

ASBJ Statement No. 4

Accounting Standard for Directors' Bonus

November 29, 2005

Accounting Standards Board of Japan (ASBJ)

Remarks on the Release

The Accounting Standards Board of Japan (ASBJ) has deliberated on accounting for directors' bonus, in line with the promulgation of the Corporate Law (Law No. 86 of 2005).

The Standard stipulates that directors' bonuses shall be accounted for as an expense of the accounting period in which such bonuses are accrued. Accordingly, directors' bonuses shall not be accounted for as a deduction from the amount of surplus after the enforcement of the Standard.

The Standard will be applied for the interim period of the annual periods ending on or after the date the Corporate Law takes effective (for the directors' bonuses which will be approved by a resolution of the shareholders' meeting, etc. pertaining to those annual periods). As the Corporate Law is expected to take effective in May 2006, the Standard will be applied for the interim financial statements ending on or after May 2006 (i.e. for the interim period ending on or after November 2005).

The ASBJ released exposure drafts for the Standard on September 7, 2005 to seek public comments and revised it based on the comments received. The ASBJ hereby issued the above-captioned Statement (the Standard), which was approved at the 93rd ASBJ meeting of November 22, 2005.