

The state of corporate governance in CyberAgent and its Group is as follows.

I

Basic Approach to Corporate Governance, Capital Structure, Company Attributes and Other Basic Information

1. Basic Approach

The vision of the CyberAgent Group (the “Group”) is to undertake business focused around the Internet, and through this young industry, become a hallmark company of the 21st century that has a large impact on society and consumers. So as to respect the position of the Group’s stakeholders and fulfill its corporate social responsibility, CyberAgent (the “Company”) has set down the CyberAgent Mission Statement, the objective of which is to not only ensure compliance with laws and regulations but to also establish corporate ethics and promote integrity. The Company does everything within its means to ensure that its officers and employees observe the stated mission.

The Company’s Board of Directors is kept in check through the participation in their meetings of two highly independent Outside Auditors. The Auditors actively express their opinions to ensure that fair decisions are made. The Group also utilizes a Board of Auditors system through which each Auditor audits the legality of the execution of duties by members of the Board of Directors. Furthermore, a Group Meeting attended by heads of the Company’s subsidiaries and major businesses is held every month. In addition to providing business updates, the sharing and confirmation of compliance is carried out in a cross-sectoral manner in an effort to reinforce the governance of the Group.

Active and prompt information disclosure is carried out in order to ensure fair and timely provision of information to shareholders and investors and the realization of transparent management.

2. Capital Structure

Ratio of shares held by non-Japanese shareholders

Updated

More than 30%

[Principal Shareholders]

Updated

| Name | No. of Shares (shares) | Ratio (%) |
|---|------------------------|-----------|
| Susumu Fujita | 13,531,800 | 21.41% |
| Japan Trustees Services Bank, Ltd. (Trust Account) | 3,722,100 | 5.89% |
| TAIYO FUND, L.P. | 3,473,800 | 5.50% |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 2,744,400 | 4.34% |
| SAJAP | 1,448,100 | 2.29% |
| The Nomura Trust & Banking Co., Ltd. (Trust Account) | 1,318,200 | 2.09% |
| BBH FOR OPPENHEIMER GLOBAL OPPORTUNITIES FUND | 1,300,000 | 2.06% |
| JP MORGAN CHASE BANK 385632 | 1,077,200 | 1.70% |
| GOLDMAN, SACHS & CO. REG | 845,800 | 1.34% |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 816,200 | 1.29% |

| | |
|---|------|
| Existence of a controlling shareholder (excluding a parent company) | ---- |
| Existence of a parent company | None |

Supplementary explanation

3. Corporate Attributes

| | |
|--|--|
| Listed market and section | Tokyo Stock Exchange Mothers |
| Settlement period | September |
| Type of business | Services business |
| No. of employees (consolidated) as of the end of the previous fiscal year | More than 1,000 |
| Net sales (consolidated) as of the end of the previous fiscal year | More than 100 billion yen and less than 1 trillion yen |
| No. of consolidated subsidiaries as of the end of the previous fiscal year | More than 10 and less than 50 |

4. **Guideline regarding the measures for protecting minority shareholders in transactions, etc. with a controlling shareholder**

5. **Other Circumstances that May Have a Significant Impact on Corporate Governance**

1. Matters related to Corporate Composition, Organizational Operation, Etc.

| | |
|-------------------|-----------------------|
| Organization type | Company with auditors |
|-------------------|-----------------------|

[Directors]

| | |
|---|----------------|
| No. of Directors specified in the Articles of Incorporation | 10 |
| Term of a Director specified in the Articles of Incorporation | 2 years |
| Chairman of the Board of Directors | President |
| No. of Directors | 8 |
| Appointment of Outside Directors | None appointed |

[Auditors]

| | |
|--|--|
| Establishment of a Board of Auditors | Established |
| No. of Auditors specified in the Articles of Incorporation | No upper limitation of No. of Auditors |
| No. of Auditors | 3 |

State of Coordination between Auditors, Accounting Auditors and the Internal Auditing Division

Deloitte Touche Tohmatsu LLC executes the Company's accounting audits as well as the accounting audits of the Company's primary subsidiaries. Auditors hold periodic meetings with the Accounting Auditors regarding auditing plans and other matters as well as receive reports. An audit reporting session is held at the year-end settlement of the accounts. Exchanges of opinions are also made as needed. The Company's internal auditing is conducted by the Internal Audit Office. Auditors hold period meetings with the Internal Audit Office to receive reports on the state of the execution of internal audits and the results of auditing in addition to exchanging opinions regarding such matters as internal audit execution plans, specific internal auditing methods and measures for improving internal auditing operations. Auditors also cooperate with the Internal Audit Office upon the internal audits of the Company's divisions as well as Group companies and hold hearings from officers, view documents, conduct field audits, etc.

| | |
|---|-----------|
| Appointment of Outside Auditors | Appointed |
| No. of Outside Auditors | 2 |
| No. of Independent Directors among Outside Auditors | 1 |

Relationship of Outside Auditors with the Company (1)

| Name | Attribute | Relationship with the Company (1) | | | | | | | | |
|----------------|----------------------|-----------------------------------|---|---|---|-----|---|---|-----|---|
| | | a | b | c | d | e | f | g | h | i |
| Masao Horiuchi | From another company | | | | | Yes | | | Yes | |
| Isao Numata | From another company | | | | | Yes | | | Yes | |

- Note1: Choices regarding relationship with the Company
- a Is from the parent company
 - b Is from other affiliated company
 - c Is a major shareholder of the Company
 - d Serves concurrently as an Outside Director or Outside Auditor of another company
 - e Is an executive Director, Executive Officer, etc. of another company
 - f Is a spouse, a relation within a third degree of kinship or has other similar relationship with an Executive Director, Executive Officer, etc. of the Company or a business with a specific relationship with the Company
 - g Receives compensation or other asset-related advantages from a parent company of this Company or a subsidiary of the parent company as a board member.
 - h A limitation of liability agreement has been concluded between the individual and the Company.
 - i Other

Relationship of Outside Auditors with the Company (2)

| Name | Independent Directors | Supplementary Information related to Applicable Relationship | Reason for Appointing the Outside Auditor (including the reason for appointing an independent director, If the outside auditor is also an independent director) |
|----------------|-----------------------|--|---|
| Masao Horiuchi | | Masao Horiuchi is the Director of U-NEXT. | In order to gain advice and proposals based on his abundant experience in and knowledge of finance, accounting, taxes and internal control. |
| Isao Numata | Yes | Isao Numata is the President of Five Eyes Network, Inc. and Security Business Laboratory Co., Ltd. | In order to gain advice and proposals based on his abundant experience in and knowledge of finance, accounting, taxes and internal control. Isao Numata is an Outside Auditor for whom there is no possibility of a conflict of interest arising with general shareholders. The Company believes that he is appropriate as an independent officer of the Company. |

[Independent Director-related]

| | |
|------------------------------|---|
| No. of Independent Directors | 1 |
|------------------------------|---|

Other items regarding Independent Directors

[Incentive Programs]

| | |
|---|--|
| State of granting incentives to Directors | A stock option system has been adopted |
|---|--|

Supplementary Information related to this Item

Stock options are granted with the objective of further boosting the motivation and morale of the Company's Directors and employees to contribute to the consolidated performance of the Company as well as enhancing corporate value and further reinforcing the management culture.

| | |
|---|--|
| Those object to the granting of stock options | Internal Directors, employees, directors and employees of subsidiaries |
|---|--|

Supplementary Information related to this Item Updated

Stock options are granted with the objective of further boosting the motivation and morale of the Company's Directors and employees of the Company as well as Directors and employees of the Company's subsidiaries towards raising business performance, etc.

The total value of stock options as of July 31, 2014 was a balance of 710,600 (1.12% of issued shares including treasury stocks) issued shares and an assumed total paid-up value of 1,723,524,200 yen.

[Directors' Compensation]

Method for disclosing the remuneration of each Director

The remunerations of individual Directors are not disclosed.

Supplementary Information related to this Item

The compensation of the Company's Directors in the year ended September 30, 2013 was as follows.

| segment | number of paid directors | value of compensation |
|-------------------------|--------------------------|-----------------------|
| Directors | 10 | 382 million yen |
| Auditors | 3 | 12 million yen |
| (Outside auditor) (2) | | (4 million yen) |
| Total | 13 | 394 million yen |
| (Outside directors) (2) | | (4 million yen) |

* The number of directors and value of compensation above included 56 million yen, cost of stock option granted to the directors.

Existence of the policy for determining remunerations of the method for calculating them

None

Supplementary Information related to this Item

[Support System for Outside Directors (Outside Auditors)]

The Board of Directors Secretariat prepares materials in advance of the holding of a meeting of the Board of Directors and provides detailed briefings as needed to Outside Auditors. The Management Headquarters acts as the contact point for inquiries from Outside Auditors and carries out timely and appropriate information provision towards Outside Auditors.

2. Matters regarding Decision-making Functions related to the Execution of Duties, Audit and Supervision, Appointments, Compensation, Etc. (Outline of the current corporate governance system)

The Group has adopted a Board of Auditors system, and each Auditor audits the legality of the execution of duties by Directors. Two highly independent Outside Auditors attend the meeting of the Board of Directors and actively express their opinions to keep the Board of Directors in check and ensure that fair decisions are made.

Regarding matters related to the execution of duties, careful decision-making is carried out at the meeting of the Board of Directors, which is comprised of eight Directors, with outside officers in attendance on particularly important matters, etc. that are established through law, the Company's Articles of Incorporation and internal regulations as matters to be determined by the Board of Directors. Regularly scheduled meetings of the Board of Directors are held once a month, with extraordinary meetings held as needed. A total of 17 meetings of the Board of Directors were held in FY2013.

Important investments are discussed by the Investment Committee carefully in advance, and the results of the discussion are reported to the Board of Directors and the Board of Full-Time Directors, so as to make more appropriate decisions for investments. Auditors attend the meetings of the Board of Directors and other important meetings, to check the legality of business execution. If necessary, they receive reports and explanations from the executives and employees of the Company, and investigate major subsidiaries and offices, etc. The Board of Auditors holds monthly and extraordinary meetings. In FY2013, a total of 13 meetings were held.

The Internal Audit Office, which is in charge of carrying out the internal audits of the Company's divisions and subsidiaries in cooperation with Auditors, report the results of the audits to the Board of Directors once every quarter.

3. Reason why the current corporate governance system has been adopted

Updated

Company recognizes it as one of the important issues of management, that the company improves governance structure and carries out prompt measures. Auditing of the corporate group is conducted by two highly independent outside auditors, which the Company considers sufficient to fulfill the function of external oversight and advice to management, and to ensure objectivity and independence. However, to further strengthen management transparency and corporate governance through management participation from a diverse range of perspectives, the Company is considering candidates for outside director, and plans to promptly make appointments if a suitable candidate is found and agrees.

In addition, as an independent measure for corporate governance, the Company has introduced the "CA8" system for replacing directors. The upper limit of the number of directors is 8 and 1-3 directors are replaced with new ones every two years, so that the board of directors functions in a constructive manner. This system was introduced in 2008, with the purposes of deploying directors according to business strategies, fortifying our corporate organization with many executives, and improving our business performance.

1. State of Efforts Made toward the Revitalization of the Annual General Meetings of Shareholders and Facilitation of the Execution of Voting Rights

| | Supplementary explanation |
|--|---|
| Setting of the Annual General Meeting of Shareholders on dates that avoid peak general Shareholder meeting seasons | In order to more shareholders join Annual General Meeting, the date is decided avoiding concentrated days. The 16th Annual General Meeting of Shareholders was held on Friday, December 13, 2013. |
| Execution of voting rights through electromagnetic methods | Since the 10th Annual General Meeting of Shareholders (held on December 20, 2007), the Company has accepted the execution of voting rights via the Internet from personal computers and mobile phones so that more shareholders can participate the meeting. |
| Brief notice of convocation in English | A brief notice of English convocation is published on the corporate website. |
| Other | <p>Notice of Shareholders Meeting; It was renewed from FY2011(14th Shareholders Meeting) with graphs in order to understand our financial results.</p> <p>Briefing; In the reporting part, we report our business report with video movie. In the second section, our President explains performance or business models.</p> <p>Webcast; Movie of Shareholders Meeting is uploaded on our website.</p> <p>Venue; The Company takes consideration of convenient access and holds the Annual General Meeting of Shareholders at a venue close to a train station.</p> |

2. State of IR related Activities

| | Supplementary explanation | Explanation provided by the president |
|---|---|---------------------------------------|
| Production and announcement of disclosure policy | Our disclosure policy is written in our homepage in order to understand shareholders basic policy, disclosure method, and silent period | |
| Holding of regularly scheduled briefings for individual investors | A seminar for individual investors is held about one or two times a year, with the president providing an explanation of business performance and corporate strategy. | Yes |
| Holding of regularly scheduled briefings for analysts and institutional investors | <p>- A briefing for analysts and institutional investors is held in accordance with the date of the announcement of quarterly financial results, and the president reports on the details of the financial closing as well as the corporate strategy.</p> <p>- Small meetings attended by the president, Director and others are held more than ten times a year.</p> | Yes |
| Holding of regularly scheduled briefings for overseas investors | <p>On a quarterly basis, we hold telephone or TV conferences with overseas investors. In addition, the scenes of the briefings for institutional investors in Japan are distributed through our homepage on that day, and the English online videos of financial reports, etc. can be browsed from outside Japan.</p> <p>We visit investors outside Japan directly in several times a year.</p> | Yes |
| Publication of IR materials on the corporate website | <p>Financial results (including the financial report and annual securities report), materials disclosed on a timely basis, financial results presentation materials, video streaming of briefings, FAQ Summary etc. are published on the corporate IR websites at</p> <p>http://www.cyberagent.co.jp/ir/ (Japanese site) and</p> <p>http://www.cyberagent.co.jp/en/ir/ (English site).</p> | |

| | |
|---|--|
| Establishment of an IR-related division (person in charge) | <div>Division in charge: PR&IR Division</div> <div>Officer in charge: Susumu Fujita, President</div> <div>Person in charge of information handling: Go Nakayama, Executive Director</div> <div>Person in charge of clerical communication: Sonoko Miyakawa, Sr. Manager, PR&IR Division</div> |
| Other | <div>Our homepage discloses technical information and contents for individual investors, so as to further enrich qualitative information. In addition, we also engage in the bilateral information transmission utilizing blogs, Facebook, and Twitter, which are attracting attention these days. In order to extend access opportunity from various devices, we provide website applied for smartphones.</div> <div>PR Blog</div> <div>Our PR staff is blogging including own services introduction, employee and industry information.</div> <div>Facebook and Twitter</div> <div>Timely and real-time information sharing</div> <div>IR BBS</div> <div>Interactive communication through BBS with individual investors</div> |

3. State of Efforts related to Respect of the Stakeholder Position

Updated

| | Supplementary Explanation |
|---|---|
| Stipulation in in-house regulations, etc. regarding respect of the stakeholder position | In order to respect the position of stakeholders and fulfill the Company's corporate social responsibilities, the Company has established the CyberAgent Mission Statement, the objective of which is to thoroughly comply with not only laws and social norms but also establish corporate ethics. |
| Execution of environmental conservation and corporate social responsibility activities | The Company's understanding is that focusing on the growth industry of the Internet and continually generating employment is one of the ways of contributing to society. In addition, With the aim of developing IT human resources as early as possible, it makes a consolidated subsidiary CA Tech Kids, providing programing sessions to elementary school kids |
| Formulation of policies, etc. related to the provision of information to stakeholders | The Company's policy related to the provision of information to stakeholders is clearly stated in its Disclosure Policy. The Company executes information disclosure in accordance with the Tokyo Stock Exchange's timely disclosure regulations. Regarding important information that may have an impact on investment decision-making, the Company strives to enable equal access by all stakeholders to such information. |
| Other | <p><u>Policy and actions to be a woman-friendly company</u></p> <p>Women currently comprise 32% of employees on a non-consolidated basis. The Company, while remaining a venture firm with a vision to "create the 21st century's leading company," and based on a policy of offering employees lifetime employment and providing "challenges and peace of mind as a set," focuses on creating an environment in which "talented employees continue to actively participate over the long term." Measures for the active participation of women, along with the systems and environment that support it, are as follows.</p> <p><u>Active participation of women</u></p> <p>The Company encourages the participation of women, and at every career stage, including recruitment and promotion, conducts its evaluations based on ability and performance, without regard to gender. The proportion of women in management position is more than 15% on a non-consolidated basis, and for regular positions (excluding specialist positions such as engineer or designer) is more than 18% (at June 30, 2014).</p> <p>In addition, the Company has one female auditor, while at consolidated subsidiaries, one representative director, two directors, and four auditors are women. Recently, female employees have come to play a more diversified role, not limited to management positions. There are many professional women who participate as key players in positions of their own choosing, including producer, sales, and designer. By backing positions in which women can easily play an active role, not only management, the Company supports an environment that makes it easy for women to continue working.</p> <p><u>Systems and environment to support women</u></p> <p>The proportion of female employees with small children was 14% in fiscal 2014, and the work return rate after childcare leave is an extremely high 96.3%. The Company has previously provided childcare assistance to employees, including systems such as reduced working hours and maternity benefits, as well as social exchange opportunities for employees with children. However, considering that the average age of female employees is 29.4 years, and that the number of employees taking childcare and maternity leave is expected to increase, in May 2014 the Company introduced the new "macalon" system to support women. (The name is a combination of "mama" (ma), CyberAgent (ca), and "long" (lon), as in "work for a long time.") The program comprises 1) "Pre-pregnancy Leave" that can be taken for such purposes as going to the hospital for fertility treatments; 2) "Pre-pregnancy Concierge" to receive individual counseling by a professional; 3) "Kids at Home" to allow employees to work from home when caring for children, such as due to a sudden illness or when children are unable to attend nursery school; and 4) "Kids Day Leave" to allow employees time off for school events, such as entrance/graduation ceremonies or parent participation days, or other anniversaries. Additional systems will be added in the future as necessary. In addition, for "Pre-pregnancy Leave," so that women can take advantage of the system without it being publically known, the system can be used as "F Leave" (female leave), the name for the leave female employees take, including ordinary vacation days.</p> |

Other

These systems are intended to improve the office environment so that women can continue to work even through childbirth and childcare, and are in line with the government's initiative to encourage women to play an active role in society. Through these measures, the Company will improve the work-life balance for employees, and create a company where they can work for the long term.

Policy and actions to be a woman-friendly company

The company started to evaluate employees equally depends on each skills or performances based on the gender equality on any other stage such as recruitment or promotion. The woman ratio to management post of non-consolidated basis is more than 15% and there are some examples of women representative selected as some consolidated subsidiaries.

IV Items regarding internal control systems, etc.

1. Basic Approach related to Internal Control Systems and the State of Their Implementation

The Company aims to enrich its internal control system as a core function in its corporate governance. The Company has established its internal control system as follows in order to ensure that the execution of duties by its Directors is in compliance with laws and the Company's Articles of Incorporation as well as to secure the appropriateness of other operations.

1. Item regarding the Preservation and Management of Information related to the Execution of Duties by Directors

A person responsible company-wide for the preservation and management of information related to the execution of duties by Directors is appointed from a Director by the Board of Directors. The appointed Director abides by the regulations for the handling of documents, regulations for the handling of confidential information, regulations for the protection of personal information and regulations for the management of insider information and stores information related to the execution of duties by Directors as documents or electronic records.

2. Rules regarding Management of the Risk of Loss and Other Systems

Regarding the management of risk loss, specific risks have been assumed and categorized in the regulations for response in the event of emergency situations, and swift and appropriate information communication and emergency systems have been established. Furthermore, on the basis of regulations for internal audits, the Internal Audit Office has a grasp of the status of cross-organizational risks, monitors the risk situation and reports matters related to risk management to the Board of Directors on a periodic basis.

3. System to Ensure the Efficient Execution of Duties by Directors

The following system has been adopted to ensure the efficient execution of duties by Directors: the efficiency of operations is secured by establishing a company-wide target shared by both Directors and employees, making an effort to instill understanding of this target by all, having the Director in charge establish specific numerical targets for each division to work towards, reviewing the achievement level of targets periodically utilizing administrative accounting methods and by feeding the results back to those concerned.

4. System to Ensure the Compliance of Duties Executed by Directors and Employees with Laws and the Company's Articles of Incorporation

The Management Headquarters monitors the execution of duties by Directors and employees and executes in-house education and training as needed. Furthermore, the Internal Audit Office collaborates with the Board of Auditors, attains an understanding of the situation regarding the execution of duties by Directors and employees and periodically executes audits, reporting the results back to the Board of Directors.

5. System to Ensure the Appropriateness of Operations by the Business Enterprise Composed of a Joint Stock Company, Its Parent Company and Subsidiaries

The Board of Directors establishes numerical targets towards Directors in charge and grants authority and responsibility to the Director for building a system for managing risk and complying with laws. The Management Headquarters promotes and manages this in a cross-sectoral manner. Furthermore, regulations for managing affiliated companies have been established, and the affiliated companies are obligated to report certain important matters as well as risk information to the Board of Directors in advance, with specified matters established as an agenda for discussion in meetings of the Board of Directors.

6. System in the Case that an Auditor Seeks an Employee to Assist His/Her Duties

The Board of Auditors may request required aid from an employee of the Internal Audit Office for the execution of audition operation.

7. Matter regarding the Independence of the Employee in the Previous Paragraph from Directors

The opinion of the Board of Auditors is respected in regard to the relocation of assistants.

8. System for Employees and Directors to Report to Auditors and Other Matters related to Reports to Auditors

Directors, the Management Headquarters and Internal Audit Office periodically report the following important matters to full-time Auditors and submit said report to the meeting of the Board of Auditors.

- 1) Important institutional decisions
- 2) Important matters related to the state of management
- 3) Matters that may cause significant damage to the Company
- 4) Important matters related to the state of internal audits and risk management
- 5) Grave breaches of laws and the Articles of Incorporation
- 6) Other important matters

9. Other Systems that Ensure the Effective Execution of Audits by Auditors

The Board of Auditors may execute hearings towards executive Directors and important employees. At the same time, they execute exchanges of opinions with the President & CEO, auditing firms and legal advisors.

2. Basic Position to Eliminate Antisocial Forces and the Status of Promoting the Position

The Group is constantly aware of the need for an awareness of risk management towards antisocial forces, which pose threats against social order and safety. The Group will, as an organization, thoroughly respond with a firm attitude to such antisocial forces. Furthermore, with the objective of eliminating antisocial forces, the Group has been collaborating for some time with Outside specialized bodies, such as law enforcement organizations and attorneys at law, and promoting the reinforcement of information gathering, management and in-house systems related to antisocial forces.

1. Whether any measures against acquisitions have been adopted

Whether any measures against acquisitions have been adopted

Such measures adopted

Supplementary explanation regarding this item

Our company adopted “a measure against the acquisition of a large amount of shares of our company (anti-acquisition measure)” in accordance with the resolutions of the meeting of the board of directors held on Nov. 4, 2010 and the general meeting of shareholders held on Dec. 17, 2010; partially revised its contents based on the resolutions of the meeting of the board of directors held on Oct. 25, 2012 and the general meeting of shareholders held on Dec. 14, 2012 (the revised plan is hereinafter referred to as “Old Plan”); and further revised the Old Plan through the resolutions of the meeting of the board of directors held on Oct. 25, 2012 and the general meeting of shareholders held on Dec. 14, 2012 (the revised one is hereinafter referred to as “the Plan”).

Since its inauguration in 1998, the Company as a comprehensive online service provider, a frontier category, has strived to boost corporate value and benefits for our shareholders, based on the vision of “creating a company representing the 21st century.”

For the enhancement of our corporate value and benefits for all our shareholders, we need to improve our brand value and build up trust from users (customers, consumers) and advertisers through constant offer of attractive online services built on our ample experience of online business. The maintenance of excellent staff with expertise in diversifying online business is also important. Those who control our finance and business strategies shall understand, maintain for a medium to long term, and reinforce these principles heeded by the Company, which are a springboard for a rise in corporate value.

We do not completely deny a creeping tender offer, etc. as long as an offer will result in improving our corporate value and benefits of our shareholders. Quite a lot of creeping tender offers, however, are detrimental to the corporate value of a target company and common interest of shareholders. For example, some have objectives conspicuously incompatible with corporate value and shareholders' interest while others effectively coerce shareholders to sell their stock. Some intentionally give few time and information, not enough for board members and shareholders to examine creeping tender offer, or to propose alternative plans. Also, in some case, a company targeted by takeover artists has to negotiate with them to offer more favorable conditions than those suggested by them.

Against this backdrop, the Company deems it essential to formulate a framework for the prevention of creeping tender offers, etc. incompatible with our corporate value and the common interest of our shareholders. Such framework enables our boarding members to secure enough time to suggest alternative plan to our shareholders, allows our shareholders to have enough time and information to decide whether a creeping tender offer, etc. may be approved, and enables the Company to negotiate with proposers on behalf of our shareholders.

According to the Plan, when large-scale acquisitions, etc. (collectively referred to as “Acquisitions”) of the Company's shares arise, the Company will request the party effecting or proposing the acquisitions (collectively referred to as “Acquirers”) to provide information regarding such acquisitions in advance. The Company then secures a period for collecting information and reviewing such Acquisitions, and the Plan stipulates the procedures to be taken by the Company, such as the presentation of the Company management's plan or alternative proposals to shareholders and the carrying out of negotiations, etc. with the Acquirers (collectively referred to as “Procedures”). In cases where the Acquisition by the Acquirers are deemed possibly harmful to the Company's corporate value and the common interest of shareholders, such as through the execution of Acquisitions without acceding to the Procedures, the Company will follow the method of gratis allotment of subscription rights and allocate to all shareholders at that point new share subscription rights with exercising conditions rejecting the exercise of subscription rights by the Acquirers and acquisition provisions stating that the Company will acquire subscription rights in exchange for its shares held by all persons other than the Acquirers (the “Subscription Rights”).

Furthermore, in determining the execution, non-execution or acquisition of gratis allotment of the Subscription Rights, the Company plans to follow its regulation for independent committees in order to eliminate the making of an arbitrary decision by the Company's Board of Directors, gain the judgment of an independent committee composed solely of those independent of the Company's management, hold a General Meeting of Shareholders as needed and consult with shareholders before making the decision.

The Company plans to secure transparency by disclosing information to shareholders on a timely basis. Note that the term of validity of the Plan expires upon the conclusion of the Annual General Meeting of Shareholders to be held in relation to the business year ending September 30, 2014.

2. Other Matters related to the Corporate Governance System, etc.

Our company discloses information proactively and swiftly so as to provide information with shareholders and investors evenly and timely and achieve transparent management.

To do so, the board of directors holds a regular meeting once a month and an extraordinary meeting when necessary. Our company allows highly independent outside auditors to attend the meetings of the board of directors and express their opinions, so that they make fair decisions regarding the execution of important businesses. In addition, our company has adopted a board-of-auditors system, in which a regular meeting of the board of auditors is held once a month, to improve the functions to grasp facts and monitor the performance of directors and the transparency of information. In cooperation with the board of auditors, we conduct internal audit at the internal audit office. In detail, we review documents and investigate each field to check whether corporate projects and group companies follow law, the articles of incorporation, social norms, and guidelines specified in in-company regulations, and whether our work processes are well monitored.

As for accounting audit, an auditing firm audits our accounting and reviews it quarterly, and we receive advices for important accounting processes when necessary, and make efforts to disclose accurate information.

Under such policy, our company has the following in-company systems for disclosing corporate information when necessary.

1. Personnel and section in charge of information handling

Managing directors are in charge of the timely disclosure of information. The headquarters and the publicity/IR section prepare and release documents for disclosing information under the supervision of the personnel in charge of information handling. The headquarters and the publicity/IR section glean information in cooperation with the board of directors and departments of our company, and the representatives and related sections of group companies, etc.

2. Determined items

Important items are determined at the regular or extraordinary meetings of the board of directors. Determined items are reported by the personnel in charge of information handling to the headquarters and the publicity/IR section immediately, and disclosed to the public when necessary.

3. System for grasping events

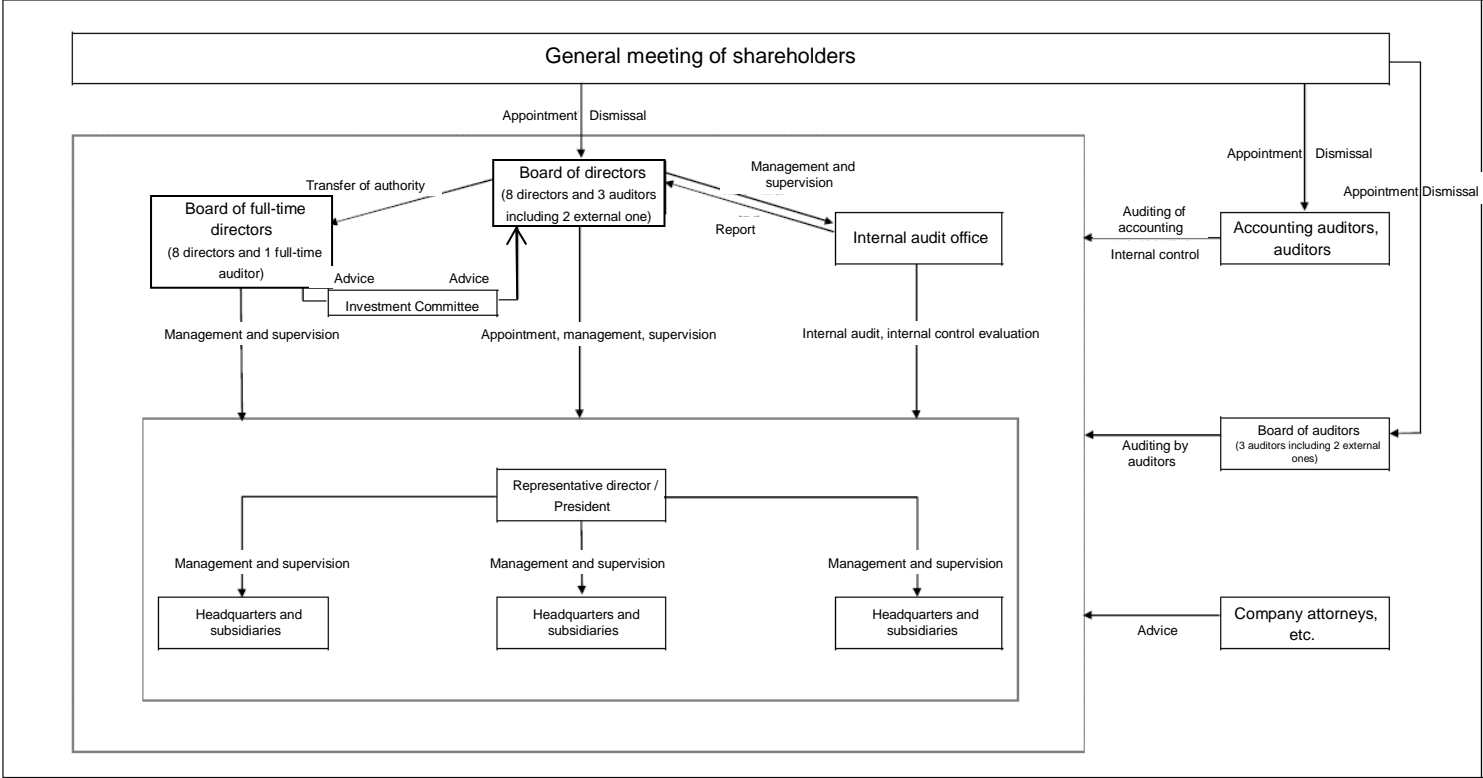
When an important event occurs, information is gathered by individual sections and meetings, etc., and summarized by the personnel in charge of information handling, and then discussed by the board of directors. Important events are reported by the personnel in charge of information handling to the headquarters and the publicity/IR section immediately, and disclosed to the public when necessary.

4. Timely disclosure

As for important determined items, events, and accounting information, we determine the necessity to disclose information, the timing of disclosing, and the contents of information to be disclosed in accordance with the regulations for timely disclosure, while consulting with accounting auditors, company attorneys, Tokyo Stock Exchange, and Kanto Financial Bureau, etc. under the supervision of the personnel in charge of information handling. When it is concluded that it is necessary to disclose information, the information is disclosed immediately.

5. Management of disclosed information

All of disclosed information is managed by the personnel in charge of information handling.



*This schematic diagram represents the corporate governance of our company.

Note: This pattern diagram is shows a simplified image of the state of the Company's timely disclosure.

