

Company Name: Satori Electric Co., Ltd.

Representative: President, Kazutoshi Ueda

(Code No.: 7420 Listed on TSE 1)

Inquiry: Director & General Manager of General Affairs Div., Koichi Katayanagi

[TEL: (03) 3452-7171 (Main Switchboard)]

June 22, 2011

To whom it may concern:

Internal Control System

We are pleased to report that we approved a resolution to partially revise the Basic Policy for the Establishment of the Internal Control System as stated below at the meeting of the board of directors on June 22, 2011. Note that the revised version of the Basic Policy for the Establishment of the Internal Control System shall be as follows:

Recitals

Internal Control System

1. System to Ensure that Execution of Duties by Directors and Employees Conform to the Laws, Regulations, and Articles of Incorporation

(1) We establish the Ethical Standards of Corporate Behavior of the Satori Group to ensure the highest level of corporate ethics and compliance with the laws, regulations, articles of incorporation, company regulations, and social norms by directors and employees of the Company and our subsidiaries (hereinafter referred to as the Satori Group), as well as to promote a full understanding of these standards.

(2) We establish the Compliance Risk Committee chaired by President to promote improvement and maintenance of the compliance system and provide awareness activities and training for directors and employees as necessary.

(3) The Audit Office under the direct control of President executes periodic internal audits to determine whether all services are performed appropriately and validly in compliance with the laws, regulations, articles of incorporation, and company regulations.

(4) Upon discovery of a serious violation of the law or any other important fact with regard to compliance within the Company, a director shall immediately report the violation to the auditors, President and the Management Committee without delay.

(5) Regarding a violation of the law or any other unethical conduct, a system shall be established and managed to allow any employee to submit a direct report to the Personnel Department or an outside lawyer under the Internal Whistle-Blower Regulations.

2. System Regarding Storage and Management of Information on Execution of Duties by Directors

We positively store and manage information on the execution of duties by directors under the Document Control Regulations in an appropriate retrieval state according to the contents. Also, we will implement appropriate security for the handling of the applicable information based on the Information Security Management Regulations.

3. Regulations on Management of Risk of Loss and Other System

(1) The basic matters of risk management shall be stipulated in the Risk Management Regulations, and the risk management system is conducted as follows:

(2) A department in charge shall be determined for each risk category. Each department in charge shall formulate measures on the prevention of the applicable risks and shall continuously monitor the status of risk management.

(3) Various regulations containing the details of emergency measures, procedures to limit the spread of damage, restoration, and the prevention of a recurrence when a risk has occurred shall be promoted to minimize loss by handling the problem rapidly and appropriately.

4. System to Ensure Efficient Execution of Job Duties by Directors

(1) As a foundation for the system to ensure efficient execution of duties by directors, meetings of the board of directors shall be held once a month. In addition, business execution shall be determined with regard to important matters pertaining to management policies and strategies through deliberations by the Management Committee consisting of President, directors, full-time auditors, and other persons designated by President.

(2) Regarding business execution based on resolutions by the board of directors, the department in charge, responsible persons, and execution procedures shall be stipulated in the Regulations Regarding Division of Duties and Regulations Regarding Official Authorities.

5. System to Ensure Appropriateness of Services in Corporate Group Consisting of the Company and Subsidiaries

(1) The Ethical Standards of Corporate Behavior of the Satori Group shall serve as the code of conduct for the entire Satori Group, and various regulations shall be developed as required to secure the appropriateness and efficiency of services as the corporate group.

(2) Regarding important matters set forth in the Subsidiaries Management Regulations, subsidiaries shall be required to apply for prior approval from the Company and to report to the Company. Note, however, that in the event business management and management guidance of the Company to subsidiaries have violated any of the laws and regulations and resulted in a doubtful point with regard to social norms, a subsidiary may report to the Audit Office and auditors and state its opinion to the Company.

(3) The Audit Office shall conduct an internal audit of each company within the Satori Group to ensure the validity and appropriateness of internal controls over the entire business of the Satori Group.

(4) In order to ensure the reliability of financial reports under the provisions of the Financial Instruments and Exchange Law, the Satori Group strives to secure a sound internal control environment and strengthen control activities at a company-wide level, thereby establishing and appropriately managing the internal control system for effective and valid evaluations.

6. System Regarding Applicable Employees when Auditor Requests Employee Assistance and Matters Regarding the Employee's Independence from Directors

In the event the board of auditors requests assistance from an employee, the assistant will be appointed from among the employees of the Company. Personnel transfers and personnel evaluations of the applicable employee shall be determined subject to approval of the board of auditors to ensure the independence of the directors. Note that the applicable employee shall not double in a post related to the execution of business.

7. System for Reporting to an Auditor by Directors or Employees, System for Reporting to Another Auditor, and System to Ensure Effective Implementation of Audit by Auditor

(1) Directors and employees shall report to auditors without delay any matter that has a serious impact on our business or performance. Also, notwithstanding this, auditors may request directors and employees to make a report as necessary.

(2) The board of auditors shall convene periodic meetings to exchange opinions with President, the Audit Office, and the accounting auditor.

8. Basic Policy on Rejecting Antisocial Forces and Maintenance of its Policy

(1) Basic Policy

Under basic policy of "Confrontation with Antisocial Forces" and "Fair and Ethical Business Conduct" included in Satori Group Corporate Code of Conduct, Satori Group keeps a firm attitude towards antisocial forces which pose a threat to social order and safety and strictly avoid any association with them.

(2) Maintenance of its Policy

- Under compliance and risk regulations, Satori Group clearly states management framework which copes with antisocial forces and which has Compliance and Risk Committee at the top and establishes person in charge who strictly avoids unfounded demands by antisocial forces.
- We belong to Public Interest Incorporated C/O Metropolitan Police Department Antisocial Forces Prevention Action Joint Association and work closely with the police related entities.

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