

May 21, 2015

Skylark Co., Ltd

Representative: Makoto Tani,  
Representative Director,  
President and Chief Executive  
Officer

(Code: 3197, Tokyo Stock Exchange, 1st Section)

## **Notice Regarding Secondary Offering of Shares**

Skylark Co., Ltd (the “**Company**”) hereby announces that its board of directors has resolved matters relating to a secondary offering of shares at a meeting held on May 21, 2015, as set forth below.

### **1. Secondary Offerings of Shares by way of Purchase and Subscription by Underwriters**

- (1) Class and number of shares to be offered 45,839,800 shares of common stock of the Company, as the total number of shares described in (i) to (iii) below:
- (i) The number of shares of the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters (as defined in (3) below) is 33,137,300 shares;
  - (ii) The number of shares of the International Secondary Offering (as defined in (3) below) is 11,045,700 shares; and
  - (iii) The maximum number of shares to be purchased by international underwriters by way of exercise of over-allotment options which are granted to International Managers (as defined in (3) below) is 1,656,800 shares.

(Collectively, the “**Total Number**”)

Although the Total Number of the shares to be offered in the secondary offering is planned to be 45,839,800 shares, the Total Number may be amended between the minimum number of 41,528,400 shares and the maximum number of 59,094,600 shares and the Total Number of the shares to be offered will be determined on the Pricing Date (defined in (4) below), after consideration of market environment including market demand and trends of the market price of the Company’s shares. Further, in the case where the Total Number is 45,839,800 shares, the breakdown is planned to be the number of shares described in (i) to (iii) above, however, the final breakdown shall be determined on the Pricing Date in consideration of market environment including market demand and trends of the market price of the Company’s shares, together with the final Total Number.

- (2) Selling Shareholders and (i) Japanese Secondary Offering by way of Purchase and

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number of shares to be offered	Subscription by the Japanese Underwriters. Bain Capital Skylark Hong Kong Limited 32,068,600 shares Japan Industrial Partners III Investment Limited Partnership 1,068,700 shares
(3) Method of secondary offering	<p>(ii) International Secondary Offering. Bain Capital Skylark Hong Kong Limited 12,702,500 shares</p> <p>The Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters and the International Secondary Offering shall be made simultaneously.</p> <p>(i) Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters: The secondary offering of shares shall be a public secondary offering in Japan, and the underwriters in the Japanese Secondary Offering (the “<b>Japanese Underwriters</b>”) shall underwrite and jointly purchase the aggregate number of shares to be offered in Japan.</p> <p>(ii) International Secondary Offering: In the International Secondary Offering, the aggregate number of shares shall be severally and not jointly purchased by several managers in the International Secondary Offering (the “<b>International Managers</b>”), acting as the international joint lead managers and joint bookrunners.  In addition, the selling shareholder in (2)(ii) above will grant the International Managers an over-allotment option to purchase up to 1,656,800 additional shares of common stock of the Company.</p>
(4) Selling price	Undetermined. The selling price will be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc., of Securities of the Japan Securities Dealers Association, based on the tentative terms and conditions, calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange on one of the days in between Monday, June 1, 2015 and Wednesday, June 3, 2015 (the “ <b>Pricing Date</b> ”) (or, if no closing price is quoted on the Pricing Date, the closing price of the immediately preceding day) by a number ranging between 0.90-1.00 (with any fraction less than one yen being rounded down to the nearest whole yen), and by taking into account market demand.
(5) Commission to the underwriters	No commission shall be paid to the underwriters. In place thereof, the aggregate amount of the difference between the selling price and the subscription price (at which the selling shareholders shall be paid as a purchase price per share by the underwriters).
(6) Subscription period (in Japan )	From the business day immediately following the Pricing Date to the second business day following the Pricing Date.
(7) Subscription unit	100 shares.
(8) Deposit amount for subscription	The same amount as the selling price.

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- (9) Share delivery date A day that falls after the sixth business day following the Pricing Date (one of the days in between Tuesday, June 9, 2015 and Thursday, June 11, 2015).
- (10) The board of directors authorize that the selling price and any other matter necessary for the secondary offering of shares by way of purchase and subscription by underwriters will be determined at the discretion of Representative Director of the Company.

**2. Secondary Offering by way of Over-allotment** (see *Reference* item 2 below)

- (1) Class and number of shares to be offered 4,970,500 shares of common stock of the Company.  
The number of shares above is the maximum number of shares to be sold, and may decrease, or the Secondary Offering by way of Over-allotment itself may be cancelled, depending on market demand. The number of shares to be sold will be determined on the Pricing Date, after taking market demand into consideration.
- (2) Seller The designated Japanese Underwriter (the “**Designated Japanese Underwriter**”)
- (3) Method of offering After consideration of the market demand for the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters, the Designated Japanese Underwriter will offer in Japan the shares of common stock of the Company, which are borrowed from a shareholder of the Company (the maximum number being 4,970,500 shares).
- (4) Selling price Undetermined. The selling price will be determined on the Pricing Date. Further, the selling price will be the same as the selling price in the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters.
- (5) Subscription period The subscription period shall be the same as the subscription period mentioned in 1. above.
- (6) Subscription unit 100 shares.
- (7) Deposit for subscription The same amount as the selling price.
- (8) Share delivery date The share delivery date shall be the same as the share delivery date mentioned in 1. above.
- (9) The board of directors authorize that the selling price and any other matter necessary for the secondary offering of shares by way of over-allotment will be determined at the discretion of Representative Director of the Company.

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## Reference

### 1. The purpose of the secondary offering

The purpose of this offering is to increase investment opportunities for individual investors and to expand the Company's shareholder base.

### 2. Secondary Offering by way of Over-allotment

The Secondary Offering by way of Over-allotment is a secondary offering to be conducted after considering market demand upon making the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters and with a maximum of 4,970,500 shares of common stock of the Company that Designated Japanese Underwriter will borrow from a shareholder of the Company. The number of shares to be sold in the Secondary Offering by way of Over-allotment is expected to be 4,970,500 shares, which is the maximum number of shares that can be sold; however, depending on market demand, such number may be decreased or the Secondary Offering by way of Over-allotment itself may be cancelled.

In addition, when conducting the Secondary Offering by way of Over-allotment, the Designated Japanese Underwriter will be granted by the shareholder of the Company the right (the **"Greenshoe Option"**) to obtain shares of common stock of the Company up to the number of shares to be sold in the Secondary Offering by way of Over-allotment in addition to the shares for the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters, with the exercise period being from the delivery date for the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters and the Secondary Offering by way of Over-allotment to Thursday, June 25, 2015.

Furthermore, the Designated Japanese Underwriter may also purchase shares of common stock of the Company on the Tokyo Stock Exchange in a quantity of up to the number of shares to be sold in the Secondary Offering by way of Over-allotment for the purpose of returning the shares borrowed from such shareholder (the **"Borrowed Shares"**) (such transactions, the **"Syndicate Cover Transactions"**), during the period beginning on the day immediately following the last day of the subscription period for the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters and the Secondary Offering by way of Over-allotment and ending on Monday, June 22, 2015 (the **"Syndicate Cover Transaction Period"**). All shares of common stock of the Company purchased by the Designated Japanese Underwriter through Syndicate Cover Transactions will be used to return the Borrowed Shares. It should be noted that, during the Syndicate Cover Transaction Period, the Designated Japanese Underwriter may decide not to conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of shares purchased therefore reaches the number of shares to be sold in the Secondary Offering by way of Over-allotment.

Also, the Designated Japanese Underwriter may conduct market stabilization transactions associated with both the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters and the Secondary Offering by way of Over-allotment, and may use all or part of the shares of common stock of the Company purchased through the stabilization transactions to return the Borrowed Shares.

As discussed above, the Borrowed Shares remaining after returning part of the Borrowed Shares by way of using the shares of common stock of the Company purchased through a Syndicate Cover Transaction or a stabilization transaction will be returned by the Designated Japanese Underwriter by exercising its Greenshoe Option.

Whether the Secondary Offering by way of Over-allotment will be conducted or not and the number of shares of common stock of the Company to be offered in the case of the Secondary Offering by way of Over-allotment will be determined on the Pricing Date. In the event that the Secondary Offering by way of Over-allotment is not conducted, the Designated Japanese Underwriter will not borrow common stock of the Company from the shareholder of the Company, the shareholder will not grant the Greenshoe Option and the Designated Japanese Underwriter will not conduct any Syndicate Cover Transactions on the Tokyo Stock Exchange.

The Designated Japanese Underwriter will conduct the above transactions upon discussion with the other

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Japanese Underwriters.

3. Lock-up

In connection with the secondary offering, each of the selling shareholders, a shareholder of the Company (Bain Capital Skylark Hong Kong II Limited) and Mr. Ralph Alvarez, Mr. Makoto Tani, Mr. Isao Sakurai, Mr. Nishad Alani and Mr. Shigeto Kadowaki (who hold options to acquire shares of common stock of the Company), has agreed with the joint global coordinators for the offerings, during the period beginning on the date of the Pricing Date and ending on the date that is 90 calendar days from and including the date of delivery of the shares in the global offering (the “**Lock-up period**”), not to, without the prior written consent of the joint global coordinators for the offerings, sell or otherwise dispose of the shares of common stock of the Company (except for, but not limited to, the Japanese Secondary Offering by way of Purchase and Subscription by the Japanese Underwriters, the International Secondary Offering, the lending of shares of common stock of the Company for the purpose of the Secondary Offering by way of Over-allotment and the sale of shares of common stock of the Company upon the exercise of the Greenshoe Option).

The Company also has agreed with the joint global coordinators for the offerings that, during the Lock-up period, the Company will not, without the prior written consent of the joint global coordinators for the offerings, issue any shares of common stock of the Company or any securities convertible into or exchangeable for shares of common stock of the Company, or issue or otherwise provide any securities that are granted the right to acquire or receive shares of common stock of the Company (except for, but not limited to, the share split).

The joint global coordinators for the offerings have the right to terminate all or part of those agreements at their discretion even during the Lock-up Period.

End.

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