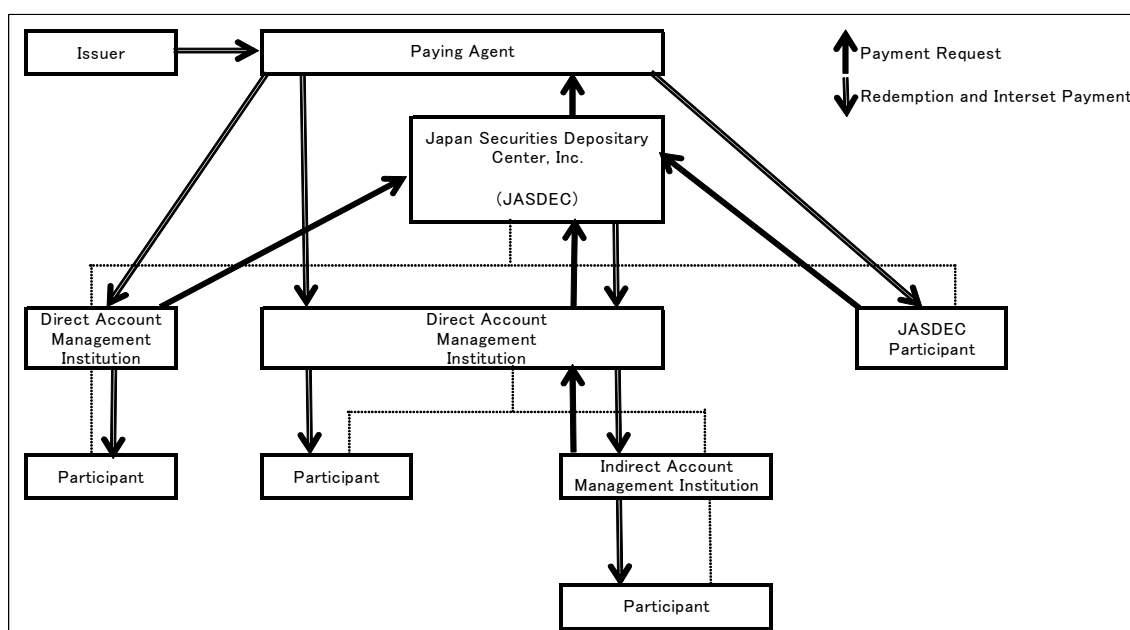


Treatment of Redemption and Interest Payment

1. Payment Procedure of Redemption and Interest Payment

Redemption and interest payment to bondholders shall be made via multi-layer holding structure by the order of, Issuer → Paying Agent → Account Management Institution → bondholder (see flowchart below).

Participants (except JASDEC Participants) shall entrust in advance the Upper Positioned Account Management Institutions to make claims for, and receive, the redemption amounts and interest on their behalf. Also JASDEC Participants shall entrust JASDEC in advance to make claims for the redemption amounts and interest on their behalf (Article 58- 30 and Article 58- 31 of Business Regulations Relating to Corporate Bonds, etc.).



Business Regulations Relating to Corporate Bonds, etc.(extract)

PART 7: HANDLING OF REDEMPTION AMOUNTS AND INTEREST

Article 58-30:Procedures Concerning Claims, etc., for Redemption Amounts and Interest

1. A JASDEC Participant shall request that JASDEC make claims for redemption amounts...and interest relating to the JASDEC-Related Issues...

Article 58-31:Entrustment to Upper Positioned Institutions Concerning Receipt of Redemption Amounts and Interest

1. Participants (other than JASDEC Participants) shall request their Nearest Upper Positioned Institutions that are Account Management Institutions to make claims for, and receive, the redemption amounts and interest...
2. If the Account Management Institution that receives the request referenced in the preceding Paragraph is an Indirect Account Management Institution, such Indirect Account Management Institution shall make the same request to its Nearest Upper Positioned Institution...

2. Calculation Method of Interest

Interest calculation of recorded bonds and physical bonds is done by summing up the amount of interest per bond certificate.

Since book-entry bonds shall be managed by balance, interest amounts shall be calculated by multiplying balance, interest rate and terms of interest calculation period.

- In practice, interest amounts shall be calculated by multiplying balance and the amount of interest per one denomination (which means the figure obtained by the calculation of the interest related to one smallest denomination of the currency (any fractional figure at less than the 13th decimal place shall be disregarded) in accordance with the terms and conditions of the issuance of the issue of the bonds); see Article 27-5 Paragraph 1 Item 22 of Enforcement Rules of Business Regulations Relating to Corporate Bonds, etc.)” which Paying Agent notifies to JASDEC.

Interest amounts for each relevant-party will be calculated by multiplying balance and the amount of interest per one denomination as described below(Article 27-40 of Enforcement Rules of Business Regulations Relating to Corporate Bonds, etc.);

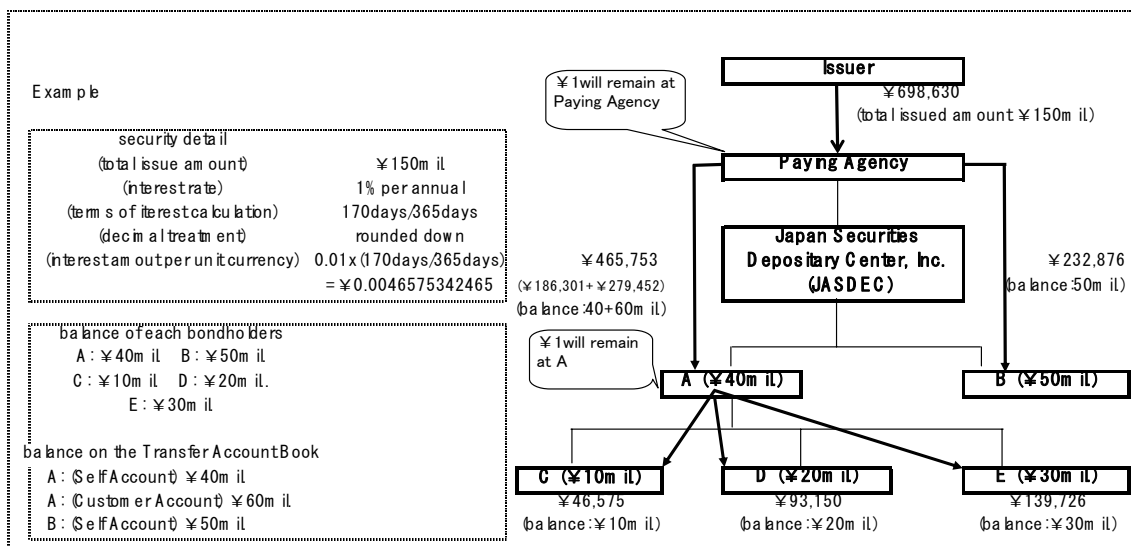
Payer	Beneficiary	Base balance of interest calculation
Issuer	Paying Agent	The total issue amount of the applicable book-entry bonds (previously paid redemption amounts shall not be included).
Paying Agent	JASDEC Participant	The amount of the applicable book –entry bonds in each Classified Account (if such Classified Accounts are taxable, the base balance shall be defined by each tax category) of each JASDEC Participant in JASDEC’s Transfer Account Book.
Account Management Institution	Participant	The amount of the applicable book-entry bonds in each account of the Participant in the Transfer Account Book maintained by the Account Management Institution

3. Treatment of Decimals and Differences

Any fractional amount less than one Yen (as for a foreign currency, 1/100 of one smallest denomination) shall be disregarded (Article 27- 40 of Enforcement Rules of Business Regulations Relating to Corporate Bonds, etc.).

Therefore, when fractional numbers arise in interest amounts, there is a possibility that a difference may occur between receiving amounts and payment amounts for relevant-party, depending on the interest rate or terms of interest calculation period (Article 27- 41 of Enforcement Rules of Business Regulations Relating to Corporate Bonds, etc.).

Please be advised that the difference occurred to Participants arising from calculation shall not be adjusted. Also, please note that to claim this difference is not acceptable.



4. Transition from Outstanding Issued Bonds to Book-Entry Bonds

As described above, interest for book-entry bonds shall be calculated by multiplying the amount and the amount of interest per one denomination. Interest for outstanding bonds which are converted from recorded or physical bonds shall be calculated based on the amount of interest per bond certificate defined before the transition to eliminate the difference in interest amounts due to the transition to book-entry bonds as possible.

Therefore, as for the single-unit certificate, interest amounts will remain unchanged between before and after the transition.

On the other hand, as for the multi-unit certificate, interest amounts shall be calculated based on the certificate with the minimum value. Thus, there is a possibility that a difference may occur between before and after the transition due to fractional numbers in interest amounts. This difference shall not be adjusted (Article 2, Article 27-41 of the Supplementary Provisions of Enforcement Rules of Business Regulations Relating to Corporate Bonds, etc.).

Also, please note that to claim this difference is not acceptable.

[Example]

- Total issue amount: ¥ 150mil. Interest rate: 1.0% per annual, Terms of interest calculation period: 170/365 days
- Holding balance of each bondholder;
(Image of issue which all fractional numbers arisen from the calculation of the amount of interest per a unit certificate are rounded down)

Unit	Interest Amount per Unit	Holding balance of each bondholder				
		A	B	C	D	E
¥10mil.	¥46,575	4	5	-	-	-
¥1mil.	¥4,657	-	-	10	20	30
Holding Balance		¥40mil.	¥50mil.	¥10mil.	¥20mil.	¥30mil.

- Case 1: All fractional numbers are rounded down. The amount of interest per one denomination after the transition shall be calculated from the interest amount per certificate with the minimum value (=¥1mil.)
→¥0.004657 (¥4,657 / ¥1,000,000)

- Interest amounts for each bondholder before and after the transition shall be as follows;

	Paying amount for Issuer	Receiving amount				
		A	B	C	D	E
Interest amount before transition	¥698,595	¥186,300	¥232,875	¥46,570	¥93,140	¥139,710
Interest amount after transition	¥698,550	¥186,280	¥232,850	¥46,570	¥93,140	¥139,710
Difference	¥-45	¥-20	¥-25	¥0	¥0	¥0

- Case 2: If the terms and conditions of this issue which all fractional numbers are rounded off, the amount of interest before the transition for ¥1,000,000 unit is ¥4,658, and then the amount of interest per one denomination after the transition shall be ¥0.004658.

- Interest amounts for each bondholder before and after the transition shall be as follows;

	Paying amount for Issuer	Receiving amount				
		A	B	C	D	E
Interest amount before transition	¥698,655	¥186,300	¥232,875	¥46,580	¥93,160	¥139,740
Interest amount after transition	¥698,700	¥186,320	¥232,900	¥46,580	¥93,160	¥139,740
Difference	¥45	¥20	¥25	¥0	¥0	¥0