc., and using the “list of beneficial shareholders” with respect to paper share certificates deposited with JASDEC.
- ◆ When JASDEC is used, paper share certificates are deposited with JASDEC and the actual certificates [*kenmen*] are centrally managed. (Although JASDEC will be the record holder of the actual certificates [*kenmen*], the shareholders who deposit the paper share certificates with JASDEC exercise their rights as “beneficial shareholders.”)
- ◆ Upon request, deposited paper share certificates are delivered by JASDEC.
- ◆ Transfers of shares between JASDEC users are implemented by way of account transfers. Transfers of shares involving non-users of JASDEC require the actual paper certificates [*genbutsu kenmen*].

<New Book-Entry Transfer System>



- ★ Shareholder management is performed using the “list of shareholders” only.
- ★ Registration of new shareholders is made pursuant to notices (“**Notice Concerning All Shareholders**” prepared based on the information contained in the Transfer Account Book) issued by the Book-Entry Transfer Institution. (Notices are sent to the issuers at certain times, such as at the end of settlement periods.)
- ★ In connection with the implementation of the paperless system, deposit and delivery of actual certificates [*genbutsu kenmen*] will be abolished.
- ★ Transfers of shares, issuance of new shares, etc., will all be implemented through account transfers and become effective upon the increase or decrease of the balance in the accounts.
- ★ Users of the Custody/Book-Entry Transfer System can transition to the new Book-Entry Transfer System smoothly without any need to take particular action. (Note: The number of paper share certificates deposited under the Custody/Book-Entry Transfer System has been increasing every year. As of March 31, 2007, the deposit rate was 81.4%.)
- ★ Those shares which are represented by paper share certificates not deposited under the Custody/Book-Entry Transfer System at the time of transition to the new system (i.e., paper share certificates held by the shareholders themselves, which are either in the name of the shareholders or in the name of others due to the shareholders’ failure to register themselves as shareholders) will be managed in the **Special Accounts** opened at Account Management Institutions designated by the issuers. In order to implement an ordinary book-entry transfer of such shares, such shares must first be transferred to a Transfer Account opened by the shareholder in accordance with prescribed procedures.