

Corporate Governance

Basic approach

MTI's key management priorities include the establishment of a sound and highly transparent management structure, and the creation of systems to support timely, appropriate decision-making in response to a changing business environment. One of the measures introduced with the aim of achieving these goals was the adoption of a oneyear term of office for directors. This has added a sense of urgency to the management environment, since directors

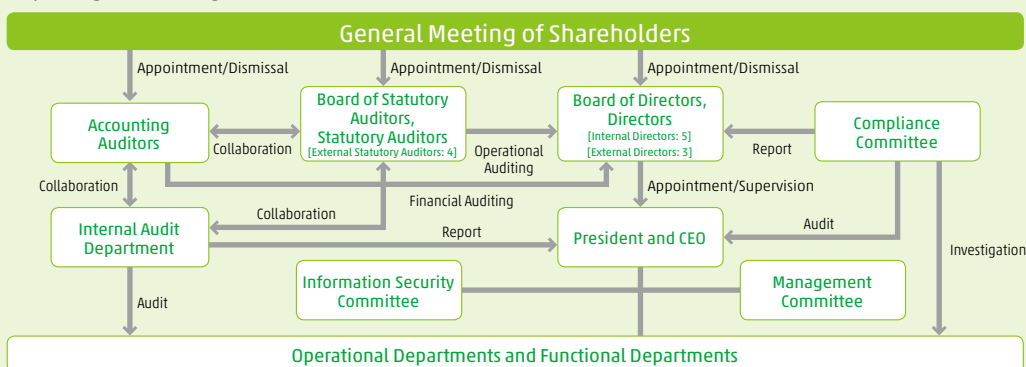
are required to earn the confidence of shareholders every year. We are also working to strengthen and consolidate our compliance systems.

In accordance with our IR policy, we provide timely and accurate disclosure of information including financial results and other key management data. We also emphasize two-way communication with all stakeholders to enhance management transparency and build relationships of trust with market participants.

For details of the Corporate governance, please refer to MTI's IR site.
http://www.mti.co.jp/eng/?page_id=246

Corporate governance structure

Corporate governance organization chart



The tasks of the Board of Directors, which consists of five internal directors and three external directors, are to make important management decisions and supervise directors in the performance of their duties. In addition to its regular monthly meetings, the Board also convenes extraordinary meetings as required. Outside directors, who have an independent position without any interest in the Company, have the duty of strengthening the supervisory function of the Board of Directors and raising the degree of neutrality and objectivity in management. There are four corporate auditors, including one standing auditor. All four are currently external auditors. Their task is to strengthen the supervisory functions of management through activities including attendance at Board meetings and other important management meetings.

By basing its executive organization on an operating officer system, MTI has created a structure that supports clear chains of accountability and timely decision-making. The Management Committee, consisting mainly of directors and operating officers, meets two or three times a month to discuss important operational matters. Decisions by the President and CEO are guided by these deliberations.

MTI has appointed Ernst & Young ShinNihon LLC as its independent auditor. The independent auditor helps to ensure a high standard of transparency and accuracy in the Company's accounts by conducting regular audits and providing advice and verification on accounting matters. We have also retained outside experts on taxation and legal matters to provide advice as required.

Amounts of remuneration for directors and statutory auditors

(Thousands of yen)

Position	Number of persons	Basic compensation	Stock options	Bonuses	Amount*
Directors	Directors (9 persons)	153,979	20,966	41,888	216,834
	(of whom external director; 1)	4,200	—	—	4,200
Statutory auditors	Statutory auditors (4 persons)	36,180	—	—	36,180
	(of whom external statutory auditors; 4)	36,180	—	—	36,180
Total		190,159	20,966	41,888	253,014

*Sum of basic compensation, stock options, and bonuses

Amount of remuneration for the accounting auditor

(Thousands of yen)

	Amount
Amount of fees relating to current business year	40,500
Monetary or property benefits to be paid by the Company and its subsidiaries to the accounting auditor	43,500