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To Whom It May Concern

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**Notice Regarding Launch of Human Resource Services for US Military Base Facilities
by Consolidated Subsidiary**

OUTSOURCING Inc. (hereinafter “the Company”) hereby announces that IOD Inc. (hereinafter “IOD”), a consolidated subsidiary of the Company, has launched human resource services to meet the personnel needs of US military base facilities on August 1, 2015.

Particulars

1. Purpose of Service Launch

The OUTSOURCING Group (hereinafter “the Group”) offers production outsourcing services to leading domestic manufacturers across a broad spectrum of fields ranging from R&D to testing, evaluation and volume production processes. This has enabled the Group to post consecutive record high net sales in recent years.

It should be noted, however, that as an outsourcing business, the Group’s financial results may be highly volatile due to changes in its operating environment. This is because the Group’s major clients—domestic manufacturers—tend to reduce their reliance on human resource service providers by canceling service contracts when companies throttle back production after encountering economic downturns or such natural disasters as earthquakes. The Group therefore finds it necessary to achieve growth while realizing income leveling, by expanding its operating scope to include businesses that are less susceptible to economic trends and increasing the composition ratio of such businesses.

To this end, the Company established IOD on March 2, 2015 to manage a new business centered on providing human resource services to the US military forces stationed in Japan to operate their base facilities. Through its sales and marketing efforts, IOD acquired an order from the US military for some 300 personnel to be placed at Kadena Air Base in Okinawa Prefecture.

The outsourcing market of US military base facilities in Japan is estimated at some 40,000 personnel. However, the quasi-government Labor Management Organization for USFJ Employees dominates

the market at present, with only a small fraction of personnel outsourced by local human resource companies. The lack of competition has thus raised quality issues with regards to human resource administration and the inability to properly respond to human resource needs. As a result, both the US military and client-firms operating military base facilities are seeking the provision and management of personnel that is reliable and steady.

Not only should the new IOD business be far less susceptible to macro-trends, but demand in this field is increasing on a global scale with transfers of existing military bases and the building of new ones. The Group believes it can fully meet client needs by leveraging its business resources, and is confident in the latent potential that the business possesses.

Aside from Kadena Air Base in Okinawa, IOD is also expecting to receive orders from US military base facilities in Iwakuni, Yokota, Yokosuka and Zama, among others IOD is also stepping up marketing activities to secure service contracts for US military base facilities elsewhere in the Pacific Rim, and is aiming to achieve further business development.

2. Outline of the Subsidiary Operating the New Business

(1) Company Name	IOD Inc.
(2) Head Office	1-8-3 Marunouchi, Chiyoda-ku, Tokyo
(3) Name and Title of Representative	Katsuya Yamamoto, Representative Director and President
(4) Major Businesses	Dispatching and outsourcing businesses provided for US military base facilities
(5) Capital Stock	JPY25 million
(6) Established	March 2, 2015

3. Future Outlook

The impact of this matter on consolidated financial results for this fiscal year is negligible.