Nihon Unisys, Ltd.

Corporate Governance Report

Note) This is an English translation of the Corporate Governance Report of Nihon Unisys, Ltd. prepared for reader's convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.

Last Update:	November 4, 2016
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The following is an overview of corporate governance of Nihon Unisys, Ltd. (the "Company").

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

A mechanism of corporate governance which enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable for enabling the Nihon Unisys Group to continuously grow and increase its mid-and long-term corporate value, and the Company shall create, maintain and ceaselessly improve this mechanism.
Furthermore, the Company believes that a company`s "raison d`etre" lies in its contribution to society. Based on this belief, the Company stipulates as part of its corporate philosophy 'Listen sincerely to our stakeholders to improve our corporate value' in order to create relationships of trust with all stakeholders, and shall proceed with its business activities in accordance with this principle.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with every principle of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1-4 Policy on "Cross-Shareholdings" and Standards for Exercising Voting Rights]

The Company may sometimes hold the shares of other listed companies, if it judges that its corporate value is enhanced, such as that maintaining or strengthening the relationship between them will further expand its revenue base.

After the Company holds the shares of other listed companies, it each year verifies the significance of those shareholdings from such viewpoints as the consistency with its mid-to-long term business strategy, and economic rationality.

The Company exercises the voting rights of "Cross- Shareholding" stocks by itself after closely examining the contents of each individual agenda on exercising such rights, and decides from the point of view of

improving the value for shareholders of the companies in which it invests and its own corporate value.

[Principle 1-7 Procedure for Transactions between Related Parties]

1) Transactions involving conflict of interests with directors or corporate officers of the Company are checked by the departments concerned (such as the Legal Department) before being approved by the Board of Directors. The results of these transactions are reported to the Board of Directors.
2) Transactions between the Company and its *shuyokabunushi* (meaning a shareholder that holds voting rights constituting 10% or more of all shareholders' voting rights, pursuant to the definition by the Financial Instruments and Exchange Act; hereafter, the "Major Shareholder") other than the above are reported to or approved by the Board of Directors pursuant to standards put in place in advance.

[Principle 3-1 (i) Management Philosophy, Management Strategies and Management Plan]

■ Corporate Philosophy

The Company sets out below its corporate philosophy, which is the basis for its management and rooted in the social responsibility which the Nihon Unisys Group bears as a whole.

Our Mission

Work with all people to contribute to creating a society that is friendly to people and the environment.

Our Vision

Be a group that strives to be sensitive to the expectations and needs of society and that thinks through how ICT can contribute to meet them.

Our Values

1. Pursuit of High Quality and High Technology
   Always have the latest knowledge that is useful for society while improving our skills.
2. Respect for Individuals and Importance of Teamwork
   Identify each other's good points, encourage each other to improve those good points and harness the strengths of each person.
3. Attractive Company for Society, Customers, Shareholders and Employees
   Listen sincerely to our stakeholders to improve our corporate value.

■ Mid-term Management Plan

The Company has prepared a mid-term management plan for the Nihon Unisys Group (hereafter, the "Group") for the period from fiscal year 2015 to fiscal year 2017, called the "Innovative Challenge Plan". Please find this posted on the website below:
http://www.unisys.co.jp/com/innovative_challenge_plan.html
The plan is outlined below.

The mid-term management plan has as part of its growth strategy two areas of 'challenge' and one area of 'reform'. The "digital innovation" area, one of the two 'challenge' areas, intends to expand the operation of services and platforms to enable customer`s digital businesses to be provided in the fastest and optimum manner. The "life innovation" area aims to create new services that will help solve social issues. The reform area intends to strengthen the "business ICT platform" that provides rapid and optimum application assets and knowledge to customers with fast-evolving businesses.

Furthermore, the Company promotes "Corporate culture and talent reform" as well as "Investment strategy" to support these growth strategies.

[Principle 3-1 (ii) Basic Approach to and Policy for Corporate Governance]

■ Basic Approach of Corporate Governance

The basic approach to corporate governance is as described in '1 Basic Views' of ' I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information' of this report.

■ The basic policy on corporate governance is set out in 'Corporate Governance and Internal Control Principles', which can be found posted on the below website:
http://www.unisys.co.jp/invest-e/com/pdf/internal_control_rules.pdf

[Principle 3-1 (iii) Policy and Procedure for Setting Remuneration for Directors]

Directors are in principle paid according to their professional responsibilities, with a focus on performance-based pay and taking into account market-rate salaries and employees' salary level.

Remuneration for directors consists of a) a fixed monthly salary, b) annual performance-based bonuses using profit attributable to owners of parent as an indicator, and c) stock options for performance-based compensation system.

Outside directors are paid a fixed monthly salary only.

The exact amount of remuneration is decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, within the amount as decided by resolution at general shareholder's meeting.

[Principle 3-1(iv) Policy and Procedure for Nominating Candidates for Directors and Auditors]

■ Candidates for Director

Candidates for internal directors are nominated from highly motivated individuals who have a high level of professional ethics and who are equipped with the knowledge and experience required to manage the business appropriately and efficiently.

Outside director candidates are nominated from individuals who have rich management experience and deep expertise and who are capable of advising on and supervising management as a whole from an external, objective and professional viewpoint.

Director candidates are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and procedures established by it. The candidates are then appointed by the Board of Directors on the basis of those nominations.

■ Candidates for Auditor

Auditor candidates are nominated from individuals who have a high level of professional ethics as well as the experience and knowledge required to audit the execution by the directors of their duties from a fair and objective viewpoint. They are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and procedures established by it. They are approved by the Audit & Supervisory Board before being appointed by the Board of Directors. At least one of the auditors appointed shall have appropriate expertise in finance and accounting

[Principle 3-1 (v) Rationale for Nominating Director and Auditor Candidates]

As the rationales for nominating individual candidates for directors and auditors are described in the reference documents of that accompany the convocation notice for the general shareholders' meeting, please see the link below.
(http://www.unisys.co.jp/invest-e/stock/meeting.html)
The rationales for nominating the four incumbent auditors except the newly nominated auditor are described in '1. Organizational Composition and Operation, [*Kansayaku* (Audit & Supervisory Board Member)]' in the 'II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management' section of this report.

[Principle 4-1-1 Scope of Matters Delegated to Management]

The Company`s Board of Directors has the role of supervising management as a whole, including the performance by directors and corporate officers of their professional duties, as well as deliberating on and deciding key management policies and other matters important for management.

To this end the board deliberates on matters as set out in laws and regulations as well as in the Company`s Articles of Incorporation, and even matters that need consideration from various viewpoints including those of outside directors.

The Board of Directors delegates decision-making authority for matters other than those resolved or reported by it, in order to enable prompt and efficient decision-making. This delegation is implemented accordance to the importance of individual items and pursuant to the Company`s internal rules, such as internal rules for Executive Council.

[Principle 4-1-3 Succession Plan for Chief Executive Officer]

In order to ensure the transparency of the selection process of Chief Executive Officer, the Nomination and Remuneration Committee which includes Independent Outside Director deliberates on a plan regarding a successor to Chief Executive Officer ('Succession Plan') and reports to the Board of Directors.

The Succession Plan explicitly stipulates that integrity is the qualification essential for Chief Executive Officer, and seven competencies such as foresight and insight are additionally required.

[Principle 4-9 Standards for Judging Independence of Independent Outside Directors]

The Company`s "Standards on the Independence of Outside Directors" are as follows.

■ Standards on the Independence of Outside Directors

The Company deems that outside directors as defined by the Companies Act have independence if they satisfy the independence criteria stipulated by the Tokyo Stock Exchange and do not fall under any one of the categories below

(1) Major shareholders holding voting rights equivalent to 10% or more of the total voting rights of the Company, or in the case of a corporation or organization, an executive of that corporation or organization

(2) An executive of a major client (*1) of the Company or its subsidiaries, or executive of a corporation or organization that deals with the Company or its subsidiaries as a major business partner(*2)

(3) An executive of a financial institution to which the Company owes significant borrowings (*3)

(4) A person who receives significant amounts of compensation or other economic benefit (*4) (other than their remuneration as a director) as a consultant, accountant, or lawyer for the Company or its subsidiaries, or where a corporation or organization, a person belonging thereto

(5) An executive of a corporation or organization that receive significant donations (*5) from the Company or its subsidiaries

(6) A person falling under any of categories (1) to (5) above within the past 3 years

(7) A spouse or relative within two degrees of kinship of a person falling under any of the categories below

- A person falling under any of categories (1) to (5) above
- A person who is a director or executive of a subsidiary of the Company, who was also a director or executive of a subsidiary of the Company for the past 3 years

*1 Classification into the category of 'major client' is judged according to the amount of transactions that the Company or its subsidiaries has concluded with the client in the fiscal year immediately before: whether or not it exceeds 2% of the consolidated net sales of the Company or ¥10 million, whichever is higher.

*2 Classification into the category of 'major business partner' is judged according to the amount of transactions that the corporation or organization has concluded with the Company or its subsidiaries in the fiscal year immediately before: whether or not it exceeds 2% of the consolidated net sales of the corporation or organization that deals with the Company or its subsidiaries, or ¥10 million, whichever is higher.

*3 Classification into the category of 'significant borrowings' is judged according to the amount of those borrowings: whether or not they exceed 2% of the gross assets of the Company for the fiscal year immediately before.

*4 Classification into the category of 'significant amounts of compensation or other economic benefit' is judged according to the benefit that the person has received from the Company (other than their remuneration as a director) in the fiscal year immediately before: whether or not the person has received remuneration or other economic benefit of ¥10 million or more; or where the person belongs to a corporation or organization, whether or not that corporation or organization has received from the Company or its subsidiaries remuneration or other economic benefit that exceeds 2% of the consolidated net sales of the corporation or organization for the fiscal year immediately before or ¥10 million, whichever is higher.

*5 Classification into the category of 'significant donations' is judged according to the amount of donations that have been received from the Company or its subsidiaries: whether or not they exceed ¥10 million a year or 2% of the annual total costs of the corporation or organization of the fiscal year immediately before, whichever is higher.

[Principle 4-11-1 Balance, Diversity and Extent of Knowledge, Experience and Capabilities of the Board of Directors]

The Board of Directors is consisted of directors who have a diverse and rich experience and deep knowledge, including several outside directors. It maintains the appropriate number of directors to enable the Board to function effectively and efficiently. The term of directorship is set at 1 year in order to secure a flexible management structure capable of responding promptly to changes in business environment, and to clarify the responsibilities of each director.

[Principle 4-11-2 Directors and Auditors Concurrently Holding Positions as Executives of other Companies]

The outside directors and outside auditors who concurrently hold the positions of executives of other listed companies are described in the annual securities report (*yuka shoken hokokusho*) (http://www.unisys.co.jp/invest-j/ir/sr.html) and the '1. Organizational Composition and Operation [Directors] and [Auditors] Relationship with the Company (2)' in the 'II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management' of this report.

Other directors and auditors of the Company do not concurrently hold offices as director or auditor of other listed companies.

[Principle 4-11-3 Evaluation of Effectiveness of the Board of Directors]

The Company surveyed all of its directors and auditors regarding the structure, operation and deliberation status and so forth of the fiscal 2015 Board of Directors. After deliberating the results from the survey, it evaluated the effectiveness of its Board of Directors.

As a result, it was confirmed that the Board in its member numbers and structure is well balanced in terms of the knowledge, experience and skills; it is appropriately operated, where, through discussion, the effectiveness of the management team can be overseen; and also the audit system has been enhanced.

Furthermore, it was confirmed that in future the Company will further improve the provision of information, as a whole, to outside directors: improve trainings for directors; and enhance communications between external executives and internal executives.

The Company will endeavor to further improve the effectiveness of the Board of Directors through analysis and evaluation every year going forward.

[Principle 4-14-2 Policy about Training to Directors and Auditors]

1) The Company strives to help outside directors and outside auditors understand sufficiently the nature of the Group`s business, financial situation and organizational structure as well as management issues through explanations provided to them by management and related departments on the occasion of their assuming the office and thereafter as needed.
2) The Company helps directors and auditors to sufficiently fulfill their roles and duties by providing opportunities for training given by outside expert on industry and technological trends, financial and legal strategies, and so forth.

[Principle 5-1 Policy about Constructive Dialogues with Shareholders]

1.Basic Concepts

The Company's President CEO and CFO take the lead in carrying IR (investor relations) activities, so that timely and appropriate information is delivered to all shareholders and investors.

2.IR Activities

The Company has established a department dedicated to IR, and collaborate with related departments and each Group company to make appropriate disclosure of information.

3.Methods for Dialogue

The Company strives to explain how the company is managed and how its operations work by providing shareholders and investors with opportunities for dialogue, such as briefing sessions about financial results and operations, as well as facility tours.

4.System for Sharing Opinions and Concerns Expressed by Stakeholders

The Company provides appropriate feedback to management executives and the Board of Directors concerning the opinions and concerns expressed by shareholders and investors.

5.Management of Insider Information

The Company sets a certain period of time as a silence period before making an announcement of financial results, in order to prevent any information leaking before the announcement and ensure fairness. During

this period, the Company refrains from responding to questions or inquiries about or commenting on financial results. Furthermore, the Company has put in place the 'Insider Trading Management Regulations' and strives to prevent insider information from being leaked.

2. Capital Structure

Updated

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Top 10 Shareholders]

Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Dai Nippon Printing Co., Ltd.	20,727,410	18.90
Japan Trustee Services Bank, Ltd. (Trust account)	15,416,100	14.05
Mitsui & Co., Ltd.	9,798,509	8.93
The Master Trust Bank of Japan, Ltd.(Trust account)	7,759,500	7.07
The Norinchukin Bank	4,653,800	4.24
J.P.MORGAN BANK LUXEMBOURG S.A. 380578	3,354,100	3.05
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,226,800	2.94
Nihon Unisys Employees' Shareholding Society	2,391,011	2.18
CBNY-GOVERNMENT OF NORWAY	2,213,200	2.01
ANA HOLDINGS INC.	1,794,400	1.63

Controlling Shareholder (except for Parent Company)	—
Parent Company	none

Supplementary Explanation

Updated

1. The [Top 10 Shareholders] table above describes the situation as of September 30, 2016. Besides the above, the Company holds 1,995,650 shares of treasury stock (1.81% of the total number of issued shares).
2. Amendment Report No.3, made available for public inspection as of April 21, 2016, states that Nomura Securities Co., Ltd. as well as the joint holders Nomura International PLC, and Nomura Asset Management Co., Ltd. have the following shareholdings in the Company as of April 15, 2016. However, the number of actual shares that they hold as of September 30, 2016 cannot be confirmed. Consequently they are not listed in the [Top 10 Shareholders] table above.
   - Nomura Securities Co., Ltd.
     Number of Shares Held: 83,438 shares Shareholding Ratio: 0.08%
   - Nomura International PLC
     Number of Shares Held: 159,445 shares Shareholding Ratio: 0.15%
   - Nomura Asset Management Co., Ltd.
     Number of Shares Held: 4,903,600 shares Shareholding Ratio: 4.47%
   - Total
     Number of Shares Held: 5,146,483 shares Shareholding Ratio: 4.69%
3. The Report of Possession of Large Volume made available for public inspection as of July 22, 2016, states that Sumitomo Mitsui Trust Bank, Ltd. as well as the joint holders Sumitomo Mitsui Trust Asset Management Co., Ltd., and Nikko Asset Management Co., Ltd. have the following shareholdings in the Company as of July 15, 2016. However, the number of actual shares that they hold as of September 30, 2016 cannot be confirmed. Consequently they are not listed in the [Top 10 Shareholders] table above.
   - Sumitomo Mitsui Trust Bank, Ltd.
     Number of Shares Held: 3,881,600 shares Shareholding Ratio: 3.54%
   - Sumitomo Mitsui Trust Asset Management Co., Ltd.
     Number of Shares Held: 351,000 shares Shareholding Ratio: 0.32%
   - Nikko Asset Management Co.,Ltd.

Number of Shares Held：1,631,600 shares　　Shareholding Ratio：1.49% ・Total Number of Shares Held：5,864,200 shares　　Shareholding Ratio：5.35%

3. Corporate Attributes

Listed Stock Market and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

Updated

Dai Nippon Printing Co., Ltd. holds 20,727,410 shares of the Company's stock (proportion of voting rights：19.26% as of September 30, 2016). It falls under Other Affiliated Companies of the Company.

On August 9, 2012 the Company entered into a "Business Alliance Agreement" with Dai Nippon Printing Co., Ltd. which forms business alliances in the areas of cloud and new platform services business, as well as marketing and sales.

One of the Company`s outside directors, out of its nine directors, and one of the Company's outside auditors, out of its five auditors, concurrently serve as Corporate Senior Officer at Dai Nippon Printing Co., Ltd..

The Company preserves independence in carrying out its business activities and making management decisions by making its own business judgments in pursuit of an increase in the corporate value and profit for the shareholders as a whole.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board (Audit & Supervisory Board)

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Go Kawada	Tax Accountant											
Takeshi Yamada	From another company								○			
Ayako Sonoda	From another company								○			
Morihiro Muramoto	From another company					○		○				

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Go Kawada	○	—	The Company has appointed Mr. Kawada as an outside director. It expects him to give advice to and supervise the Company's management from an outside objective and neutral perspective, since he has a wealth of professional experience in the fields of taxation and accounting. Mr. Kawada is designated as an independent director since he represents a superb example of independence as evidenced by the fact that he neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the judgment standards on independence of outside directors stipulated by the Company.
Takeshi Yamada		Mr. Yamada concurrently serves as the General Manager for the IT Solutions Business Div., IT & Communication Business Unit for Mitsui & Co., Ltd. which has a trading relationship with the Company.	The Company expects Mr. Takeshi Yamada to utilize his long experience in the information industry at Mitsui & Co., Ltd., and to give advice and effectively supervise the Company's overall management from an objective and professional perspective as an outside director.
Ayako Sonoda	○	Ms. Sonoda concurrently serves Cre-en Incorporated as Representative Director. The Company receives services from Cre-en Incorporated to promote its CSR activities. The Company's payment for the services was less than 2% of the net sales of Cre-en Incorporated's latest fiscal year.	The Company expects Ms. Ayako Sonoda to utilize her long track record of supporting many companies in the fields of CSR and environmental management, as well as her experience of dedication to various activities promoting the employment and utilization of female workers, to give advice to the Company's management from multiple perspectives as an outside director. Ms. Sonoda is designated as independent director since she represents a superb example of independence as evidenced by the fact

			that she neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the judgment standards on independence of independent outside directors stipulated by the Company.
Morihiro Muramoto		Mr. Muramoto concurrently serves as a Senior Corporate Officer at Dai Nippon Printing Co., Ltd., which is the Major Shareholder of the Company. The Company and Dai Nippon Printing Co., Ltd. executed a 'Business Alliance Agreement', and have a trading relationship.	The Company has appointed Mr. Morihiro Muramoto as an outside director, with the expectation that he will utilize his executive experience at Dai Nippon Printing Co., Ltd., and give advice to and effectively supervise the Company's management from an objective and professional perspective as an outside director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	
All Committee Members	4	
Full-time Members	0	
Inside Directors	3	
Outside Directors	1	
Outside Experts	0	
Other	0	
Chairperson	Inside Director	

Supplementary Explanation

The Company has established as an advisory committee to the Board of Directors the Nomination and Remuneration Committee that deliberates and report on matters pertaining to the appointment, removal and remuneration of executives.

The committee performs the following duties.

1) The committee considers standards and procedures for selecting and appointing candidates for directors or auditors, or corporate officers of the Company, and deliberates on specific personnel proposals and make proposals to the Board of Directors.
2) The committee reviews and deliberates on the nature of the remuneration system, remuneration standards and relevant decision-making procedures for directors and corporate officers of the Company, and make proposals to the Board of Directors.

[*Kansayaku (Audit & Supervisory Board Member)*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditor and Internal Audit Departments

Internal Audit Department has been established as an internal organization under the immediate control of the President & CEO. The organization audits the effectiveness and efficiency of internal control for the entire Group.

The state of cooperation among auditors, the Accounting Auditor and Internal Audit Department are described below.

- Meetings of a triple audit liaison committee consisting of Internal Audit Department, the auditors (including outside auditors; the same shall apply hereinafter) and the Accounting Auditor are held in order to exchange their opinions. Opinions are also exchanged from time to time as necessary.
- The auditors exchange opinions with Internal Audit Department on audit plans prepared by the Audit & Supervisory Board.
- The Accounting Auditor holds briefing sessions on audit plans and reporting sessions on audit. It reports to the auditors and Internal Audit Department and holds hearings of opinions from them.
- The Accounting Auditor is accompanied by the auditors when it visits regional headquarters and offices as well as subsidiaries.
- Internal Audit Department is given advice by the auditors on the preparation of the audit plan.
- Audit plans prepared by Internal Audit Department and the results of audits are reported at meetings of the Board of Directors which outside directors and auditors attend.
- The auditors participate in review meetings held by Internal Audit Department. They receive reports and express their opinions.
- Internal Audit Department confirms and audits the state of activities by the divisions in charge of Internal Control.
- Internal Audit Department submits audit results at the request of the Accounting Auditor.
- The state of operation of internal control systems is reported at meetings of the Board of Directors which outside directors and auditors attend, and improved as necessary.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	4
Number of Independent *Kansayaku*	none

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Akihiro Imura	From another company										△			
Etsuo Uchiyama	From another company							△						
Shigemi Furuya	From another company							○		○				

Masao Noda	Lawyer										○			

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Akihiro Imura		Until June 2013, Mr. Imura worked for Mitsui & Co., Ltd. which has a trading relationship with the Company.	The Company expects Mr. Imura to utilize his broad experience of and wealth of knowledge on internal audit department from his time at Mitsui & Co., Ltd. and other companies in order to audit the overall management of the Company, and so has appointed him as outside auditor.
Etsuo Uchiyama		Mr. Uchiyama worked for the Norinchukin Bank until June 2009. The Company has a trading relationship with and also borrows from the Norinchukin Bank. The Bank is a major business partner and a major lender for the Company.	The Company expects Mr. Uchiyama to utilize his management experience and broad knowledge and insight as a manager, gained from many years' working in a financial institution, to audit the overall management of the Company, and so has appointed him as outside auditor.
Shigemi Furuya		Mr. Furuya concurrently serves at Dai Nippon Printing Co., Ltd. as a Senior Corporate Officer. Dai Nippon Printing Co., Ltd. is the Major	Mr. Furuya has abundant knowledge and broad experience about financial accounting that has been accumulated from his longtime service as general manager for Accounting Department 1, Accounting Division at Dai Nippon

		Shareholder of the Company. The Company and Dai Nippon Printing Co., Ltd. executed a 'Business Alliance Agreement', and have a trading relationship.	Printing Co., Ltd. The Company expects him to utilize the knowledge and experience in order to audit the overall management of the Company, and so has appointed him as outside auditor.
Masao Noda		Mr. Noda is general partner for Noda Sogo Law Office, which provides legal advice to the Company. The Company pays advisory fees to the Law Office, but their amount of these is not significant.	Mr. Noda has developed abundant knowledge and experience from serving as attorney for many years. The Company expects him to utilize this knowledge and experience in order to audit the management of the Company from an objective and fair perspective, and so has appointed him as outside auditor.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	2

Matters relating to Independent Directors/*Kansayaku*

—

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options

Supplementary Explanation

・With respect to bonuses for directors (excludes outside directors), in order to incentivize the directors exercising healthy entrepreneurship and clarify their responsibilities for fiscal year performance, the Company has introduced annual performance-based bonuses using profit attributable to owners of parent as an indicator since the fiscal year ending March 2017, pursuant to the Corporate Governance Code established by the Tokyo Stock Exchange.

・In addition to the above, the Company introduced a 'Performance-based Compensation System' in the fiscal year ending March 31, 2013 in connection with the remuneration of directors and corporate officers (excluding outside directors) of the Company and its major subsidiaries (hereinafter referred to as "Eligible Grantees"). The purpose of this System is to increase their motivation to contribute to the continued improvement of the Company`s financial results and increase in its value by clearly linking their remuneration with its consolidated business performance and causing them to share the benefits and risks of the share price with shareholders. Consequently they have been granted Stock Options as Stock-Based Compensation.

The 'Performance-based Compensation System' for the fiscal year ending March 2017 is outlined below.

(1) Stock Options will be granted to the Eligible Grantees as part of their compensation (which is uniformly 10% regardless of duty position) instead of cash.

(2) If the target profit attributable to owners of parent for the fiscal year ending March 31, 2017 is achieved, as planned at the beginning of the fiscal year, and also any other conditions are satisfied, the Company will grant Stock Options equivalent to 100%. The number of exercisable Stock Options will fluctuate in the range of 0% to 200% in accordance with the actual achievement rate.

Recipients of Stock Options	Inside Directors / Corporate Officers (Shikkoyakuin) / Subsidiaries' Directors / Subsidiaries' Corporate Officers (Shikkoyakuin)

Supplementary Explanation

1 The Company granted Stock Options to directors, corporate officers and employees of the Company and its consolidated subsidiaries for the purpose of further increasing motivation across the Group to contribute to the enhancement of its financial performance, improving morale and enlarging the Company's value from fiscal year 2003 to fiscal year 2009.
2 The Company has granted Stock Options as Stock-Based Compensation in accordance with the approach set out in the 'Performance-based Compensation System' to the Eligible Grantees who assume roles which are key to the Group's performance from fiscal year 2012 to fiscal year 2016.
・Directors (excluding outside directors) and corporate officers of the Company
・Directors (excluding outside directors) and corporate officers of UNIADEX, Ltd., a consolidated subsidiary of the Company

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

The total amount of remuneration paid to directors during the fiscal year ending March 2016 (from April 1, 2015 to March 31, 2016) is ¥236 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Adopted

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy and procedure for deciding the remuneration for directors and auditors are as follows.
a. Remuneration for Directors
Directors are in principle paid according to their professional responsibilities, with a focus on performance-based pay and taking into account market-rate salaries and employees' salary level.
Remuneration for directors consists of a) a fixed monthly salary, b) annual performance-based bonuses using profit attributable to owners of parent as an indicator, and c) stock options for performance-based compensation system.
Outside directors are paid a fixed monthly salary only.
The exact amount of remuneration is decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, within the amount as decided by resolution at general shareholder's meetings.
・It was resolved at the 49th Ordinary General Meeting of Shareholders held on June 25, 1993 that the monthly remuneration amount is within ¥35 million per month.
・It was resolved at the 72nd Ordinary General Meeting of Shareholders held on June 28, 2016 that the total amount of directors' bonus is limited to ¥100 million per year, with the payment standard set at 0.5% of profit attributable to owners of parent for the time being.

b. Remuneration for Auditors
Auditors are compensated without linking pay to performance in order to ensure the effectiveness of auditing from an independent perspective. Their fixed monthly remuneration is decided as a result of discussions among auditors.

It was resolved at the 62nd Ordinary General Meeting of Shareholders of June 22, 2006 that the monthly remuneration amount for auditors is within ¥8 million per month.

[Supporting System for Outside Directors and/or *Kansayaku*]

Outside directors and outside auditors are provided in advance with materials on key matters to be discussed at meetings of the Board of Directors, and explanations are provided to them as required by the departments concerned with those matters.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has adopted the system of having the Audit & Supervisory Board. It creates and maintains the following system in order to enable effective corporate governance for stakeholders such as shareholders.

a. The Board of Directors

The Board of Directors is composed of nine directors including four outside directors (one of which is female). It meets every month as a general rule.

The Board of Directors receives reports on and decides on key matters for the Company. The term of directorship is set a one year in order to establish a flexible management system capable of responding to changes in the management environment and to clarify the management responsibilities of directors.

The Nomination and Remuneration Committee has been put in place in order to deliberate on and report on the personnel and remuneration matters of executives of the Company. The Committee, an advisory organization for the Board of Directors, consists of multiple directors including at least one independent outside director.

b. The Audit & Supervisory Board

There are five Audit and Supervisory Board members (herein also referred to as 'auditors') including four outside auditors. Three of them are full-time auditors.

Auditors attend key meetings (such as those of the Board of Directors), examine the state of the Company`s performance and assets, and audit the performance by the directors of their professional duties. They are assisted in accomplishing their duties by dedicated personnel assigned to the Auditor's Office in order to enhance the effectiveness and smoothness of audit operations by auditors.

c. Accounting Auditor

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor from which it receives an audit of its accounts.

d. System for Business Execution

・ Executive Council

The Executive Council consists of representative directors and directors who concurrently serve as corporate officers and has been established as a body to make efficient decisions regarding key matters relating to business execution.

・ Internal Audit Department

Internal Audit Department has been established as an internal body under the direct control of the President & CEO to assess the effectiveness and efficiency of internal controls across the Group.

・ Various Committees

Various committees have been established in order to deliberate on specific management issues relating to business execution by the directors from practical perspectives. These are the Business Review Committee, the Investment Committee, the Information Systems Investment Committee, the Compliance Committee, the Risk Management Committee, and the Information Security Committee. Furthermore, the CSR Committee and Management of Technology (MOT) Committee have been established as advisory bodies.

- System of Corporate Officers
  The Company has adopted a system of corporate officers in order to separate supervision of management from its execution and to enable prompt business execution.

- Collective Decision-Making (*Ringi*) System
  The Company has created and operates a system that enables key management issues to be decided on the basis of consultation between those officers responsible, members of decision-making bodies (committees) and/or the Executive Council after having first obtained an expert opinion on the issues from the corporate staff heads of each relevant division.

Pursuant to Article 427(1) of the Companies Act of Japan, the Company has executed an agreement with the directors who are not executive directors as well as all auditors to limit their liability as set out in Article 423 (1) of the Act. The limit of liability is ¥5 million or the amount stipulated by law, whichever is higher. The limitation of liability is only recognized in cases where such directors and auditors performed their duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company has judged that an audit system which includes outside auditors is effective for supervising management, and thus has adopted the system of having a board of auditors.

Given the drastically changing nature of the Company's industry, its Board of Directors consists of five internal directors well-versed in the state of the company and its industry, and also four outside directors who are expected to use their abundant experience of management, give advice on management as a whole from their external, objective and expert perspectives, and operate as an efficient supervisory body to management. We think this makes the Company capable of ever more objective and broad-based decision-making, and ever more effective supervision of its business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sent the notice of the 72nd ordinary general meeting of shareholders of June 28, 2016, 22 days before the date thereof. Furthermore, the Company had announced it on its homepage and the Tokyo Stock Exchange website before it mailed the document.
Scheduling AGMs Avoiding the Peak Day	The Company holds general meetings of shareholders on days other than the day on which the largest number of companies hold their meetings. It held the general meeting of shareholders on June 28, 2016 the previous day to the day on which many other companies held their meetings.
Allowing Electronic Exercise of Voting Rights	The Company has enabled individual shareholders to exercise their voting rights by personal computer, mobile phone or smartphone through a designated website.
Participation in Electronic Voting Platform	The Company has participated in an electronic voting platform operated by ICJ, Inc. whereby institutional investors can exercise their voting rights, since the 63rd Ordinary General Meeting of Shareholders held in June 2007.
Providing Convocation Notice in English	The Company provides an English version of the convocation notice for the general meeting of shareholders.
Other	The Company has prepared visual content for general meetings of shareholders, and it sends the notice of general meeting of shareholders via e-mail. The convocation notice for the general meeting of shareholders and notice of resolutions of meetings are disclosed on its website.

2. IR Activities

Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has published its Disclosure Policy on its external website http://www.unisys.co.jp/invest-e/com/dp.html.
Regular Investor Briefings for Individual Investors	Quarterly performance briefing sessions are held. The briefing sessions below were held for the fiscal year ending March 2016 and 2017. (1) Briefing session for Q1 of the fiscal year ending March 2016 (conference call) Date: July 31, 2015 Number of Participants: 46 Explained by: Representative Director, Senior Corporate Officer (CFO) (2) Briefing session for Q2 of the fiscal year ending March 2016 Date：November 5, 2015 Number of Participants：44 Explained by：Representative Director, President & CEO, and Representative Director, Senior Corporate Officer (CFO) (3) Briefing session for Q3 of the fiscal year ending March 2016 (conference call) Date: February 3, 2016 Number of Participants: 46 Explained by: Representative Director, Senior Corporate Officer (CFO) (4) Briefing session for Q4 of the fiscal year ending March 2016 Date: May 10, 2016 Number of Participants: 47 Explained by: Representative Director, President & CEO

	(5) Briefing session for Q1 of the fiscal year ending March 2017 (conference call) Date: August 2, 2016 Number of Participants: 56 Explained by: Representative Director, Executive Corporate Officer (CFO)
Posting of IR Materials on Website	The Company has posted financial statements, annual securities reports (*yuka shoken hokokusho*), comprehensive reports, fact books, materials used in briefing sessions on financial results, materials used in briefing sessions on mid-term management plans, notice of general meetings of shareholders, notices of resolutions, and shareholders reports (*kabunushi tsushin*).
Establishment of Department and/or Manager in Charge of IR	Name of the department responsible for investors relations: Investor Relations, Finance

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Nihon Unisys Group has set as part of its corporate philosophy that it will 'Listen sincerely to our stakeholders to improve our corporate value'. It has taken into consideration all stakeholders: shareholders, investors, customers, partners, employees and local communities, and has endeavored to have an open dialogue with them in view of creating relationships of trust.
Implementation of Environmental Activities, CSR Activities etc.	The Nihon Unisys Group provides in its corporate philosophy that its mission is to 'work with all people to contribute to creating a society that is friendly to people and the environment'. It strives to solve societal issues through ICT services and promoting its CSR activities based on the seven core ISO26000 subjects (organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development) which guide the Company in its social responsibilities. In April 2013, the Company revised the Charter of Corporate Behavior with the ISO26000 guidelines in mind and started to make CSR efforts according to the guidelines. It performs CSR activities through a PDCA cycle of: deciding on aims as a result of verification and gauging societal demand; performing activities; reviewing results; and connecting them to the following fiscal year. Furthermore, it signed the United Nations Global Compact, a world-wide initiative to achieve sustainable growth in the global community in March 2014, and has continuously made efforts towards achievements of ten basic principles in the areas of human rights, labor, environment and anti-corruption therein stipulated. The Company has obtained the international certification ISO14001 for its environmental management system (EMS) for all its business facilities including those of its group companies. Under its slogan for its environmental activities, which is 'what ICT can do for the earth', the Company intends to contribute, as an ICT company, to reducing the load on the environment, effectively using resources, and creating a sustainable society . Through its business activities, the Company has made efforts to reduce power and paper usage, promote the 3Rs (reduce, reuse and recycle), and carry out 'Green Procurement' activities to purchase system components and supplies that may cause the least possible environmental impact. Furthermore, it has endeavored to create business models capable of alleviating environmental burdens and thus contributing to customers by improving business operational efficiency and reducing environmental load.

	The business models are created through the use of ICT solutions provided by the Group such as those providing outsourcing services via environmentally considerate and energy-saving data centers, and providing charging infrastructure system services. Details of each of the CSR efforts are reported on the CSR page of our website (http://www.unisys.co.jp/csr/).
Development of Policies on Information Provision to Stakeholders	The Company promotes communication with stakeholders through IR activities pursuant to the Disclosure Policy.
Other	[Status Quo on and Efforts for Promoting Appointment of Women] The Company has continuously thought about incorporating diversity in the transformation of how we work as part of our corporate culture reform measures in the Mid-term Management Plan. It has taken on creating an environment where all employees, including female employees, are active while maintaining high productivity and a good work-life balance. In 2007, the Company renewed its continuous employment system for women, which now offers a maternity and childcare leave system that exceeds legal requirements; a short-time working system; a nursing leave system; and a work-from-home system as a new style of working. Furthermore, the Company has held seminars for female employees returning to work and their supervisors as well as individual consultations to support them before and after childcare leave. As a result, almost 100% of female workers have returned to work after childcare leave by balancing work and family life. In addition, in order to promote the recruitment and success of female employees, the Company is working on job level training with the purpose of career development and promoting appointments to grow its employment of female workers. The Company plans to increase the ratio of female management personnel to 10% by 2020, which is more than double the current ratio of 4.8% (as of April 10, 2016). One of the Company's nine directors is female.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company group has strived to establish, operate and continuously improve its internal control system as follows in order to achieve the aims of internal control: "improving the effectiveness and efficiency of business", "ensuring the reliability of financial reports", "compliance with laws and regulations on business activities", and "preservation of company assets".

a. Improving the Effectiveness and Efficiency of Business

The Group has established a mid-term management plan and specific management targets, and strives to develop systems that will improve operational effectiveness and efficiency.

- The Group has established the business strategies and profit plans in order to achieve its mid-term management plans, and confirms and assesses the extent of progress against them at quarterly management reviews.
- Key matters on business execution are decided by the Executive Council and various committees, and authority is delegated to business divisions as appropriate in order to enable prompt business execution.
- The R&D/Investment Committee deliberates on and assesses the appropriateness of business plans for products and services in order to ensure the efficiency of investment in this area. Furthermore, the Project Review Committee deliberates on and assesses the appropriateness of implementation plans for material system service projects in order to ensure the profitability of service businesses.

b. Ensuring the Reliability of Financial Reports

The Company's management and employees have conducted themselves in compliance with the basic policy for appropriate financial reporting established by the Group set forth for ensuring the reliability of financial reporting.

- The Company has established a department that promotes the internal control of financial reports under the supervision of the Chief Financial Officer (CFO). It helps relevant departments to put internal control measures in place, and assesses the extent to which they have been implemented and how they are being run. The results of these assessments are reported by the relevant departments to management each time an assessment is conducted, so that management can confirm their validity. In an event that inadequacies are found, corrections are made promptly by the relevant department.
- The Group is continually aware of the fact that appropriate financial reporting is a company's social responsibility. It strives to enhance internal control through measures such as establishing various regulations and manuals to prevent irregularities and errors that could lead to false financial reports, explicitly segregating duties and incorporating monitoring functions in business processes.

c. Compliance with Laws and Regulations on Business Activities

In recognition of compliance as one of the most critical issues to execution of business operation, the Group has established the 'Nihon Unisys Group Charter of Corporate Behavior', the 'Group Compliance Basic Regulations', and the 'Nihon Unisys Group Code of Conduct', based on which all of the Group's employees act ethically in compliance with laws and regulations, social norms and in-house regulations.

In order to realize these, the Group has established the 'Compliance Committee' to promote compliance programs under the supervision of the Chief Compliance Officer (CCO). Education and awareness activities are continually carried out in order to ensure that an awareness of compliance takes root and grows in all executives and regular employees of the Group through measures such as distributing compliance guidebooks and holding e-learning and training seminars.

Additionally, a communication route has been set up for reporting on and asking for advice on compliance matters, and the Compliance Committee and auditors have also established their own direct route (hotline) for reporting and consultation. Strict measures have also been put in place to make sure that hotline users are not disadvantaged.

d. Preservation of company Assets (Risk Management)

The Nihon Unisys Group is faced with various kinds of risk in connection with its operating business activities. The Company has developed a common risk classification system for the Group to share and centralize the management of risks throughout the entire Group. Furthermore, it has developed preventive measures and countermeasures against the occurrence of risk events in order to safeguard its assets.

Accordingly, the Company group has established a 'Risk Management Committee - Business Continuity Project' chaired by the Chief Risk Management Officer (CRMO) to unify, lead and manage risk management across the entire Group.

The Risk Management Committee has established a common risk classification system in order to share and centralize the management of risks throughout the entire Group. The system currently has 129 risk management categories such as information management risks, system development risks, and disasters or accident related risks. Staff departments or committees responsible for controlling such risk items have established management regulations as well as specific preventive measures and countermeasures in an event of a risk arising.

In an event of a material risk arising despite these measures, the department where such risk arises or relevant committee promptly reports to the Risk Management Committee - Business Continuity Project. A 'Risk Countermeasure Meeting' or 'Risk Countermeasures HQ' is then established according to the severity of the risk in order to deal with the situation appropriately.

In the case of business continuity risks caused by factors such as earthquakes or pandemic influenza, a business continuity project team headed by the chairman of the Risk Management Committee forms a business continuity plan (BCP) and continuously reviews and improves its content while taking into account a range of viewpoints such as ensuring safety, recovering the internal business and responding to customers.

In case of emergency, a disaster countermeasures HQ is established promptly through the business continuity project, and begins activities to support business continuity.

The Company's systems to ensure the appropriateness of subsidiaries' business operations are predicated on the regulations for managing affiliated companies. The regulations that respect the principle of autonomous operation by individual group companies were established in order to improve the management efficiency of the Company and group companies; unify the management philosophies thereof; and achieve growth as the group.
The Company has enabled an appropriate and effective management of group companies through its departments designated for individual group companies pursuant to the regulations. Furthermore, the Company has transferred to the subsidiaries and affiliated companies its directors and auditors who supervise business operations by directors thereof.

The 'System to ensure the properness of operations of a stock company (Internal Control System)' was decided on by resolution of the Board of Directors pursuant to the Companies Act, and is disclosed on the Company`s external website (http://www.unisys.co.jp/invest-j/com/pdf/tousei.pdf)

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Approach

The Company adamantly confronts anti-social forces and groups that threaten the order and safety of civil society.

2. Extent of Current Measures

- The Company has a policy of 'having no relationship with anti-social forces and eliminating any activities to promote them' as part of its aforementioned "System to ensure the properness of operations of a stock company (Internal Control System)" (http://www.unisys.co.jp/invest-j/com/pdf/tousei.pdf)
- The Company has an examination system that involves confirmation by the person in charge of a deal and examination of that deal by a dedicated department, in order to protect itself from having dealings with anti-social forces.
- The Company has included a provision on the elimination of anti-social forces in its standard agreement for the purposes of preventing dealings with anti-social forces and enabling an easy discontinuation of deals in an event where a business partner is found to be part of anti-social forces.
- In an event that a business partner is found to belong to anti-social forces, the Company shall establish a countermeasure headquarters and promptly break off the relevant deal.
- The Company strives to raise awareness on the side of employees through setting out specific examples in its compliance guidebook.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

The Company has not adopted measures for preventing takeovers.

2. Other Matters Concerning to Corporate Governance System

[Corporate Governance]
The corporate governance system of the Company is as described as in the [Organizational Chart for Corporate Governance and Internal Control]

[Timely Disclosure System]
The internal system for timely disclosure of corporate information is as follows.
1. Basic Policy on Timely Disclosure of Corporate Information

The Nihon Unisys Group shall strive to make timely disclosure of facts or financial information capable of significantly impacting investment decisions by investors (hereinafter referred to as 'material facts') by appointing its Chief Financial Officer (CFO) as the "Person Responsible for Handling Information" pursuant to the regulations on timely disclosure stipulated in the rules on the listing of securities of the Tokyo Stock Exchange (hereinafter referred to as the 'Rules on Timely Disclosure'), and also establishing and operating a system of internal information management that is applicable to subsidiaries also, pursuant to the internal regulations on the management and disclosure of internal information.

Furthermore, the Company discloses willingly and fairly all other the information which it judges to be effective in promoting people`s understanding of it.

2. Information concerning the Company
(1) Information on decisions made
- Key decision matters are decided by the Board of Directors (which holds a monthly meeting in principle) or the Executive Council, which consists of representative directors and directors who concurrently serve as both representative corporate officer.
- With regard to key matters that have been resolved, the Person Responsible for Handling Information and the departments concerned such as Corporate Communications and Legal Department deliberate on the necessity of disclosure pursuant to the Rules on Timely Disclosure, and if it is decided that disclosure is necessary action is promptly taken.

(2) Information concerning the occurrence of certain facts
- Where a fact that is or is presumed to be material as regarding the Company occurs or is expected to occur, the departments concerned with that fact communicate it promptly to Corporate Communications and the Legal Department.
- Where disclosures is required of the material fact which has occurred, a disclosure procedure is promptly followed by Corporate Communications and the Legal Department after first reporting to the Person Responsible For Handling Information (CFO).

(3) Information concerning the accounts
- For information concerning the accounts, the relevant departments such as Corporate Communications and Legal Department promptly follow a disclosure procedure after first reporting to and obtaining approval from the Board of Directors. Where a performance forecast is revised, disclosure is made promptly as soon as the details of the revision become clear.

3. Information concerning subsidiaries

Material information on individual subsidiaries is promptly communicated by the departments responsible for managing them to Corporate Communications and the Legal Department. If it is decided to make disclosure of that information, then Corporate Communications and Legal Department promptly do so.

* In a case where the materiality of a fact as stipulated in 2 and 3 above is in doubt, the Person Responsible for Handling Information makes a decision on the basis of discussions with the relevant departments.

* Disclosure of material matters as stipulated in the Financial Instruments and Exchange Act is made in securities reports *(yuka shoken hokokusho)* and extraordinary reports (*rinji hokokusho*) which are submitted to the Director-General of the Kanto Finance Bureau through an electronic disclosure system (EDINET: Electronic Disclosure for Investors' Network).

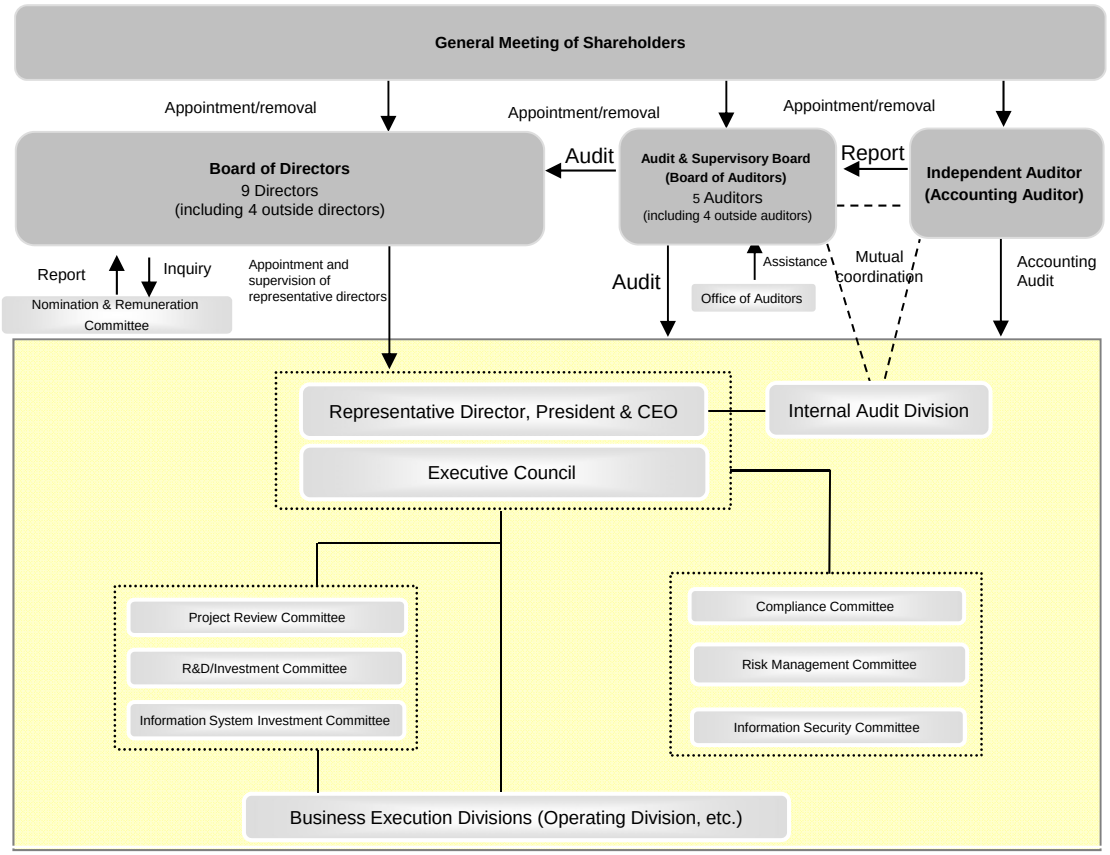
4. Procedure for Disclosing Material Facts

The Person Responsible for Handling Information and the relevant departments such as Corporate Communications and Legal Department disclose material facts promptly on the basis of their discussions.

Material facts are disclosed by Corporate Communications through TDnet (Timely Disclosure System), a system of timely disclosing and communicating information operated by the Tokyo Stock Exchange, and by posting materials to and holding press conferences at the Kabuto Club of the Tokyo Stock Exchange.

Inquiries from investors and the press about information that has been disclosed are responded to mainly by Corporate Communications.

【 Schematic Diagram for Corporate Governance and Internal Control】



* Note that the Company has put the CSR Committee and the MOT (Management of Technology) Committee in place as advisory bodies besides the above.

【Schematic Diagram for the System of Timely Disclosure】

