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Announcement of Resolution Concerning Revision of the Basic Policy for Establishing Internal Control System

The Board of Directors of Kito Corporation discussed and determined on April 22, 2008 the revision of the Basic Policy for establishing an internal control system which was originally resolved on May 31, 2006. Details of the resolution are as follows.

Details

Revision of Basic Policy for Establishing Internal Control System

1. Basic Policy

Kito Corporation, recognizing that its mission lies in the consistent delivery of satisfaction and excitement to all customers, must direct all business activity in line with this corporate mission.

For the realization thereof, it is essential that Kito set in place and utilize a mechanism allowing self-imposed monitoring and overseeing of all business activity as well as internal control.

Therefore, Kito's Board of Directors made the following decisions with respect to the structure of business execution by Kito Corporation and its subsidiaries and the auditing structure, in an attempt to achieve the mission stated above through the execution of activities in accordance with the structures.

2. Systems concerning business execution

1) Systems to ensure compliance of the performance of directors and employees' duties with laws, regulations and Articles of Incorporation (Paragraph 1-4, Article 100 of the Implementing Ordinances of the Companies Act)

(1) KITO CORPORATION, a company with a board of auditors, shall ensure the compliance of business executed by its directors by means of the supervisory function of its Board of

Directors and the auditing function of its auditors.

- (2) The Board of Directors shall run the Board in compliance with laws, regulations, the Articles of Incorporation and the Rules of the Board of Directors. Directors shall ensure legal compliance of their duties by executing them in accordance with resolutions of the Board of Directors.

Auditors shall carry out auditing, in accordance with laws, regulations the Articles of Incorporation and the Rules of the Board of Auditors, on the duties performed by directors.

- (3) Further, guidelines for compliance shall be established along with detailed rules. As action guidelines designed to urge directors and employees to fully comply with laws, regulations and the Articles of Incorporation as well as with the social code of conduct, they shall be disseminated internally to achieve thorough familiarity and full compliance. A structure shall be created to allow reporting, on a periodic and on an as-needed basis, of the state of compliance to the Board of Directors, which in turn shall be kept informed of problems and conduct reviews as needed.

- (4) A section whose function is to accept reports and whistle-blowing by insiders on matters concerning compliance-related problems shall be established and operated.

- (5) Periodic audits shall be performed by the Internal Audit Group concerning the state of compliance of the applicable departments.

2) Systems for storage and management of information related to Directors' performance of duties.

(Paragraph 1-1, Article 100 of the Implementing Ordinances of the Companies Act)

Preservation and management of documents and records pertaining to the performance of directors' duties shall be governed by the Articles of Incorporation and the Rules of the Board of Directors. For more detailed rules, Document Management Rules shall be created to build a structure allowing proper filing and management of such documents.

Directors and auditors may browse such information as needed.

Additionally, internal rules including the Rules on Personal Information Protection shall be established in an effort to ensure information security and its proper operation.

3) Rules and systems for the management of risk of loss (Paragraph 1-2, Article 100 of the Implementing Ordinances of the Companies Act)

- (1) Any significant matter shall be subject to the scrutiny of the Board of Directors, the Management Conference, or any other organ responsible for making decisions on the matter in question in accordance with laws, regulations, the Articles of Incorporation and internal rules.

Additionally, the department responsible for legal matters and other relevant departments shall conduct preliminary examinations on any important matter in accordance with the internal rules and others in an effort to fully understand and identify risks.

- (2) Kito shall establish the basic rules concerning risk management (Risk Management Rules), which shall be viewed as the rules of the highest order concerning the Group's risk management, and promote risk management by nominating directors to oversee matters relating to risk management and by appointing divisions to be in charge of general administration as Risk Management Headquarters which supervise the risk management system.

Risk management, in principle, shall be performed by the department in charge of the area in question. The Risk Management Headquarters shall be engaged in cross-organizational management of risks over and across the entire Group.

The Risk Management Rules shall incorporate provisions setting forth procedures for the periodic identification of risks for proper recognition of various risks associated with business and the deterrence and prevention of the occurrence of material loss and risks.

- (3) The Internal Audit Group shall perform periodic audits on the state of risk management at applicable departments.

4) Systems to ensure efficient execution of directors' duties (Paragraph 1-3, Article 100 of the Implementing Ordinances of the Companies Act)

- (1) The scope of responsibilities shall be reasonably decided for each of the directors, and the scope of responsibilities and authority shall be decided in accordance with the internal rules and others for each organ and department.
- (2) The Board of Directors shall hold regular meetings once every month to decide on resolutions rightly brought to its attention. Executive officers shall hold regular meetings once every month to facilitate sharing of information including progress status of business execution. Special meetings of the Board of Directors and/or special conferences of executive officers may be held as needed. These meetings shall form the backbone of a structure enabling quick managerial decision-making.

Effectiveness and efficiency of the performance of duties shall be enhanced further through strict goal management and quarterly reporting of the state of progress with respect to the duties stipulated in the Board-approved medium-term and long-term business plans and annual plans.

- (3) The Internal Audit Group shall perform periodic audits on the efficiency of the execution of duties by each of the departments.

5) Systems to ensure proper operations in KITO CORPORATION and its corporate group comprising KITO and its subsidiaries (Paragraph 1-5, Article 100 of the Implementing Ordinances of the Companies Act).

(1) Kito shall set in place Rules Regarding the Management of Affiliated Companies and shall promote business in line with the Rules.

To ensure decision making in line with uniform, Group-wide business strategies and the appropriateness of business, a certified public accountant with global operations shall be appointed so as to ensure accounting appropriateness and to prevent any intra-Group managerial irregularities.

(2) The Internal Audit Group of Kito shall perform periodic audits concerning the compliance, risk management and business efficiency of the subsidiaries.

3. Auditing

1) Matters relating to employees assigned to the position to assist auditors in performing their duties if such request is made by auditors (Paragraph 2-1, Article 100 of the Implementing Ordinances of the Companies Act)

Employees to be assigned to assist auditors in performing their duties shall be appointed if requested by auditors.

Assignment, removal and transfer of such assistants shall be determined by the Board of Directors upon approval by the Board of Auditors to ensure independence from directors.

2) Matters relating to independence, from directors, of employees assisting auditors in performing their duties (Paragraph 2-2, Article 100 of the Implementing Ordinances of the Companies Act)

Assistants to auditors shall work in the said capacity on a full-time basis and shall not be subject to a direction or order given by any director.

3) Systems for directors and employees to report to auditors and other forms of reporting to auditors (Paragraph 2-3, Article 100 of the Implementing Ordinances of the Companies Act)

In addition to reporting of information required by law, a director or employee shall report to auditors without delay if he or she becomes aware of any matter that may give rise to significant

impact on any of the Kito Group companies. Additionally, ordinary reports and requests for management approval of daily nature shall be circulated to auditors to keep them informed.

4) Other systems to ensure effective and efficient auditing by auditors (Paragraph 2-4, Article 100 of the Implementing Ordinances of the Companies Act)

Auditors may attend, in addition to the meetings of the Board of Directors and the conferences of executive officers, important meetings concerning production, marketing, quality, environment and safety, among others, to carry out auditing with respect to legal compliance and efficiency of business operations. Auditors may also seek explanations of directors or employees as needed for increased efficiency and effectiveness of auditing. Close collaboration and coordination of the parties concerned shall also be ensured by auditors' conferences with the certified public accountant, legal counsel and other professionals independent of Kito and its Group.

4. Basic approach to the elimination of antisocial forces and actions

Kito shall undertake the following actions as a part of its internal control (compliance risk management) in an effort to eliminate antisocial forces

1) Basic approach to the elimination of antisocial forces

Kito shall stand firm against any unfair demand claimed by antisocial forces and organizations that threaten the order and safety of civic life and shall cut off any and all connections therewith, without making any easy compromise with them by means of monetary solutions and otherwise.

2) Actions for the elimination of antisocial forces

Kito shall explicitly state the basic approach presented above in its Compliance Manual, declare it internally and externally, and appoint the General Administration Department as the department in charge of overseeing any dealings with antisocial forces. At the same time, a person responsible for the prevention of complying with any unfair demand shall be nominated for the head office and each of the sales offices, who will make efforts to gather information from the police and other sources.

In addition, a manual for dealing with antisocial forces shall be prepared to stipulate actions to be taken in the event of any threat by antisocial forces or of potential injury that may be inflicted and to establish a structure whereby necessary information will be reported to the General Administration Department and damage will be prevented. [End]