

Board of Directors (As of June 26, 2009)

President Seiichiro Gamo*
Vice President Kenji Minami*
Executive Managing Directors Keiichi Takeshita*
 Yasuo Seike*

From left: Kenji Minami, Seiichiro Gamo,
Yasuo Seike, Keiichi Takeshita

*Representative Director



Corporate Governance

(1) Basic Thoughts for Internal Control System

The main purpose of our management system is to respond quickly and accurately to changes in our business climate and to maintain fair business operations. Achieving stable growth in shareholder value is another top priority of management. To maintain positive relations with our stakeholders, including shareholders, business partners, members of regional communities, and employees, we are endeavoring to expand and improve our corporate governance. We acknowledge the importance of establishing an internal control system that provides stakeholders with important information in a timely manner and of reinforcing corporate governance throughout the Group. Based on that recognition, we plan to establish administrative rules for Group companies and a reporting structure to maintain fair business practices and share information.

Our Basic Internal Control Policies are founded on the Corporation Law of Japan and its enforcement regulations. We use these policies to determine the fundamental system for overseeing proper business execution by the Group.

(2) Details of Corporate Structures and Progress with Internal Control System

1. Compliance oriented management

We have striven to consolidate our internal control system, revising the system as necessary, positioning the firm establishment of the Group's internal control system as a most important issue of management policy. With respect to the system, to ensure the efficient execution of the job of directors, we have not merely prepared various regulations and systems, such as the job assignment regulation and the internal control regulation. Rather, important issues are given multilateral discussion and study at the management meeting. Furthermore, we have a system to properly keep in custody and control any information related to their job execution, such as the minutes of the Board of Directors and approval documents.

In terms of a compliance system, we created an across the organization "compliance team" under the supervision of the director in charge of compliance as of June 1, 2007. We endeavor to prevent any occurrence of injustice and misconduct by ensuring a full understanding of compliance on the part of all directors and employees by continuously holding compliance seminars with the initiative of the team.

As an organization concerned with internal control, we created a Management Control Section under the control of the Head of the Development & Production Division as of June 1, 2007 which assumed the ordinary monitoring function of our manufacturing

subsidiaries. Thus, we intend to strengthen the control function of our manufacturing subsidiaries. For sales and other subsidiaries, we let them handle internal auditing themselves by having an internal auditing function at each company. Furthermore, we created a Management Control Section under the head of the Business Division as of June 1, 2007 that inspects the degree of implementation of internal auditing and gives necessary guidance. We also created a "Management Supervisory Committee" as of June 1, 2007 that comprises of the president as chairperson, all directors as members, and all auditors as observers so that we can discuss measures and follow up the progress of measures as well as to check the degree of completeness.

2. Rejection of antisocial forces

We actively work against any possibility of a relationship with antisocial forces or groups, manifesting the policy in the "Iseki Group Code of Ethical Behavior." In order to establish the corporate ethics of Iseki and the Group companies, we show action guidelines regarding antisocial forces in the "Iseki Group Code of Ethical Behavior," and we have prepared a system to reject antisocial forces and relevant activities. The General Affairs Department is in charge of control and correspondence regarding the issue, and depending on the circumstances we act in consultation with the relevant section. We maintain ordinary contacts and association with external organizations, such as the police department, anti-violation movement promotion centers, and lawyers, thus preparing a system to cope with antisocial forces. We also belong to the Metropolitan Area Violation Prevention Association to receive regular guidance and sharing of information.

(3) Relationship of Company and Outside Corporate Auditors

The Company's three outside corporate auditors come from financial institutions that are major shareholders of the Company. Our outside corporate auditors have no personal, capital, or business ties with the Company or any other conflicts of interest.

(4) Independent Public Auditing

The Company has appointed Ernst & Young ShinNihon LLC as its independent public audit firm. There are no special relationships between the Company and Ernst & Young ShinNihon LLC that would represent a conflict of interest. The Company and Ernst & Young ShinNihon LLC have signed an audit agreement based on which Ernst & Young ShinNihon LLC receives its compensation. The Company's corporate auditors and the audit firm regularly hold liaison meetings, at which they exchange information related to the audit plan, scope, and other related matters. Other than their regular liaison meetings, the corporate auditors and Ernst & Young ShinNihon LLC meet as necessary to share information on audit

Managing Directors Motonobu Kikuchi
 Susumu Tada
 Directors Yasunori Maki
 Hiroshi Kamada



From left: Motonobu Kikuchi, Yasunori Maki, Susumu Tada, Hiroshi Kamada

examination items and processes.

Certified Public Accountants Assigned to the Company

Kenji Nishihara	(Ernst & Young ShinNihon LLC)
Yoshiaki Ito	(Ernst & Young ShinNihon LLC)
Tomohide Otani	(Ernst & Young ShinNihon LLC)

Since all of the CPAs have been assigned to the ISEKI & CO., LTD. account for 7 years or less, the number of consecutive years they have been working on the account is not noted here. Ernst & Young Shin Nihon has voluntarily agreed not to assign any of its employees to work on the account for more than a fixed number of years.

Composition of Ernst & Young ShinNihon LLC Auditing Team

5 CPAs
 11 junior accountants and trainees

(5) Establishing a Risk Management Systema

Addressing the overall risk exposure of the Group, the Company has set up risk management standards and rules and monitoring and response systems to prevent avoidable risk and to minimize losses.

(6) Internal Auditing and Oversight of Auditors

The Board of Corporate Auditors has 4 members, including 3 outside corporate auditors. The corporate auditors conduct audits of associated companies and each business division and section. Through these audits they confirm whether business is being carried out properly in accordance with various laws and ordinances and rules and regulations and provide guidance. The Company also has established an Operation Supervising Department with a staff of 7 to handle internal audit affairs. Based on internal audit rules, the department carries out accounting, business, and compliance audits of associated companies and each business division and section.

(7) Compensation for Directors and Auditors

During the fiscal year under review, the compensation paid by the Company to its directors and corporate auditors amounted to the following.

Compensation paid directors	¥176 million
Compensation paid corporate auditors	¥66 million

(8) Actions Taken to Improve Corporate Governance during the Prior Year

In accordance with the requests of the Tokyo Stock Exchange and the Osaka Securities Exchange, the Company submitted a report on improvements in June 2007, followed by a progress report on improvements in December 2007. Since then, the Company has steadily implemented the improvement measures planned in the original report on improvements (compliance training and improvements in administrative processes, among others).

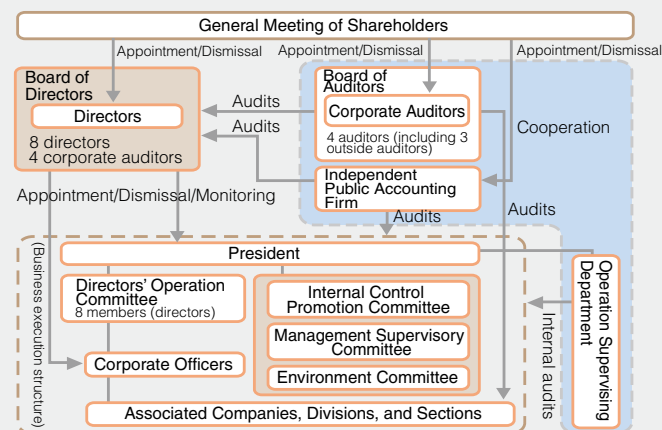
Going forward, the Company is committed to making further improvements.

We, Iseki, believe that the timely disclosure of information is essential to building a good relationship with stakeholders. To that end, we endeavor to proactively disclose information, actively holding information meetings on quarterly performance.

The Company also addresses environmental issues. It has an Environmental Committee and regularly publishes an environmental report (last published August 2008). The entire Group works together actively on environmental programs and has been assessed by an independent institution as an organization that "is recognized as being particularly advanced in its environmental activities."

We also publish an intellectual property rights report (last published July 2008) disclosing our research and development activities and strategies for strengthening our intellectual assets. On June 1, 2007, Iseki formed a Management Supervisory Committee. At the same time, the Company introduced the companies and employees of its business partners to its internal communications system for use as an ethics hotline, revising the system to enable it to be used to report on inappropriate, illegal, or unethical behavior.

(9) Diagram Illustrating the Company's Corporate Governance Structure



(10) Stipulated Number of Members of Board of Directors

The Company's articles of incorporation stipulate that the Board of Directors shall comprise no more than 10 directors.

Corporate Auditors (As of June 26, 2009)

Corporate Auditors Keiji Ito
 Norio Yasunaga
 Katsuhisa Ishida
 Toshifumi Tsukitani



From left: Katsuhisa Ishida,
 Keiji Ito, Toshifumi Tsukitani,
 Norio Yasunaga

(11) Requirement for Election of Directors

The articles of incorporation stipulate that directors of the Company shall be elected by a majority of votes by shareholders at the general meeting of shareholders, where the shareholders present represent one-third or more of the total voting rights of shareholders. The articles of incorporation also stipulate that directors may not be elected by cumulative voting.

(12) Items that May be Decided by the Board of Directors Instead of Resolution of the General Meeting of Shareholders and Their Purpose

1. Acquisition of treasury stock

As prescribed in the provisions of Article 165, Paragraph 2 of the Corporation Law, the articles of incorporation stipulate that the Company may acquire treasury stock based on a decision by the Board of Directors. This provision allows the systematic pursuit of funding strategies.

2. Absolution of directors from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, the articles of incorporation stipulate that the Company may absolve directors (including past directors) from liability as defined in Article 423, Paragraph 1 of the same law under the limit of the law based on a decision by the Board of Directors provided that the directors have acted in good faith and have not been excessively negligent in their duties. This provision enables directors to pursue their duties to the full extent of expectations.

3. Absolution of corporate auditors from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, the articles of incorporation stipulate that the Company may absolve corporate auditors (including past corporate auditors) from liability as defined in Article 423, Paragraph 1 of the same law under the limit of the law based on a decision by the Board of Directors provided that the corporate auditors have acted in good faith and have not been excessively negligent in their duties. This provision enables corporate auditors to pursue their duties to the full extent of expectations.

4. Absolution of independent public audit firm from liability

As provided for in Article 426, Paragraph 1 of the Corporation Law, the articles of incorporation stipulate that the Company may absolve the independent public audit firm (including past independent public audit firms) from liability as defined in Article 423, Paragraph 1 of the same law under the limit of the law based on a decision by the Board of Directors provided that the independent public audit firm has acted in good faith and has not been excessively negligent in its duties. This provision enables the independent public audit firm to pursue its duties to the full extent of expectations.

(13) Requirements for Approving a Special Resolution of the General Meeting of Shareholders

The articles of incorporation stipulate that special resolutions as provided for in Article 309, Paragraph 2 of the Corporation Law may be decided by a majority of two-thirds or more of votes by shareholders at the general meeting of shareholders, where the shareholders present represent one-third or more of the total voting rights of shareholders. This provision enables the smooth proceedings of general meetings of shareholders by lowering the quorum requirement.

Remuneration for Independent Public Audit Firm

Remuneration for Certified Public Accountants and others of Independent Public Audit Firm

(Millions of yen)

	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification services	Remuneration for non-audit services	Remuneration for audit certification services	Remuneration for non-audit services
Auditted companies	—	—	88	—
Consolidated subsidiaries	—	—	14	—
Total	—	—	102	—

Other remuneration

Not applicable

Details of non-audit services performed by certified public accountants of independent public audit firm for auditted companies

Not applicable

Policy for determining remuneration for public audit firm

Remuneration is determined with the approval of the Board of Auditors by taking the number of auditing days, services performed, and other factors into overall consideration.