

May 31, 2006

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Announcement of Resolution Concerning Basic Policy for Establishing Internal Control System

The Board of Directors of Kito Corporation discussed and determined at its meeting held on May 31, 2006 a Basic Policy for establishing an internal control system. Details of the resolution are as follows.

Details

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 Company Law)

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.

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.

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.

(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 Company Law)

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.

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

A primary department in charge of risk management shall be determined, and Risk Management Rules stipulating structures and departments in charge with respect to the prevention, deterrence, and remedies specific to individual risks shall be created by taking into accounts the type and form of risks involved for each case. The said Rules shall serve as a basis for the creation of a crisis management structure.

The Rules shall call for, among others, periodic review and identification of risks so as to aid in understanding risks specific to business segments, and instructions designed to prevent the occurrence of loss or risks of material scale. They shall be supplemented by the compilation of practical responses and measures in the forms of manuals and guidelines and by internal training to

secure full familiarity.

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

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.

(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 Company Law).

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 .

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 Company Law)

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 Company Law)

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 Company Law)

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 Company Law)

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.

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