



February 13, 2014

To Whom It May Concern

Company Name OUTSOURCING Inc.
Representative Haruhiko Doi
 Chairman and CEO
(First Section of TSE, Securities Code 2427)
Contact Kazuhiko Suzuki
 Executive Vice President and
 Executive General Manager
 in charge of Business
 Management Division
(Phone: +81-3-3286-4888)

Notice Regarding Issuance of Stock Options (Subscription Rights to Shares)

OUTSOURCING Inc. ("the Company") hereby announces that by the resolution of the Board of Directors on February 13, 2014, issuance of Subscription Rights to Shares in accordance with the provisions set forth in Articles 236, 238 and 239 of the Companies Act, will be proposed at the 17th Annual General Meeting of Shareholders scheduled on March 28, 2014, the details of which are as follows:

Particulars

(Outline of the Issuance of Subscription Rights to Shares)

1. Reasons for inviting persons who accept Subscription Rights to Shares with special advantageous conditions

With the aim of providing further incentive and motivation to enhance its corporate value, the Company plans to issue Subscription Rights to Shares to Directors, Corporate Auditors and Employees of the Company as well as those of the Group Subsidiaries.

2. Outline of the Issuance of Subscription Rights to Shares

- (1) Maximum number of Subscription Rights to Shares

The total number of the Subscription Rights to Shares will not exceed 2,100 units. Of these, the maximum number to be allotted to Directors and Auditors of the Company will be 800 units.

- (2) Amount to be Paid for Subscription Rights to Shares

No monetary payment shall be necessary.

(3) Class and Number of Shares Underlying Subscription Rights to Shares

Common shares of the Company with the upper limit of 210,000 shares. Of these, the upper limit of the total number of shares underlying Subscription Rights to Shares to be allotted to Directors and Auditors of the Company will be 80,000 shares.

The number of shares underlying Subscription Rights to Shares (hereinafter referred to as “the number of Granted Shares”) shall be 100 shares.

If the Company declares a stock split or consolidation splits (which includes the gratis allocation of Subscription Rights to Shares; the same shall apply hereinafter), the number of Granted Shares shall be adjusted according to the following formula. Provided, however, that such adjustment shall be made to the number of the shares to which Subscription Rights to Shares have not been exercised at the time of such stock split or consolidation and any fraction of less than one share created as a result of the adjustment shall be discarded. If the number of Granted Shares is adjusted as above, a number obtained by multiplying the number of Granted Shares after adjustment by the upper limit of the number of Subscription Rights to Shares as set forth in (1) will be the maximum.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment x ratio of stock split or consolidation

In addition to the above, if other unavoidable circumstances which require adjusting the number of Granted Shares occur after the date of allocation, the number of Granted Shares shall be adjusted within a reasonable range with consideration for the various conditions extant at the time.

(4) Asset Value Required for Exercise of Subscription Right to Shares

The asset value to be invested by the exercise of one unit of the Subscription Right to Shares shall be the amount obtained by multiplying the amount to be paid for each share (hereinafter referred to as the “exercise price”) by the number of Granted Shares.

The exercise price shall be the average of the closing prices of common stocks of the Company in regular transactions on the TSE on each day of the month prior to the day allotment day multiplied by 1.05 (any fraction of JPY1 rounded up to JPY1.) However, in the event that the amount resulting from the calculation above is less than the closing price on the allotment day (or the closing price of the nearest transaction day before allotment day), the aforementioned closing price shall be the exercise price.

However, should any of the cases below take place, the exercise price shall be adjusted by applying the following formulas:

- ① This exercise price shall be adjusted by the following formula in the event of stock split or stock consolidation, rounding up any fractions of less than JPY1 resulting therefrom.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Ratio of stock split or consolidation}}$$

- ② If the Company issues new shares or disposes of its treasury stock at a price lower than the market value (other than the common shares of the Company issued or delivered upon the exercise of Subscription Rights to Shares), then the exercise price per share shall be adjusted in accordance with the formula set forth below, rounding up any fractions of less than one yen resulting thereof.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of shares outstanding}}{\text{Number of shares outstanding} + \frac{\text{Number of new shares issued} \times \text{Payment amount by share}}{\text{Market value before issuance of new shares}}}$$

The “Number of shares outstanding” in the exercise price adjustment formula above shall be the total number of shares outstanding less the number of treasury stock held by the Company and in the event of the disposal of treasury stock, “number of new shares issued” should be reread as “number of disposal of treasury stock,” “payment amount by share” shall be re-read as “disposal amount per share”.

- ③ In the case of a merger with another company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the exercise price shall be required, in each case after the allotment date, the exercise price shall be appropriately adjusted to the extent necessary and reasonable.

(5) Period for Exercising Subscription Rights to Shares

Three years from the first day of the month following the month that includes the day on which two years have elapsed since the allotment date.

(6) Conditions for Exercising Subscription Rights to Shares

- ① If those who have received allotment of Subscription Rights to Shares (hereinafter referred to as “Subscription Right to Shares Holders”) lose their status as Director, Auditor, or Employee of the Company, they will not be eligible for exercising the Subscription Right to Shares. Provided, however, that this shall not apply to cases where the Board of Directors finds a justifiable reason for leaving the Company before exercising the stock options.
- ② All or part of the Subscription Rights to Shares may be exercised by the rights holder. Provided, however, that any fraction less than one unit of the Subscription Right to Shares may not be exercised.

- ③ In the event where the Subscription Right to Shares holder dies (before the exercise period comes into effect), the inheritor may exercise the rights.
- (7) Matters Relating to Increase in Capital stock and Capital Surplus by Exercise of Subscription Rights to Shares and Issuance of New Shares
 - ① The amount of capital increase upon issuing shares in relation to the exercise of Subscription Rights to Shares shall be half of the capital increase limit calculated pursuant to Article 17-1 of the Corporate Accounting Rules, with any decimal less than JPY1 rounded up.
 - ② The capital surplus increase as a result of the exercise of Subscription Rights to Shares for new share shall be the amount obtained by deducting the amount of capital stock increase set forth in (a) above from the capital stock increase limit as described in (a) above.
- (8) Restriction on Acquisition of Subscription Right to Shares by Transfer

The acquisition of Subscription Rights to Shares by transfer shall require approval by a resolution of the Company Board of Directors.
- (9) Causes and Conditions for Acquiring Subscription Rights to Shares
 - ① The Company may acquire Subscription Rights to Shares without consideration when a Rights holder or his/her inheritor loses qualifications for exercising Subscription Rights to Shares or waives his/her Subscription Rights to Shares.
 - ② If a merger agreement in which the Company shall be an expiring party, a Share Exchange contract or a Share Transfer plan in which the Company shall be a wholly-owned subsidiary of another company, or a split contract or a split plan in which the Company shall be split, is approved at a Shareholders' General Meeting, the Company, Subscription Rights to Shares may be acquired without consideration.
 - ③ In the event where the Subscription Right to Shares holder violates the provisions of the Subscription Rights to Shares Allotment Agreement, the Company may acquire the Subscription Rights to Shares without consideration.

(10) Value of Subscription Rights to Shares

The value of Subscription Rights to Shares shall be determined using the Black-Scholes model taking into account the share prices of the Company on the allotment day, the exercise price and other terms and conditions.

Note: The above is subject to approval for the proposal for the Issuance of Subscription Rights to Shares as Stock Options, at the 17th Annual General Meeting of Shareholders scheduled for March 28, 2014.