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Securities Code: 9715

June 4, 2012

**To Those Shareholders with Voting Rights**

Masataka Okuda  
President and COO  
**transcosmos inc.**  
25-18, Shibuya 3-chome, Shibuya-ku,  
Tokyo, Japan

**NOTICE OF THE 27<sup>th</sup> ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 27<sup>th</sup> Annual General Meeting of Shareholders. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot using the Voting Rights Exercise Form enclosed herein or via the Company's website on the exercise of voting rights indicated on the Voting Rights Exercise Form (please refer to the instructions on page 3).

Please review the Reference Documents for the Annual General Meeting of Shareholders shown in the following pages and either return the Voting Rights Exercise Form with your vote by postal mail or vote via the Internet by 5:50 p.m. of June 26, 2012 (Tuesday).

- 1. Date and Time:** 10:00 a.m., Wednesday, June 27, 2012
- 2. Place:** Aoyama Diamond Hall 1<sup>st</sup> floor (Diamond Room)  
6-8, Kitaaooyama 3-chome, Minato-ku, Tokyo  
(Please note that the meeting place is different from that of the previous year.)
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements for the 27<sup>th</sup> Fiscal Term (from April 1, 2011 to March 31, 2012)
  2. Financial Statements for the 27<sup>th</sup> Fiscal Term (from April 1, 2011 to March 31, 2012)
- Proposals to be resolved:**
- Proposal No. 1:** Appropriation of surplus for the 27<sup>th</sup> fiscal term
- Proposal No. 2:** Renewal of Countermeasures to Large-Scale Acquisitions of Shares in the Company (Takeover Defense Measures)
- Proposal No. 3:** Election of Eleven Directors
- Proposal No. 4:** Election of One Substitute Statutory Auditor

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1. For those attending, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
  2. Please note that, if it becomes necessary to amend any matters related to the contents described in the attached Reference Documents for the Annual General Meeting of Shareholders, Business Report, Financial Statements, or Consolidated Financial Statements before the day preceding the Annual General Meeting of Shareholders, it will be presented on the Company's website at: (<http://www.trans-cosmos.co.jp/e/ir/>).

## Procedures for the Exercise of Voting Rights via the Internet

If you prefer to exercise your voting rights via the Internet, please accept the following conditions before exercising your rights.

1. Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (shown below). They can also exercise their voting rights online by mobile phone.  
**(Website URL for the exercise of voting rights)** <http://www.webdk.net>  
**\* If you have a mobile phone with barcode-reading capability, you can exercise your voting rights via the company-designated website by scanning the “QR code” to the right. For further details on the procedure, please refer to the operation manual for your mobile phone.**  
**(QR Code is a trademark of DENSO WAVE INCORPORATED.)**
2. If you are exercising your voting rights via the Internet, please enter the code and the password for the exercise of voting rights indicated on the Voting Rights Exercise Form attached herein and follow the instructions on the screen to register whether you approve or disapprove of each proposal.
3. Exercise of voting rights via the Internet is accepted until 5:50 p.m. of June 26, 2012 (Tuesday). We would however like to ask you to exercise your voting rights as soon as possible to ensure that we have sufficient time for tallying the votes.
4. If you exercise your voting rights twice, once by mail and once via the Internet, we will treat your Internet vote as the valid exercise of your voting rights, regardless of the time or date of arrival of your vote.
5. If you exercise your voting rights several times via the Internet, or if you exercise your voting rights more than once using the computer and mobile phone, we will treat the most recent vote as the valid exercise of your voting rights.
6. Connection fees payable to the providers and communication expenses payable to telecommunication carriers (including telephone charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.

## System Environment for the Exercise of Voting Rights via the Internet

The following system environment is required for the use of the website to exercise voting rights.

- 1) Access to the Internet
- 2) If you are to exercise voting rights using your personal computer, Microsoft® Internet Explorer 6.0 or later must be installed as your browser. Any PC hardware capable of supporting these browsers will be adequate.
- 3) If you are to exercise voting rights via mobile phone, the device must be capable of 128 bit SSL telecommunication (encrypted communication). (For security reasons, the Company website is only configured to support mobile telecommunications (encrypted communication). Consequently, certain devices cannot be used. You may also exercise your voting rights using the full browser function of mobile phones, including smartphones, but please note that such exercise may not be possible depending on the mobile phone model.  
(Microsoft® is a trademark of U.S. Microsoft Corporation in the U.S. and other countries.)

## Inquiries about the Exercise of Voting Rights via the Internet

If you have any questions about the exercise of voting rights via the Internet, please call one of the following numbers.

Transfer Agent: Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business Planning Department  
Direct Line: (Toll free) 0120-186-417 (9 a.m. - 9 p.m.; within Japan only)  
Inquiries about matters other than exercise of voting rights:  
(Toll free) 0120-176-417 (Weekdays 9 a.m. - 5 p.m.; within Japan only)

## TSE Platform for the Electronic Exercise of Voting Rights

Management trust banks and other nominee shareholders (including standing proxies) who in advance send in applications to use the “Electronic Voting Platform for Institutional Investors” (the “TSE Platform”) managed by ICJ Inc., founded by Tokyo Stock Exchange, Inc. and others, may use the TSE Platform as an alternative to the conventional method of online voting described above.

Attached document (1)

**BUSINESS REPORT**  
(from April 1, 2011 to March 31, 2012)

**1. Business Overview of the Group**

**(1) Progress and Results of Operations**

In the fiscal year ended March 31, 2012, the Japanese economy gradually showed signs of recovery led mainly by restoration and reconstruction from the Great East Japan Earthquake, the recovery of overseas economies and a short break from the appreciation of yen. This followed the prolonged stagnant economy due to the disruption of supply chains associated with the earthquake, impact of floods in Thailand, record-high yen and slowdown of the world economy. However, these signs could not totally dispel concerns over recurrence of the European debt crisis and surging commodity prices including crude oil, which continues to be an unpredictable situation.

In this economic situation, in the information service market in which the Group develops businesses, some companies showed their attempts to resume IT investment, spotting new demand such as cloud computing and introducing big data, although companies in general remained cautious about IT capital spending. As Japanese companies accelerated their expansion overseas, they expressed increasing interest in management and business reform so as to reinforce their global competitiveness, which led to greater demand for business process outsourcing (BPO) as one such initiative. With regard to the overseas market, demand for outsourcing services expanded mainly in the Asian region that enjoyed ongoing high economic growth.

Taking advantage of these factors to expand business, the Group strove to reinforce support services for corporate customers to ensure sales growth and cost reduction in both domestic and global operations.

More specifically, for the digital marketing services, one of the Group's main services for corporate customers to support their sales expansion, the Group enhanced sales activities for the existing services including Internet advertisement and website construction, backed by steady demand for the Internet business. In addition, to address the e-commerce (EC) market which is showing a strong tendency to expand in size, the Group started to provide an EC site construction engine, "MCM EC Builder" which was developed by reflecting inputs from the EC operation business. With regard to social networking service (SNS)-related business, which is increasingly gaining attention from companies, the Group worked to enhance a service framework looking to future development. It began with the launch of a social media management support service in May 2011, and began providing a social media marketing platform package "Social Marketing Suite" in Japan in partnership with a U.S. company, Wildfire Interactive, Inc. It also established the Shibuya Social Media Center, which specializes in social media operations, at its headquarters building.

In BPO services that help customers reduce their costs, corporate customers are increasingly aware of costs and are partially starting to make capital investment in IT again. Hence, the Group actively promoted system operation services and outsourcing services of back office operations including ordering systems and accounting and human resources functions. Furthermore, by strengthening cooperation between domestic and overseas offshore offices, the Group developed a global service delivery system which could provide services by way of onsite, near shore and offshore-based services. The aim is to realize a system that can flexibly respond to every need of corporate customers.

Regarding the overseas businesses, the Group reinforced a system which could extensively support rising demand in the Asian market and increasing overseas expansion of Japanese companies. Specifically, the Group established a call center in South Korea, the seventh business base in the country, and formed a business and capital alliance with the British BPO company Merlin Information Systems Group Limited (headquartered in Buckingham, U.K.) with the aim of improving multi-language support. As a result of this business and capital alliance, we were able to offer call center services in a total of 18 languages for English-speaking and European language countries in addition to Asian-language countries such as China, South Korea and Thailand.

For other efforts to improve profitability, we continued implementing initiatives including a review of low-profit or unprofitable projects, thorough promotion of lean management and reduction of fixed assets.

As a result, consolidated operating results for the fiscal year ended March 31, 2012, were as follows. Net sales were 161,208 million yen up 6.3% from the previous year. As for profit, thanks to an increase in net sales and reduction of selling, general and administrative expenses, operating income increased 38.4% from the previous year to 8,719 million yen, and ordinary income grew by 37.7% from the previous year to 8,970 million yen. Net income increased 11.2% from the previous year to 4,969 million yen.

The operating results by segment are as follows.

### **The Company's services**

In the outsourcing service business and other businesses of the Company, sales were 129,394 million yen, up 4.6% from the previous year, and segment profit increased 29.5% from the previous year to 6,497 million yen, affected by the expansion of demand for IT services and higher profitability due to proper adjustment of costs.

### **BtoB domestic subsidiaries**

In the BtoB domestic subsidiaries, sales were 20,732 million yen, down 4.5% from the previous year affected by the Group reorganization executed in the previous year. Segment profit increased 44.4% from the previous year to 746 million yen owing to cost reduction.

### **BtoB overseas subsidiaries**

In the BtoB overseas subsidiaries, as orders for the call center service in South Korea and China relatively remained high, sales increased 13.7% from the previous year to 15,627 million yen. In addition, segment profit increased 225.9% to 453 million yen due to profit improvement of the call center service subsidiary in South Korea.

### **BtoC subsidiaries**

In the B-to-C subsidiaries, thanks to strong sales of software for domestic consumers, sales were 5,378 million yen, up 82.6% from the previous year and segment profit was 908 million yen, up 130.7% from the previous year.

## **(2) Issues to Be Addressed**

The environment surrounding the outsourcing business is changing considerably along with corporate needs. The Group's business environment changes on a daily basis, with events such as the maturing of markets, intensifying competition, globalization and technological innovation. Consequently, corporate outsourcing needs are changing from traditional ones, which focused on reducing costs, to needs for a management strategy to promptly and properly respond to rapidly changing business environments. Accordingly, the Group, an outsourcing service provider, understands that it is a key management issue to create, maintain and provide flexible and high value-added services to materialize corporate strategies while precisely grasping changing corporate needs. Also, in order to improve the Group's corporate competitiveness, we will focus our efforts on further pursuing global business, which is a high growth domain, and making a more solid management base to ensure stable growth, while continuing to increase efforts to improve customer satisfaction and service quality.

### **1) Increasing the value added to services**

The Group provides comprehensive outsourcing services which help our client companies to increase their sales and reduce their costs. The Group does this by providing clients with each service or by integrating digital marketing service, the call center service, and business process outsourcing service. In order to further evolve these services, the Group will create and provide unique services which suit changing corporate needs by promptly incorporating state-of-the-art technologies and trends such as cloud computing, social media, smartphones and tablet PCs.

## 2) Pursuit of global business

The Group will reinforce its overseas business development, regarding the global market as a growth area. Starting with an expansion to North America, it is now focusing on business development in the Asian markets such as rapidly growing China and South Korea. In addition to the offshore service which helps companies improve their cost competitiveness, the Group will develop the call center service, digital marketing service and e-commerce support service for overseas markets, utilizing its personnel, well familiar with the Asian market, and its business expertise and know-how which it acquired through its long experience in the Japanese market, in order to establish its uniqueness and predominance in the global market.

## 3) Developing and consolidating crisis management system

It is essential for the Group, which undertakes the operations of its client companies, to continue to develop and consolidate a system which enables it to continue and promptly resume operations in a situation where it is difficult to continue business activities when a disaster happens. Therefore the Group will improve the precision of its BCP, bracing for diversifying risks such as disasters, acts of terrorism and accidents, and will reinforce its measures against the expected electricity shortage so that it can continue business through the use of batteries and cooperation with each office all over Japan.

Based on these principles, the whole Company will continue to work together to put its corporate philosophy into practice (“Client satisfaction is the true value of our company, and the growth of every employee creates the value that shapes our future”), to strive to raise corporate value, and to contribute to the progress of our shareholders, client companies, employees, and society by growing our group businesses.

## **(3) Status of Raising Funds**

The Company raised funds of 10,030 million yen by means of long-term borrowings from financial institutions as funds required by the Group during the current fiscal year.

## **(4) Status of Capital Investment**

There is nothing significant to be noted during the current fiscal year.

## **(5) Transfers, Absorption-type Splits, or Incorporation-type Splits of Business**

There is nothing significant to be noted during the current fiscal year.

## **(6) Acquisition of Businesses of Other Companies**

There is nothing significant to be noted during the current fiscal year.

## **(7) Succession of Rights and Duties of Other Institutions in Relation to Mergers or Absorption-type Splits**

There is nothing significant to be noted during the current fiscal year.

## **(8) Acquisition or Disposal of the Shares, Other Equities, or Stock Acquisition Rights of Other Companies**

There is nothing significant to be noted during the current fiscal year.

## (9) Trends of Business Results and Assets of the Group

	FY 2009 (24 <sup>th</sup> Fiscal Term)	FY 2010 (25 <sup>th</sup> Fiscal Term)	FY 2011 (26 <sup>th</sup> Fiscal Term)	FY 2012 (27 <sup>th</sup> Fiscal Term)
Net sales (millions of yen)	166,291	151,589	151,687	161,208
Ordinary income (millions of yen)	(1,193)	4,539	6,512	8,970
Net income (millions of yen)	2,201	2,135	4,469	4,969
Net income per share (yen)	55.75	54.30	108.63	120.77
Total assets (millions of yen)	88,092	91,637	90,134	93,137
Net assets (millions of yen)	39,560	41,425	44,410	48,819
Net assets per share (yen)	871.39	922.62	997.46	1,101.41

Note: Net income per share is calculated by deducting the average number of treasury stock in each fiscal term from the average total number of shares issued in each fiscal term. Net assets per share are calculated by deducting the number of treasury stock as of end of the term from the total number of issued shares as of end of the term.

## (10) Status of Parent Company and Major Subsidiaries

### 1) Relationship with the parent company

Not applicable.

### 2) Major subsidiaries

Name	Capital	Ratio of voting	Principal business
J-Stream Inc.	2,182 million yen	45.7%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	600 million yen	60.2%	System integration business for GIS/manufacturers
transcosmos Korea Inc.	KRW5,302 million	87.0%	Call center business in South Korea
transcosmos CRM Okinawa Inc.	100 million yen	100.0%	Call center business in Japan

## (11) Principal Business of the Group (As of March 31, 2012)

The Company Group mainly engages in call center services, business process outsourcing services, business process solutions services, digital marketing services, overseas services, and BtoC services.

## (12) Principal Business Offices of the Group (As of March 31, 2012)

Offices	Locations
Head Office of the Company:	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Headquarters and Branch Offices:	Osaka, Nagoya, Wakayama, Fukuoka, Silicon Valley
Domestic Offices:	Sapporo, Sendai, Utsunomiya, Kawaguchi, Tokyo, Yokohama, Nagoya, Osaka, Wakayama, Fukuoka, Kumamoto, Miyazaki, Okinawa
Overseas Offices:	U.S.A. (New York, Los Angeles), South Korea (Seoul, Busan), China (Beijing, Shanghai, Tianjin, Dalian, Qingdao, Guangzhou, Suzhou, Shenyang, Wuxi, Benxi), Thailand (Bangkok)

**(13) Employees (As of March 31, 2012)**

## 1) Employees of the Group

Business segment	Number of employees	Number of temporary employees
Company's services	8,046	13,932
BtoB domestic subsidiaries	1,196	3,282
BtoB overseas subsidiaries	5,837	1,909
BtoC subsidiaries	197	25
Total	15,276	19,148

## 2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
8,046 (13,932)	-448 (+228)	33 years, 11 months	7 years, 8 months

Note: "Number of employees" refers to the number of employees actually working at the Company.

Number of temporary employees is separately indicated in parentheses, which shows the average number in the current fiscal year.

**(14) Major Creditors (As of March 31, 2012)**

Creditor	Loan outstanding (millions of yen)
Mizuho Corporate Bank, Ltd.	3,800
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,021
Sumitomo Mitsui Banking Corporation	3,004

## 2. Matters Concerning Shares of the Company (As of March 31, 2012)

(1) Total number of shares authorized to be issued: 150,000,000 shares

(2) Total number of shares issued: 48,794,046 shares  
(number of shares constituting one unit: 100 shares)

(3) Number of shareholders at end of the fiscal year: 22,885  
(of which 19,078 shareholders hold unit shares)

(4) Top ten major shareholders

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
Koki Okuda	7,498	18.3
Masataka Okuda	5,910	14.4
Japan Trustee Services Bank, Ltd. (Account in Trust)	2,108	5.1
Okuda Ikueikai, Public Interest Incorporated Foundation	1,753	4.3
Mihoko Hirai	1,463	3.6
THE BANK OF NEW YORK – JASDECTREATY ACCOUNT	801	2.0
HM Kosan, Ltd.	722	1.8
Master Trust Bank of Japan, Ltd. (Account in Trust)	689	1.7
Employee Shareholding Association of transcosmos inc.	580	1.4
STATE STREET BANK AND TRUST COMPANY 505103	461	1.1

Notes:

1. Although the Company holds 7,649 thousand shares of treasury stock, it is excluded from the top ten major shareholders above. Shareholding ratio is calculated by excluding treasury stock.
2. Number of shares held less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to the nearest first decimal.

**3. Matters Concerning the Stock Acquisition Rights, etc. of the Company**

**(1) Stock Acquisition Rights, etc. Held by the Company's Officers (As of March 31, 2012)**

Not applicable.

**(2) Stock Acquisition Rights Delivered to the Company's Employees During the Fiscal Year**

Not applicable.

#### 4. Corporate Officers (As of March 31, 2012)

##### (1) Directors and Statutory Auditors

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer Outside Director of Kadokawa Group Holdings, Inc.
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Senior Managing Director	Koichi Iwami	Chief of Service Division Chairman of transcocosmos MCM Shanghai Co., Ltd. Chairman of transcocosmos Korea Inc.
Executive Managing Director	Hiroyuki Mukai	Chief of Sales Division and General Manager of Sales Headquarters, Enterprise Industry Sales Division III
Executive Managing Director	Masakatsu Moriyama	General Manager of BtoC Business Development Division President and Representative Director of Co-Core Inc.
Executive Managing Director	Shinichi Nagakura	Chief in charge of Portfolio Management Department and President and CEO of transcocosmos America, Inc. Director of Merlin Information Systems Group Limited
Outside Director	Takeshi Natsuno	Guest Professor of Keio University, Graduate School of Media and Governance Outside Director of Sega Sammy Holdings Inc. Director of Pia Corporation Part-time Director of NTT Resonant Inc. Outside Director of SBI Holdings, Inc. Director of Dwango Co., Ltd. Outside Director of GREE, Inc.
Outside Director	Jutaro Takinami	Part-time Director of APPLIED TECHNOLOGY CO., LTD. Outside Director of transcocosmos Technologies Inc.
Outside Director	Nozomu Yoshida	Representative Director of nozomu.net Director of Concent, Inc. Director of takibi, Inc. Representative Director of Odayaka Living Co., Ltd.
Standing Statutory Auditor	Hideaki Ishioka	
Statutory Auditor	Kichiro Takao	Outside Statutory Auditor of Nippon Dentsu CO., LTD.
Outside Statutory Auditor	Kazushi Watanabe	
Outside Statutory Auditor	Toshiaki Nakamura	Outside Statutory Auditor of Riso Kyoiku Co., Ltd.

Notes:

1. Two Directors have changed their responsible areas as follows:

January 1, 2012

Hiroyuki Mukai: Executive Managing Director, General Manager of Sales Headquarters, Enterprise Industry Sales Division III

April 1, 2012

Hiroyuki Mukai: Executive Managing Director, General Manager of Sales Headquarters

Shinichi Nagakura: Executive Managing Director, in charge of Business Development Division, and President, CEO of transcocosmos America, Inc.

2. Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida are Outside Directors.
3. Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura are Outside Statutory Auditors.
4. Outside Statutory Auditor Toshiaki Nakamura is a certified public tax accountant and possesses considerable expertise and experience in finance and accounting.
5. The Company has designated Outside Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida, and Outside Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.

## (2) Outside Corporate Officers

- 1) Status of significant concurrent positions as executive officer held outside the Company and relation of said other organizations with the Company

Outside Director Takeshi Natsuno concurrently holds the positions of Director of PIA Corporation and Director of DWANGO Co., Ltd. The Company has business relationship with DWANGO Co., Ltd.

Outside Director Nozomu Yoshida concurrently holds the positions of Representative Director of nozomu.net and Odayaka Living Co., Ltd., and Director of Concent, Inc. and takibi, Inc. The Company has business relationship with takibi, Inc.

- 2) Status of significant concurrent positions as Outside Directors, etc. held outside the Company and relation of said other organizations with the Company

Outside Director Takeshi Natsuno concurrently holds the positions of Part-time Director of NTT Resonant Inc., Outside Director of Sega Sammy Holdings Inc., SBI Holdings, Inc. and GREE, Inc. The Company has business relationships with NTT Resonant Inc., SBI Holdings, Inc. and GREE, Inc.

Outside Director Jutaro Takinami concurrently holds the positions of Part-time Director of APPLIED TECHNOLOGY CO., LTD. and Outside Director of transcosmos Technologies Inc. Both companies are subsidiaries of the Company.

Outside Statutory Auditor Toshiaki Nakamura concurrently holds the position of Outside Statutory Auditor of Riso Kyoiku Co., Ltd. There is no special relationship between the Company and Riso Kyoiku Co. Ltd.

- 3) Liability Limitation Agreement with Outside Directors and Outside Statutory Auditors

The Company has entered into, with each of Outside Directors and with each of Outside Statutory Auditors, the liability limitation agreement, which limits liability for damage under Article 423, Paragraph 1 of the Corporation Law pursuant to the provisions of Article 427, Paragraph 1 of the Corporation Law.

The maximum amount of liability for damage under such agreement is 1 million yen or the amount provided for in Article 425, Paragraph 1 of the Corporation Law, whichever is higher, for Outside Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida; and 1 million yen or the amount provided for in Article 425, Paragraph 1 of the Corporation Law, whichever is higher, for Outside Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura.

### (3) Principal Activities of Outside Corporate Officers

Principal Activities at Board of Directors' and Board of Statutory Auditors' Meetings during the current fiscal year

Name of Outside Corporate Officers	Position	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings (Number of times)	Main comments
Takeshi Natsuno	Outside Director	13/13 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on the viewpoint of former director of listed companies and his wide knowledge and experience in Internet business.
Jutaro Takinami	Outside Director	13/13 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience in management of other companies for long term.
Nozomu Yoshida	Outside Director	12/13 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience in Internet business.
Kazushi Watanabe	Outside Statutory Auditor	13/13 14/14	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience on police duty for long term.
Toshiaki Nakamura	Outside Statutory Auditor	13/13 14/14	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience as a public tax accountant.

### (4) Remuneration paid to Directors and Statutory Auditors

Category	Number of Directors and Statutory Auditors paid	Amount paid
Directors (Outside Directors among the above)	10 (3)	256 million yen (42 million yen)
Statutory Auditors (Outside Statutory Auditors among the above)	4 (2)	30 million yen (12 million yen)
Total	14	286 million yen

Notes:

1. Amount paid includes Directors' bonuses of 15 million yen resolved at Board of Directors' Meeting held on May 15, 2012.
2. A resolution of the General Meeting of Shareholders limits the remuneration to Directors to 50 million yen per month. (Annual General Meeting of Shareholders held on June 27, 1997)
3. A resolution of the General Meeting of Shareholders limits the remuneration to Statutory Auditors to 5 million yen per month. (Annual General Meeting of Shareholders held on June 25, 1988)

## 5. Status of the Accounting Auditor

### (1) Name of the Accounting Auditor

Ernst & Young ShinNihon LLC

### (2) Remuneration paid to the Accounting Auditor during the current fiscal year

Total remuneration to be paid during the current fiscal year of the Company (Note)	110 million yen
Total amount of money and other profits from properties to be paid by the Company and its subsidiaries to the Accounting Auditor	175 million yen

Note: The Audit agreement between the Company and the Accounting Auditor does not separate or is unable to effectively separate audit remunerations for audits under the Corporation Law and audit remunerations for audits under the Securities and Exchange Law. Accordingly, the amount described above does not separate these two types of payment.

### (3) Matters concerning audits of subsidiaries

Among the major subsidiaries of the Company, transcosmos Korea Inc. underwent legal audits by certified public accountants or accounting auditor other than the Company's Accounting Auditor (including overseas accountants with qualifications similar to those of these accountants).

### (4) Summary of the Liability Limitation Agreement

Not applicable.

### (5) Policy on determining the dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor commits or causes any violations of or conflicts with the provisions of the Corporation Law, the Certified Public Accountant Law, or any other laws or regulations of Japan, or if there is any considerable doubt therefore, the Board of Directors will, after obtaining the consent of the Board of Statutory Auditors, submit a proposal for the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders. If any of the provisions of Article 340, Paragraph 1 of the Corporation Law applies to the Accounting Auditor, the Board of Statutory Auditors will dismiss the Accounting Auditor upon the unanimous approval of the Statutory Auditors. Further, the Board of Statutory Auditors may decide on the reappointment or non-reappointment by taking into consideration the length of years the Accounting Auditor has served in his or her office.

## **6. Corporate Structure and Policies**

### **(1) Corporate Structure to Ensure Legal Compliance and Compliance with the Articles of Incorporation in the Execution of Duties by Directors and Other Corporate Structure to Ensure the Properness of Operations**

- 1) Corporate structure to ensure legal compliance and compliance with the Articles of Incorporation in the execution of duties by Directors

In order to satisfy corporate social responsibility, compliance with laws and regulations, and compliance with the Articles of Incorporation, the Company ensures that Directors adhere to the Compliance Charter, the Code of Conduct, and the Compliance Rules in the execution of duties. The Company will further raise the awareness of all of the Directors on matters of compliance through training sessions on compliance and ensure the execution of duties based on these principles.

The Meeting of Board of Directors, which is to be held once a month in principle, will be operated in accordance to the Board of Directors Regulations. Communication among the Directors is encouraged, and the Directors will oversee the execution of one another's duties. The Statutory Auditors will also participate in the Board Meetings and oversee the execution of the duties of the Directors to ensure that such duties are performed in accordance with all relevant laws. Outside Directors will also be present at the Board Meetings and work to enhance management oversight functions.

Through the implementation of the laws and regulations related to internal control, the Company has once again drawn up a set of basic plans for the establishment of a stronger system for internal control, with the cooperation and support of attorneys, certified public accountants, and other external consultants.

- 2) System for the storage and management of information in relation to the execution of duties by the Directors

Important decision-making and reports are made in accordance with the Board of Directors Regulations.

Documents related to the execution of duties and other information shall be handled in compliance with the Document Management Rules, Information Management Rules, and Insider Trading Rules. Inspections will be carried out to confirm whether these rules are applied properly, and each rule will be reviewed as necessary.

The administrative work related to these matters, including the inspections to confirm whether the rules are applied and the reviews of the procedures, will be managed under the control of the General Manager of the Business Administration Division and reported to the Board of Directors in a timely manner.

To ensure efficient execution of business, the Company shall endeavor to further promote a system for the rationalization of business and implementation of the IT system.

- 3) Rules related to the management of the risk of loss and other systems

As stipulated under the Internal Audit Regulations, the Internal Audit Office, an organization under the direct supervision of the President, will prepare an audit plan based on careful consideration of the items to be audited and the audit methods, and conduct the audit in accordance with the plan.

If any breach of laws, regulations, or the Articles of Incorporation is found through an audit by the Internal Audit Office, or if any business act which may lead to a risk of loss due to other causes is found, the matter shall be reported immediately to the President.

The Compliance Department will be in charge of risk management in accordance with the basic rules on risk management.

Each department will conduct risk management in relation to its respective sector and build a system to report matters promptly to the Compliance Department in case a risk of loss is discovered. To facilitate the collection of risk information, the Company will familiarize employees with the importance of the existence of the Compliance Department and instruct them to promptly report any risk of loss they discover through the organization.

The information management system will be enhanced based on privacy marks and other personal information protection regulations.

#### 4) System to ensure the efficient execution of duties by the Directors

The Company will ensure the efficient performance of business and implement an assessment and remuneration system linked to the performance results by drawing up an annual plan, medium term management plan, etc., clarifying the objectives to be achieved by the Company, clarifying the organization and business targets with which each Director will be charged, and then by having the Board of Directors review the level of target achievements and feed back the results.

In accordance with the Board of Directors Regulations, the Rules on the Division of Authorities, and the Document Approval Rules, the Company will clarify the authoritative powers and the responsibilities of the Directors.

The Directors will manage and oversee the execution of business by the Executive Officers.

The Company will simplify its processes to ensure that decisions can be made promptly in accordance with the rules of management meetings. Decisions on significant matters shall be made promptly and with care at management meetings comprising the representative directors.

#### 5) System to ensure that the execution of duties by the employees complies with laws and regulations, and the Articles of Incorporation

The Company will see to it that all of employees are familiar with the Compliance Charter, Code of Conduct, and Compliance Rules, to ensure that the employees fulfill their social responsibilities and comply with all relevant laws and regulations, and the Articles of Incorporation in the execution of their duties.

Anti-social elements threatening the order and safety of civil society will be approached with a resolute attitude by the organization as a whole and an internal system excluding business and all other relationships with these elements shall be developed based on the Code of Conduct.

The Compliance Department will name an executive officer in charge of the department as the responsible person, and plan for and implement compliance programs regularly. The Company will raise employees' knowledge of compliance and create a mindset that adheres to compliance by holding training sessions on compliance and preparing and distributing manuals.

The Company will create hotlines in order to establish an environment in which internal whistleblowers may easily provide information.

#### 6) System to ensure the properness of operations by the Company group made up of the Company and its subsidiaries

In order to confirm whether there is any information suggestive of a risk to the Company group made up of the Company and its subsidiaries, the departments in charge of the Company's subsidiaries will take necessary measures for the management of the subsidiaries in accordance with the management rules of the affiliated companies, as called for by the situations of the subsidiaries.

If the departments in charge of the subsidiaries discover any risk of loss of the subsidiaries, it will promptly notify the representative directors of the details of the risk of loss discovered, the level of possible loss, and the influence on the Company.

The Company will dispatch its personnel as Directors or Statutory Auditors to the subsidiaries, and the dispatched directors will attend the Board of Directors' Meetings of the subsidiaries and manage the operations of the subsidiaries.

In order to prevent improper transactions or accounting procedures between the Company and the subsidiaries, the Internal Audit Office will conduct audits, as necessary.

The Group periodically holds a Statutory Auditors Group Meeting constituted of Standing Statutory Auditors of the Company and major subsidiaries and takes measures to raise efficiency and effectiveness of audits.

7) Matters related to employees appointed for the support of Statutory Auditors when so requested by Statutory Auditors

If the Statutory Auditors request the Company to appoint employees to assist them in their work, the representative directors will select one or more suitable employees promptly after considering the reasons for their assignment as assistants to the Statutory Auditors, the number of employees to assign, and the conditions and period of the assignment.

8) Matters related to the independence of the employees described in 7) above from Directors

Employees who are to assist the Statutory Auditors in their work will support the auditing business of the Statutory Auditors under the direction and supervision of the Statutory Auditors. Transfers, evaluation, and disciplinary measures of such employees shall be carried out with the prior consent of the Board of Statutory Auditors.

9) System for reporting to the Statutory Auditors by Directors and employees, and other systems for reporting to the Statutory Auditors

Directors and employees shall report to the Statutory Auditors regularly on the following items, and the Statutory Auditors will attend the Board of Directors' Meetings and other important meetings for briefing.

- Matters to be resolved and matters to be reported at the Board of Directors' Meetings
- Monthly, quarterly, and annual business results, earnings forecasts, and financial conditions
- Details of significant disclosure materials
- Significant organizational and personnel changes
- Matters that may cause material loss to the Company
- The Company's significant accounting principles, accounting standards, and any changes thereto
- Activities of the Internal Audit Office and the Compliance Department
- Other significant matters for approval, or for resolution

If any other event determined by the Statutory Auditors to require reporting occurs, it shall be promptly reported.

10) Other system to ensure that audits by the Statutory Auditors will be effectively conducted

The Directors and employees will work to deepen their understanding of the audits by the Statutory Auditors and to improve the environment for the audits by the Statutory Auditors.

The representative directors will exchange opinions regularly with the Statutory Auditors and establish a system to help the Statutory Auditors communicate efficiently with the Internal Audit Office and perform effective auditing services.

## 11) System to conduct timely and appropriate disclosures

The Company will keep the officers and employees well informed in accordance with the Timely Disclosure Rules, and establish a reporting line of disclosure information within the Company group consisting of the Company and the subsidiaries. The propriety of the details will be secured, and timely and appropriate disclosures will be achieved at the management meetings.

## (2) Basic Policy Regarding the Control of the Company

Basic Policy regarding persons who control decision on the Company's financial and business policies

### 1) Details of the Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and the common interests of its shareholders.

If any party proposes a purchase involving a transfer of corporate control of the Company, the Company believes that the decision on the proposed purchase shall be ultimately made based on the intent of the shareholders as a whole. Also, the Company would not reject a large-scale purchase of the Company's shares if it would contribute to ensuring and enhancing the Company's corporate value and the common interests of its shareholders. Nonetheless, there are several forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders, such as the following: those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's Board of Directors and shareholders to consider the terms of the large-scale purchase, or for the target company's Board of Directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for the shareholders than those presented by the acquirer.

The Company places importance on the level of customer satisfaction, and strives to maintain and improve its corporate value. The Company thinks that the source of its corporate value lies in: (a) its comprehensive technological capabilities which it has accumulated since its foundation as a pioneer in the information processing outsourcing business, (b) the existence of people who can fuse state-of-the-art technologies in quick response to environmental changes and (c) various stable and long-term relationships with customers which were built by utilizing the strength as an independent corporation. If these sources of the corporate value are not understood and these elements are not secured and improved over the mid-to-long-term by the acquirer of a proposed large-scale purchase of the Company's shares, the Company's corporate value and the common interests of its shareholders will be harmed. The Company believes that it is necessary to ensure its corporate value and the common interests of its shareholders by taking necessary and reasonable countermeasures against such abusive purchases.

### 2) Summary of specific measures to realize the Basic Policy

- a) Special measures to realize the Basic Policy such as effective use of the Company's assets and proper formation of the Company group

#### **Medium-term Management Plan, etc.**

The Company, with the understanding of the sources of its corporate value, will endeavor to improve the corporate value of the Company and common interest of shareholders by implementing the following measures under the principle of "customer first" which it has upheld since its foundation.

- (i) Provision of services to globalizing market

Since the Company launched its business in China in 1995 and entered the system development market (offshore development) providing high quality services at a low cost, it has accelerated the structuring and development of the service system in the global market such as local call center services, digital marketing

services, and business process outsourcing services. In preparation for globalization of client needs, the Company will strive to strengthen its global competitiveness by promoting globalization of its core business, i.e., call center services, establishing call center bases in Asia including China, South Korea, and Thailand. In addition, the Company has formed a business and capital alliance with the British BPO company Merlin Information Systems Group Limited (headquartered in Buckingham, U.K.) with the aim of improving multi-language support, enabling the Company to offer call center services in a total of 18 languages for English-speaking and European language countries in addition to Asian-language countries such as China, South Korea and Thailand.

(ii) Provision of services specific to business categories and operations

The business environment is changing rapidly as indicated in amendments to laws. With the changes in the business environment, needs in outsourcing have diversified and issues specific to each industry sector and business category have been revealed. In order to provide comprehensive and global support to help companies boost sales and reduce costs, which are critical issues common to all enterprises, the Company will designate Marketing & Sales and BPO (Business Process Outsourcing) as its new business fields and provide a variety of outsourcing services in these fields.

(iii) Provision of services with high value-added and high quality in cooperation with Group companies

The Company has not only its original services but also various subsidiaries that are highly specialized in their analytical abilities and technology. The Company will seek to provide high value-added and high quality services by strengthening cooperation with Group companies and creating higher business synergy based on the management ability of the Company's personnel, and strengthen its cost competitiveness with its originality and comprehensive ability.

### **To strengthen its corporate governance**

In order to realize transparent and fair management, the Company's policy is to limit the tenure of directors to one year. In addition, it has strengthened the monitoring function on management by making three out of ten directors be independent outside directors. Also, it has introduced an executive officer system in an attempt to enhance its responsiveness to changes in the business environment by expediting the decision-making process. The Board of Statutory Auditors consists of four Statutory Auditors including two Outside Statutory Auditors, and they attend important meetings such as the Board of Directors meetings and conduct audits on the Company and subsidiaries in and outside Japan, auditing the execution of duties by Directors. The Company has registered three Outside Directors and two Outside Statutory Auditors with the Tokyo Stock Exchange as independent executives.

(b) Measures to prevent inappropriate persons from controlling the financial and business policy decisions of the Company in light of the basic policy

(i) The Company introduced a plan as a countermeasure to any act of substantial acquisition of the Company shares (countermeasure to acquisition) (the "Plan") as of July 1, 2009. This was based on the resolution of the Board of Directors Meeting held on May 20, 2009 and the resolution of the 24<sup>th</sup> Annual General Meeting of Shareholders held on June 25, 2009. A summary of the Plan is shown in (ii) below.

(ii) Summary of the Plan

A. Purpose of the Plan

The Board of Directors of the Company, as stipulated by the basic policy, thinks that persons who conduct a substantial acquisition of the Company shares which does not contribute to the corporate value of the Company or the common interest of shareholders are inappropriate as persons who control decisions relating to the Company's finance and businesses. The Plan is intended to make it possible to propose alternative plans to shareholders when a substantial acquisition of the Company shares is conducted, secure information and time necessary for shareholders to determine whether to respond to such substantial acquisition or negotiate for shareholders, in order to prevent any substantial acquisition that would impair

the corporate value of the Company and the common interest of shareholders.

#### B. Purchase, etc. Targeted

The Plan applies to a purchase or other form of acquisition of the Company shares that falls under (a) or (b) below, an act similar to these, or a proposal thereof (the “Purchases,” this includes an act of soliciting purchase to a third party; however, cases in which the board of directors of the Company allows not to apply the Plan are excluded) is conducted.

(a) Purchase or other form of acquisition of shares and other securities which the Company issues in which the shareholding thereof would be 20% or more

(b) Takeover bid of shares and other securities which the Company issues and in which the shareholding thereof of the holder and persons in a special relationship would be 20% or more

#### C. Procedure to implement the Plan

Persons who want to make the Purchases (the “Purchaser”) shall submit a document which includes a pledge to comply with the process of the Plan in a format the Company specifies separately before starting or exercising the Purchases. They shall also submit a document (the “Purchase Statement”) which describes certain necessary information for the judgment of shareholders following the format which the Company delivers. The Board of Directors of the Company shall, when it receives the Purchase Statement, promptly submit this to the Independent Committee.

If the Independent Committee decides that the description in the Purchase Statement is insufficient as necessary information, it may request the Purchaser to submit additional information with a due date for response. And the Independent Committee shall examine the details of the Purchase, collect and compare information on the management plans and business plans of the Purchasers and the Board of Directors of the Company, review alternative plans which the Board of Directors of the Company proposes and discuss and negotiate with the Purchaser until up to 60 days have passed, as a general rule, after the time it receives information from the Purchaser and the Board of Directors of the Company (including what it requested to submit additionally).

After that, if the Independent Committee determines that the Purchase constitutes a reason to implement the Plan stipulated in D. below, it shall advise the Board of Directors of the Company to provide free allocation of stock subscription rights as an implementation of the Plan. If the applicability of event for implementation 2 (the “Event for Implementation 2”) of the events for implementation stipulated in D. below is disputed, the Independent Committee may add a reservation to require confirmation by shareholders in implementing the free allocation of stock subscription rights.

In addition, in implementing the free allocation of stock subscription rights following the Plan, the Board of Directors of the Company may convene the Shareholders Meeting and confirm the intentions of shareholders on the implementation of the free allocation of stock subscription rights if (i) the Independent Committee adds a reserve to require confirmation by Shareholders Meeting in implementing the free allocation of stock subscription rights or (ii) the applicability of the Event for Implementation 2 is at issue for the Purchase, and the Board of Directors decides that it is appropriate to confirm the intention of shareholders in light of the duty of care of a good manager in consideration of time and other constraints needed to convene a Shareholders Meeting.

The Board of Directors of the Company shall place utmost importance on the recommendation by the Independent Committee stated above, and make a resolution to implement or not implement the free allocation of stock subscription rights, and if the aforementioned resolution of the Shareholders Meeting exists, follow the resolution.

#### D. Requirements for free allocation of stock subscription rights

The requirements for implementing free allocation of stock subscription rights by implementing the Plan are as follows.

##### Event for implementation 1

The Purchase does not follow the process stipulated by the Plan (including a case where time and information reasonably needed to judge the details of the Purchase are not provided), and it is appropriate

to implement a free allocation of stock subscription rights.

#### Event for implementation 2

Any of the following applies, and it is appropriate to implement a free allocation of stock subscription rights.

(a) There is a possibility that the Purchase may cause clear infringement on the corporate value of the Company and common interest of shareholders by the following acts:

- (i) an act of buying shares and demanding the Company to purchase them back at higher prices
- (ii) an act of temporarily controlling the management of the Company and conducting management to realize a profit for the Purchaser at the expense of the Company, for example by acquiring important assets of the Company at a bargain
- (iii) an act of diverting Company assets as collateral or source of repayment of debts of the Purchaser or its group company
- (iv) an act of temporarily controlling the management of the Company, disposing of expensive assets which are not related to the business of the Company at the moment, paying temporarily high dividends using the proceeds from the sale or selling shares at higher prices after waiting for the stock price to surge as a result of the temporarily high dividends

(b) There is a possibility that the Purchase may virtually coerce shareholders to sell their shares in ways such as a two-stage involuntary purchase (purchasing shares of takeover bid without soliciting purchase of all shares at the first purchase and setting terms for purchase unfavorably at the second stage or without making them clear).

(c) Terms of purchase (including the purchase price and type, timing, legality of the method, feasibility or policies relating to other shareholders of the Company, employees, customers, business partners and other stakeholders of the Company after the Purchase) are not sufficient or not appropriate in light of the intrinsic value of the Company.

(d) The purchase may cause serious risk of infringing on the corporate value of the Company or the common interest of shareholders by impairing the scheme (combination of superior human resources and the most up-to-date technological capabilities) which is indispensable for creating the corporate value of the Company or the relationship with employees, customers or business partners.

#### E. Other

The stock subscription right which will be allocated to shareholders in accordance with the Plan can be exercised by paying the amount determined separately by the Board of Directors of the Company or the Shareholders Meeting within the range between the lower limit of one yen and the upper limit of 50% of the market price of one share of the stock of the Company. In addition, one share of common stock can be acquired by the exercise as a general rule. Further, a term of exercise that an exercise of right by the Purchaser and its related parties is not permitted as a general rule and a term of acquisition that the Company can acquire a stock subscription right from the Purchaser and its related parties in exchange for one share of the stock of the Company are attached.

The effective period of the Plan is from July 1, 2009 to the conclusion of the Annual Shareholders Meeting associated with the last of the fiscal years that end within three years after the conclusion of the 24<sup>th</sup> Annual Shareholders Meeting. However, even prior to the termination of the effective period, if a resolution to withdraw the authorization of the Board of Directors on decision related to free allocation of stock subscription rights in relation to the Plan is made by Shareholders Meeting of the Company, or if a resolution to abolish the Plan is made by the Board of Directors, the Plan shall be abolished at the time.

(3) Judgment of the Board of Directors of the Company on the measures in (2) and the reasons therefor

The Medium-term Management Plan and various measures such as the enhancement of corporate government of the Company are developed as specific measures to continuously and sustainably improve the corporate value of the Company and the common interest of shareholders, and are consistent with the Company's basic policy.

In addition, the Plan is a framework to ensure the corporate value of the Company and the common interest of shareholders in the event of Purchase of the Company shares, and is consistent with the basic policy. And it values the intention of shareholders in that it received the approval of shareholders when it was introduced, that it is designed to confirm the intention of shareholders as to implement the Plan in certain cases, that it is attached with a so-called “sunset” provision, under which the effective period is set to be about three years, and that the Plan can be abolished anytime before the termination of the effective period, by the shareholders meeting or the Board of Directors of the Company. Moreover, its fairness and objectivity are secured in that reasonable and objective requirements are provided with respect to the implementation of the Plan, that the Independent Committee consisting of outside directors independent of the management is established and implementation of the Plan is required to go through the judgment by the Independent Committee, that the Independent Committee can use third party experts and others and obtain advice, and that the tenure of Director of the Company is limited to one year.

Therefore, the Plan serves to enhance the corporate value of the Company and the common interest of shareholders, and is not intended to preserve the positions of the Company executives.

The Company plans to introduce a proposal, “Renewal of a plan for countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures)”, which will renew the aforementioned initiatives, at the 27<sup>th</sup> Annual General Meeting of Shareholders. For the details of this proposal, please refer to the Reference Documents for the Annual General Meeting of Shareholders in this Notice of the 27<sup>th</sup> Annual General Meeting of Shareholders.

### **(3) Policies on the Decision on Dividend of Surplus**

The Company positions redistribution of profits to shareholders as one of its most important management policies. With regard to dividend policy, the Company adopts a policy to emphasize dividend propensity linked to business performance, and its basic policy is to improve the market value of the Company stock as a result of redistributing profits to shareholders.

We plan to pay a dividend of 37.00 yen per share for the fiscal year based on the aforementioned policy.

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Note: Amounts shown in this Business Report are rounded down to the unit.

## Attached document (2)

**Consolidated Balance Sheet**  
(As of March 31, 2012)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>66,696</b>	<b>Current liabilities</b>	<b>32,845</b>
Cash and deposits	36,585	Accounts payable—trade	4,840
Notes and accounts receivable—trade	24,571	Short-term bank loans	695
Merchandise and finished goods	11	Current portion of bonds	1,070
Work and software in progress	520	Current portion of long-term bank loans	9,059
Supplies	22	Accounts payable	2,868
Deferred tax assets	3,429	Accrued expenses	6,688
Other	1,926	Income taxes payable	852
Allowance for doubtful accounts	(372)	Accrued consumption tax	1,779
<b>Fixed assets</b>	<b>26,441</b>	Advances received	850
<b>Tangible fixed assets</b>	<b>7,025</b>	Accrued bonuses for employees	3,232
Buildings and structures	3,412	Other	908
Vehicles and transportation equipment	13	<b>Fixed liabilities</b>	<b>11,473</b>
Tools, furniture and fixtures	2,176	Bonds	590
Land	1,140	Long-term bank loans	7,891
Lease assets	251	Reserve for retirement benefits	147
Construction in progress	31	Reserve for loss on litigation	2,555
<b>Intangible fixed assets</b>	<b>1,737</b>	Long-term security deposits received	44
Goodwill	244	Other	244
Software	1,164	<b>Total liabilities</b>	<b>44,318</b>
Lease assets	39	<b>Net Assets</b>	
Software in progress	38	<b>Shareholders' equity</b>	<b>47,553</b>
Other	250	<b>Common stock</b>	<b>29,065</b>
<b>Investments and other assets</b>	<b>17,679</b>	<b>Capital surplus</b>	<b>20,510</b>
Investment in securities	5,050	<b>Retained earnings</b>	<b>13,900</b>
Investment in stocks of unconsolidated subsidiaries and affiliates	3,386	<b>Treasury stock</b>	<b>(15,923)</b>
Investment in other securities of unconsolidated subsidiaries and affiliates	76	<b>Accumulated other comprehensive income</b>	<b>(2,236)</b>
Investment in unconsolidated subsidiaries and affiliates	671	<b>Unrealized gain on securities</b>	<b>688</b>
Long-term loans receivable	163	<b>Foreign currency translation adjustment</b>	<b>(2,924)</b>
Deferred tax assets	144	<b>Minority interests</b>	<b>3,502</b>
Security deposits	4,510		
Prepaid pension costs	956		
Other	3,020		
Allowance for doubtful accounts	(303)		
<b>Total assets</b>	<b>93,137</b>	<b>Total net assets</b>	<b>48,819</b>
		<b>Total liabilities and net assets</b>	<b>93,137</b>

Note: Figures less than one million yen are rounded down to the nearest million.

## Attached document (3)

**Consolidated Statement of Income**

(from April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>161,208</b>
<b>Cost of sales</b>		<b>131,598</b>
<b>Gross Profit</b>		<b>29,609</b>
<b>Selling, general and administrative expenses</b>		<b>20,890</b>
<b>Operating income</b>		<b>8,719</b>
<b>Non-operating income:</b>		
Interest income	61	
Dividend income	17	
Equity in earnings of affiliated companies	323	
Gain on valuation of derivatives	182	
Employment development subsidy	193	
Other	242	1,020
<b>Non-operating expenses:</b>		
Interest expenses	392	
Foreign exchange losses	241	
Other	134	768
<b>Ordinary income</b>		<b>8,970</b>
<b>Extraordinary gains:</b>		
Gain on sale/disposal of investment in securities	163	
Company establishment subsidies	106	
Gain on changes in equity	81	
Other	34	385
<b>Extraordinary losses:</b>		
Loss on disposal of fixed assets	70	
Impairment loss	183	
Loss on write-down of investment in securities	90	
Other	105	450
<b>Income before income taxes and minority interests</b>		<b>8,905</b>
Income taxes—current	864	
Income taxes—deferred	2,501	3,366
Income before minority interests		5,539
Minority interests in net income of subsidiaries		570
<b>Net income</b>		<b>4,969</b>

Note: Figures less than one million yen are rounded down to the nearest million.

Attached document (4)

**Consolidated Statement of Changes in Net Assets**

(from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	29,065	20,510	10,289	(15,922)	43,943
Change during the fiscal year					
Dividend of surplus			(1,357)		(1,357)
Net income			4,969		4,969
Acquisition of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		0	0
Net change in items other than shareholders' equity during the fiscal year					–
Total change during the fiscal year	–	(0)	3,611	(0)	3,610
Balance at the end of the fiscal year	29,065	20,510	13,900	(15,923)	47,553

Note: Figures less than one million yen are rounded down to the nearest million.

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Unrealized gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	(149)	(2,752)	(2,902)	3,369	44,410
Change during the fiscal year					
Dividend of surplus					(1,357)
Net income					4,969
Acquisition of treasury stock					(1)
Disposal of treasury stock					0
Net change in items other than shareholders' equity during the fiscal year	837	(172)	665	132	798
Total change during the fiscal year	837	(172)	665	132	4,408
Balance at the end of the fiscal year	688	(2,924)	(2,236)	3,502	48,819

Note: Figures less than one million yen are rounded down to the nearest million.

## Notes to Consolidated Financial Statements

### **Basis of preparation of consolidated financial statements**

#### 1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 47

The names of principal consolidated subsidiaries

J-Stream Inc., APPLIED TECHNOLOGY CO., LTD., transcosmos Korea Inc., transcosmos CRM Okinawa Inc.

Changes in our consolidated subsidiaries during the fiscal year under review are as follows:

(Excluded)

- Larc ccp12 toudshijgyokumiai (dissolution completed on September 28, 2011)
- Beijing transcosmos Technologies Co., Ltd. (dissolution completed on November 2, 2011)

(2) Names of principal non-consolidated subsidiaries

transcosmos design development (Dalian) Co., Ltd. and others

(Reason for exclusion from the scope of consolidation)

All non-consolidated subsidiaries are small in size, and each item of their total assets, net sales, net income (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) is not substantial, and do not have a material impact on the consolidated financial statements.

#### 2. Application of equity method

(1) Number of affiliates: 16

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method  
NetRatings Japan Inc., Forecast Communications Inc.

- (2) Unconsolidated subsidiaries to which the equity method is not applied (transcosmos Design and Development (Dalian) Limited and others) are excluded from the scope of application of the equity method as their impact on net income or loss (amount proportional to the ownership) and retained earnings (amount proportional to the ownership) is infinitesimal, and has low importance as a whole.

- (3) For those subsidiaries accounted for by the equity method that have different account closing dates from the Company, financial statements are stated according to fiscal year of the respective companies.

#### 3. Fiscal year, etc. of the consolidated subsidiaries

Following are the consolidated subsidiaries with different account closing dates from the Company.

(Account closing date: December 31)

- APPLIED TECHNOLOGY CO., LTD.
- CCP Mezzanine 2006 Toushijigyokumiai
- CCP-Biotech 3 toushijigyokumiai
- CCP-Global Fund I
- transcocosmos Information Creative Japan
- transcocosmos America, Inc.
- transcocosmos Information Creative (China) Co., Ltd.
- transcocosmos Information System (Shanghai) Co., Ltd.
- transcocosmos MCM Shanghai Co., Ltd.
- transcocosmos Information Creative Holdings.
- Transcocosmos Digital Marketing Cayman Co., Ltd.
- transcocosmos Korea Inc.
- Shine Harbour Ltd.
- transcocosmos (Thailand) Co., Ltd.
- transcocosmos CC China
- Beijing transcocosmos Interactive Services Co., Ltd.
- Suzhou transcocosmos Information Creative Co., Ltd.
- transcocosmos business service outsourcing suzhou Co., Ltd.
- Transcocosmos Investment Consulting (Beijing) Co., Ltd. Investment Consulting
- Shanghai transcocosmos Interactive Services Co., Ltd.
- Wuxi transcocosmos Interactive Services Co., Ltd.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries as of its account closing date. In the case of significant transactions that took place between the account closing dates of the consolidated subsidiaries and the consolidated account closing date, necessary adjustments are made for consolidation purposes.

(Account closing date: Others)

Names of company	Account closing dates
• CCP-Global Fund II	May 31
• CAREER INCUBATION, INC.	September 30

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries prepared on the basis of the provisional closing of account as of the consolidated account closing date.

#### 4. Significant accounting policies

##### (1) Standards and methods of valuation of securities

###### Other available-for-sale securities

Securities with market value.....Market value method based on the market price as of the consolidated account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Securities without market value.....Stated at cost using the moving-average method.

###### Investments to limited liability partnership for investment, etc.

The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

(2) Derivative transactions..... Market value method

(3) Standards and method of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise and finished goods..... Gross average method

Work and software in progress ..... Specific cost method

Supplies..... Cost using the last-purchase-price method

(4) Depreciation methods for fixed assets

Tangible fixed assets

(excluding lease assets) ..... Buildings (excluding building fixtures)  
a) Buildings acquired on or before March 31, 1998  
Depreciated using the old declining-balance method.  
b) Buildings acquired between April 1, 1998 and March 31, 2007  
Depreciated using the old straight-line method.  
c) Buildings acquired on or after April 1, 2007  
Depreciated using the straight-line method.

Other property and equipment

a) Other property and equipment acquired on or before March 31, 2007  
Depreciated using the old declining-balance method.

b) Other property and equipment acquired on or after April 1, 2007  
Depreciated using the declining-balance method.  
For a part of the Company's call center facilities (furniture and fixtures), straight-line method according to economic useful life (approximately 50% shorter than the statutory useful life) is used. Overseas consolidated subsidiaries mainly use the straight-line method.  
In addition, items acquired on or before March 31, 2007 are depreciated using the straight line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible fixed assets

(excluding lease assets) ..... Depreciated mainly using the straight-line method.  
As for software for in-house use, the straight-line method is used with a useful life of 5 years. Software for commercial sale is depreciated based on the quantity expected to be sold within 3 years after being put on the market. If the amount of depreciation is less than the amount of even installment based on the remaining life, it is depreciated with the amount not less than the even installment.

Lease assets ..... Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee.  
 These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

(5) Standards of accounting for significant allowances, accruals and reserves

Allowance for doubtful accounts ..... Allowance for estimated uncollectible amounts are calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Accrued bonuses for employees ..... Accrued bonuses for employees of the Company and domestic consolidated subsidiaries is calculated based on the estimates of bonus obligations for the current fiscal term.

Accrued bonuses for directors ..... Accrued bonuses for directors are provided based on the estimates of bonus obligations attributable to the current fiscal term.

Reserve for retirement benefits ..... Reserve for retirement benefits for employees of the Company and certain consolidated subsidiaries is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.  
 Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.  
 Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.

Reserve for loss on litigation ..... To provide for loss regarding lawsuits involving consolidated subsidiaries of the Company, the monetary loss that could occur in the future is estimated and the amount deemed necessary is posted.

(6) Other important issues which are bases for preparing consolidated financial statements

1) Translation of significant foreign-currency-denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate as of the account closing date of each company. The resulting exchange differences

have been recorded as a component of “foreign currency translation adjustment” and “minority interests” in the section of Net Assets.

2) Significant hedge accounting

- (i) Hedge accounting method.....Deferred accounting treatment is applied.  
Special accounting rules are applied to interest swap transactions which conform to requirements of special accounting rules.
- (ii) Means for hedging and hedged items.....Means for hedging: Interest rate swaps  
Hedged items: Bank loans
- (iii) Hedging policy .....Interest rate swap transactions are conducted to avoid interest rate fluctuation risks in accordance with the internal rules.
- (iv) Assessment method of effectiveness of hedges  
The assessment of effectiveness is omitted because the requirements for exceptional accounting are met.

- 3) Accounting for consumption taxes .....Consumption tax and local consumption tax are accounted for by the tax exclusion method.

4) Basis for recording significant revenues and expenses

Basis for recording revenues and expenses on software produced on orders

The percentage of completion method (the cost-to-cost method, etc. for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year ended March 31, 2012, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

5) Method and period of amortization of goodwill and negative goodwill

Goodwill and negative goodwill incurred on or before March 31, 2010 are amortized by equal installments over 5 years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

5. Change in presentation

Consolidated statement of income

“Equity in earnings of affiliates” (75 million yen in the previous fiscal year), which was included in “Other” in Non-operating income in the previous fiscal year, was separately presented in the current fiscal year because it has become significant in terms of amount.

“Company establishment subsidies” (134 million yen in the previous fiscal year), which was included in “Other” in Extraordinary gains in the previous fiscal year, was separately presented in the current fiscal year because it has become significant in terms of amount.

“Gain on sale/disposal of fixed assets” (2 million yen in the current fiscal year) and “Loss on sale/disposal of fixed assets” (0 million yen in the current fiscal year), which were separately presented in Extraordinary gains and Extraordinary losses, respectively, in the previous fiscal year, were included in “Other” in Extraordinary gains and “Other” in Extraordinary losses, respectively, in the current fiscal year because they have become insignificant in terms of amount.

## 6. Additional information

Effective on April 1, 2011, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections”, (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections”, (ASBJ Guidance No. 24, December 4, 2009), to make changes in accounting principles and corrections of errors of the previous years.

### Notes to the Consolidated Balance Sheet

- Assets pledged as collateral:  
Bank deposit ¥1 million
- Accumulated depreciation of tangible fixed assets ¥12,110 million
- Contingent liabilities  
Alfresa Pharma Corporation and Mitsubishi Tanabe Pharma Corporation filed a suit against the Company in the Tokyo District Court for damages in the amount of 1,474 million yen concerning the investigational new drug assignment work ordered by the said companies on February 18, 2011. With regard to this lawsuit, on January 23, 2012, the plaintiff filed for an expansion of the scope of the claim and accordingly, the claimed amount of damages was changed to 2,501 million yen. The Company intends to clearly state its claims in the court.

### Notes to the Consolidated Statement of Changes in Net Assets

#### 1. Total number of shares issued

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	48,794,046	—	—	48,794,046

#### 2. Treasury sock

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,648,617	1,165	73	7,649,709

#### (Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 1,165 shares

Details of number of shares decreased are as follows.

Decrease due to sale of shares less than one unit: 73 shares

### 3. Dividends

#### (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2011	Common stock	1,357	33	March 31, 2011	June 29, 2011

#### (2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2012	Common stock	Retained earnings	1,522	37	March 31, 2012	June 28, 2012

### Notes on financial instruments

#### 1. Matters related to the status of financial instruments

##### (1) Policy on financial instruments

The Company Group makes investments in stocks based upon the request of business promotions including business or capital tie-up, or invests excess funds in financial instruments such as deposits whose principles are secured, as a basic policy.

In order to obtain funding, the Company selects the most adequate financial instruments, including bank borrowings, bond issuance or stock issuance, depending on the situations. And derivatives are used in interest rate swap, currency swap and currency forward transactions to hedge against market risks and the Company has a policy not to use derivatives for speculation.

##### (2) Details, risks and risk management of financial instruments

Notes and accounts receivable-trade, which are operating receivables, are exposed to customers' credit risks. With regard to these risks, we manage maturities and balances for each business partner and strive to find out early and mitigate concerns for collection due to deteriorating financial circumstances. Investment in securities mainly consists of stocks related to operations and capital alliances. Although these are exposed to market fluctuation risk and issuers' credit risks, we grasp the market prices and obtain issuers' financial statements on a regular basis and we grasp the market prices and obtain issuers' financial statements on a regular basis. At the same time, we properly review the values of investment and make efforts to collect the investment values.

Most of accounts payable-trade and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term bank loans out of loans payable are mainly financing for operational transactions; long-term bank loans (less than 5 years as a general rule) and bonds are financing for long-term investments such as capital investments. Among them, part of

long-term bank loans have floating interest rates and are exposed to interest rate fluctuation risk, therefore they are hedged using derivatives (interest rate swap transactions). Those hedged items that meet the requirements for exceptional accounting of interest rate swap are assessed for effectiveness by judging them, and those which do not meet the requirements for exceptional accounting are assessed by comparing the accumulated market changes of the hedged assets and hedging instruments and based on the changes of both.

The planning, execution and management of derivatives are conducted by the specialized department based upon the proper procedures in accordance with the approval policy. Also, in using derivatives, we conduct transactions only with financial institutions with a high credit rating to mitigate credit risks.

As to operational debts and bank loans, the Company Group manages them by having each company prepare monthly cash flow plans in order not to detract the creditability of the Company Group. The Company Group also has commitment-line contracts in place in order to ensure to fulfill all obligations.

### (3) Supplemental explanations of matters related to fair value of financial instruments

The contract amount with respect to derivatives in “2. Matters related to fair values of financial instruments” does not itself represent the volume of market risk on derivatives.

### 2. Matters related to fair values of financial instruments

The recorded amounts on the consolidated financial statements, fair values and the differences of these as of March 31, 2012 are as follows. Financial instruments whose fair values are extremely difficult to determine are not listed in the following table.

(Million of yen)			
	Recorded amount on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	36,585	36,585	—
(2) Notes and accounts receivable- trade	24,571	24,571	—
(3) Securities and investment in securities			
Other available-for-sale securities	2,356	2,356	—
(4) Accounts payable-trade	(4,840)	(4,840)	—
(5) Short-term bank loans	(695)	(697)	(2)
(6) Accrued expenses	(6,688)	(6,688)	—
(7) Bonds	(1,660)	(1,677)	(17)
(8) Long-term bank loans	(16,951)	(17,130)	(179)
(9) Derivatives			
(i) Those to which hedge accounting is not applied	—	(136)	(136)
(ii) Those to which hedge accounting is applied	—	—	—

\*Items recorded in Liabilities are marked with ( ).

Note 1: Measurement of fair value of financial instrument and matters related to securities and derivatives

#### (1) Cash and deposits and (2) Notes and accounts receivable-trade

As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(3) Securities and investment in securities

With regard to the fair values of securities and investment in securities, market prices at stock exchanges are used for stocks and prices provided by banks are used for bonds.

(4) Accounts payable-trade, and (6) Accrued expenses

As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(5) Short-term bank loans

The fair values of short-term bank loans are measured by the present value of future cash flows of each debt categorized according to a certain range of term, and discounted by rates which incorporate terms to repayment dates and credit risks.

(7) Bonds

The fair values of bonds that the Company issued are measured by the present value of the sums of principal and interest discounted by rates which incorporate terms to repayment dates and credit risk.

(8) Long-term bank loans

The fair values of long-term bank loans are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account. Long-term bank loans with floating rates are the hedged item of interest rate swaps under special accounting treatment (see (9) below). The fair values of these loans are measured based upon the present values obtained by discounting the total amount of principals and interests, which are accounted for together with associated interest rate swaps, at a rate with term to maturity and credit risk taken into account.

(9) Derivatives

(i) Those to which hedge accounting is not applied

With regard to derivatives, the contract amount as of the settlement date or principal equivalent stipulated by contract, fair value, unrealized profits and losses and the measurement method of the fair values for each type of underlying asset of counterparty are as follows.

(Millions of yen)

Type of underlying asset	Category	Type of derivative	Contract amount		Fair value	Unrealized profits and losses
				Longer than one year		
Currency	Transactions other than market transactions	Currency swap U.S. dollar	1,778	-	(136)	(136)
Total			1,778	-	(136)	(136)

Note: Measurement of fair value: ..... Measured based on prices provided by financial institutions with which the Company has an account

(ii) Those to which hedge accounting is applied

Interest rate swaps which qualify for special accounting treatment are accounted for as an integral part of long-term bank loans, a hedged item. Thus, their fair values are included in the fair value of long-term bank loans. (see (8) above).

Note 2: Unlisted equity securities (Consolidated balance sheet amount: 2,694 million yen) are not included in the above "(3) Securities and investment securities, Other available-for-sale securities" since their market price is not available, it is not possible to estimate the future cash flows, and the assessment of their fair values is deemed extremely difficult.

**Notes regarding per share data**

1. Net assets per share	1101.41 yen
2. Net income per share	120.77 yen

**Notes regarding significant subsequent events**

On May 2, 2012, the Company entered into a share transfer agreement with CyberSource Corporation, under which the Company transfers all shares of CyberSource KK, an equity method affiliate of the Company, to CyberSource Corporation, the parent company of CyberSource KK.

As a result, the Company will recognize a gain on sale/disposal of investment in unconsolidated subsidiaries and affiliates of 1,078 million yen in Extraordinary gains for the first quarter of the fiscal year ending March 31, 2013.

## Attached document (5)

**Non-Consolidated Balance Sheet**

(As of March 31, 2012)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
<b>Current assets</b>	<b>52,599</b>	<b>Current liabilities</b>	<b>27,283</b>
Cash and deposits	27,682	Accounts payable—trade	5,290
Notes receivable	29	Short-term bank loans payable	200
Accounts receivable—trade	20,152	Current portion of bonds payable	1,050
Merchandise	1	Current portion of long-term bank loans payable	9,016
Work and software in progress	102	Accounts payable	1,117
Supplies	9	Accrued expenses	5,311
Advances	104	Income taxes payable	262
Prepaid expenses	537	Accrued consumption tax	1,292
Short-term loans	200	Advances received	435
Accounts receivable—other	107	Deposits received	237
Deferred tax assets	3,160	Accrued bonuses for employees	2,869
Other	516	Accrued bonuses for directors	15
Allowance for doubtful accounts	(7)	Other	184
<b>Fixed assets</b>	<b>30,532</b>	<b>Fixed liabilities</b>	<b>11,123</b>
<b>Tangible fixed assets</b>	<b>2,545</b>	Bonds	550
Buildings	920	Long-term bank loans	7,452
Structures	10	Long-term security deposits received	21
Tools, furniture and fixtures	1,168	Reserve for loss on litigation	2,555
Land	373	Other	544
Lease assets	69		
Construction in progress	3		
<b>Intangible fixed assets</b>	<b>1,043</b>	<b>Total liabilities</b>	<b>38,406</b>
Goodwill	164		
Software	761		
Lease assets	20		
Telephone rights	89		
Software in progress	6		
<b>Investments and other assets</b>	<b>26,944</b>	<b>Net Assets</b>	
Investment in securities	6,503	<b>Shareholders' equity</b>	<b>44,294</b>
Investment in stocks of subsidiaries and affiliates	12,524	<b>Common stock</b>	<b>29,065</b>
Investment in other securities of subsidiaries and affiliates	129	<b>Capital surplus</b>	<b>20,510</b>
Investment in subsidiaries and affiliates	831	Other capital surplus	20,510
Long-term loans receivable from subsidiaries and affiliates	1,396	<b>Retained earnings</b>	<b>10,641</b>
Prepaid pension costs	956	Legal retained earnings	511
Litigation related suspense payments	2,617	Other retained earnings	10,130
Deferred tax assets	224	Unappropriated retained earnings	10,130
Security deposits	2,934	<b>Treasury stock</b>	<b>(15,923)</b>
Other	358	<b>Valuation and translation adjustments</b>	<b>430</b>
Allowance for doubtful accounts	(1,533)	<b>Net unrealized gain (loss) on securities</b>	<b>430</b>
		<b>Total net assets</b>	<b>44,725</b>
<b>Total assets</b>	<b>83,132</b>	<b>Total liabilities and net assets</b>	<b>83,132</b>

Note: Figures less than one million yen are rounded down to the nearest million.

Attached document (6)

**Non-Consolidated Statement of Income**

(from April 1, 2011 to March 31, 2012)

(Millions of yen)

Account item	Amount	
<b>Net sales</b>		<b>129,394</b>
<b>Cost of sales</b>		<b>108,226</b>
<b>Gross Profit</b>		<b>21,168</b>
<b>Selling, general and administrative expenses</b>		<b>14,671</b>
<b>Operating income</b>		<b>6,497</b>
<b>Non-operating income:</b>		
Interest income	55	
Dividend income	53	
Employment development subsidy	89	
Reversal of allowance for doubtful accounts	386	
Other	125	710
<b>Non-operating expenses:</b>		
Interest expenses	326	
Interest on bonds	36	
Provision for loss on guarantees	358	
Other	122	843
<b>Ordinary income</b>		<b>6,363</b>
<b>Extraordinary gains:</b>		
Gain on sale/disposal of investment in securities	128	
Company establishment subsidies	89	
Other	25	243
<b>Extraordinary losses:</b>		
Loss on disposal of fixed assets	21	
Impairment loss	52	
Loss on sale/disposal of investment in securities	106	
Other	61	242
<b>Income before income taxes</b>		<b>6,365</b>
Income taxes—current	105	
Income taxes—deferred	2,283	2,389
<b>Net income</b>		<b>3,975</b>

Note: Figures less than one million yen are rounded down to the nearest million.

Attached document (7)

**Non-Consolidated Statement of Changes in Net Assets**

(from April 1, 2011 to March 31, 2012)

(Millions of yen)

	Shareholders' equity		
	Common stock	Capital surplus	
		Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	29,065	20,510	20,510
Change during the fiscal year			
Dividend of surplus			
Net income			
Acquisition of treasury stock			
Disposal of treasury stock		(0)	(0)
Net change in items other than shareholders' equity during the fiscal year			
Total change during the fiscal year	-	(0)	(0)
Balance at the end of the fiscal year	29,065	20,510	20,510

Note: Figures less than one million yen are rounded down to the nearest million.

(Millions of yen)

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance at the beginning of the fiscal year	375	7,647	8,023	(15,922)	41,677
Change during the fiscal year					
Dividend of surplus	135	(1,493)	(1,357)		(1,357)
Net income		3,975	3,975		3,975
Acquisition of treasury stock				(1)	(1)
Disposal of treasury stock				0	0
Net change in items other than shareholders' equity during the fiscal year					-
Total change during the fiscal year	135	2,482	2,618	(0)	2,617
Balance at the end of the fiscal year	511	10,130	10,641	(15,923)	44,294

Note: Figures less than one million yen are rounded down to the nearest million.

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain (loss) on securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	(372)	(372)	41,305
Change during the fiscal year			
Dividend of surplus			(1,357)
Net income			3,975
Acquisition of treasury stock			(1)
Disposal of treasury stock			0
Net change in items other than shareholders' equity during the fiscal year	802	802	802
Total change during the fiscal year	802	802	3,419
Balance at the end of the fiscal year	430	430	44,725

Note: Figures less than one million yen are rounded down to the nearest million.

## Notes to Non-Consolidated Financial Statements

### Significant accounting policies

#### 1. Standards and methods of valuation of securities

- Shares of majority-owned subsidiaries and affiliates  
..... Stated at cost using the moving-average method
- Other available-for-sale securities
- Securities with market value ..... Market value method based on the market price as of the account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)
- Securities without market value ..... Stated at cost using the moving-average method.
- Investments to limited liability partnership for investment, etc.  
    The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

#### 2. Derivative transactions ..... Market value method

#### 3. Standards and methods of valuation of inventories

- The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.
- Merchandise ..... Gross average method
- Work and software in progress ..... Specific cost method
- Supplies ..... Cost using the last-purchase-price method

#### 4. Depreciation methods for fixed assets

- Tangible fixed assets  
(excluding lease assets) ..... Buildings (excluding building fixtures)
- a. Buildings acquired on or before March 31, 1998  
    Depreciated using the old declining-balance method.
- b. Buildings acquired between April 1, 1998 and March 31, 2007  
    Depreciated using the old straight-line method.
- c. Buildings acquired on or after April 1, 2007  
    Depreciated using the straight-line method.
- Other property and equipment
- a. Other property and equipment acquired on or before March 31, 2007  
    Depreciated using the old declining-balance method.
- b. Other property and equipment acquired on or after April 1, 2007  
    Depreciated using the declining-balance method.  
    For a part of the Company's call center facilities (furniture and fixtures), straight-line method according to economic useful life (approximately 50% shorter than the statutory useful life) is used.

In addition, items acquired on or before March 31, 2007 are depreciated using the straight line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible fixed assets (excluding lease assets) .....	Straight-line method As for software for in-house use, the straight-line method is used with a useful life of 5 years.
Lease assets .....	Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee. These lease transactions are accounted for by straight-line method based on lease period of useful lives with residual values of zero.

5. Standards of accounting for allowances, accruals and reserves

Allowance for doubtful accounts .....	Allowance for estimated uncollectible amounts for claims as of the fiscal year-end are calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.
Accrued bonuses for employees .....	Accrued bonuses for employees are calculated based on the estimates of bonus obligations for the current fiscal term.
Accrued bonuses for directors .....	Accrued bonuses for directors are provided based on the estimates of bonus obligations attributable to the current fiscal term.
Reserve for retirement benefits .....	Reserve for retirement benefits for employees is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal term. Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred. Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.
Reserve for loss on litigation .....	To provide for loss regarding lawsuits involving consolidated subsidiaries of the Company, the monetary loss that could occur in the future is estimated and the amount deemed necessary is posted.

- Provision for loss on guarantees ..... To prepare for losses arising from fulfilling guarantee obligations of affiliated companies, the Company appropriates a provision for the estimated cost of losses for guarantee obligation which are highly likely to be required for fulfilling such obligations, taking into consideration the recoverability by exercising right of indemnity.
6. Basis for recording revenues and expenses
- Basis for recording revenues and expenses on software produced on orders ..... The percentage of completion method (the cost-to-cost method for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year ended March 31, 2012, which is deemed to be certain to complete, and the completed contract method is applied otherwise.
7. Other important issues which are bases for preparing non-consolidated financial statements
- (1) Hedge accounting
- (i) Hedge accounting method ..... Deferred accounting treatment is applied.  
Special accounting rules are applied to interest swap transactions which conform to requirements of special accounting rules.
- (ii) Means for hedging and hedged items ..... Means for hedging: Interest rate swaps  
Hedged items: Bank loans
- (iii) Hedging policy ..... Interest rate swaps are conducted to avoid interest rate fluctuation risks in accordance with the internal rules.
- (iv) Assessment method of effectiveness of hedges  
The assessment of effectiveness is omitted because the requirements for exceptional accounting are met.
- (2) Standard for translation of assets and liabilities denominated in foreign currencies into yen  
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income.
- (3) Accounting for consumption taxes ..... Consumption tax and local consumption tax are accounted for by the tax exclusion method.

## 8. Change in presentation

### Statement of Income

“Commitment fee” (4 million yen in the current fiscal year) and “Loss on investment in movie business fund” (56 million yen in the current fiscal year), which were separately presented in Non-operating expenses in the previous fiscal year, were included in “Other” in Non-operating expenses in the current fiscal year because they have become insignificant in terms of amount.

“Gain on sale/disposal of fixed assets” (0 million yen in the current fiscal year) and “Gain on dissolution of subsidiaries and affiliates” (0 million yen in the current fiscal year), which were separately presented in previous fiscal year, were included in “Other” in Extraordinary gains in the current fiscal year because they have become insignificant in terms of amount.

## 9. Additional information

### (Adoption of accounting standard for accounting changes and error corrections)

Effective on April 1, 2011, the Company adopted the “Accounting Standard for Accounting Changes and Error Corrections”, (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections”, (ASBJ Guidance No. 24, December 4, 2009), to make changes in accounting principles and corrections of errors from the previous years.

## Notes to the Non-Consolidated Balance Sheet

1. A bank deposit of 1,000,000 yen was pledged as collateral.
2. Liabilities for guarantees:

Guarantee for debt obligations to affiliates	
Co-Core Inc.	¥320 million
Guarantee on deposit obligations from subsidiaries and affiliates	
Tci-Business-Service Co., Ltd.	¥2,389 million
Guarantee on leasehold contracts	
transcosmos field marketing Inc.	¥8 million
Web Works, Ltd.	¥4 million
Guarantee on lease agreement obligations	
Qingdao Zuki Industrial Design Co., Ltd.	¥13 million
Total	¥2,735 million
3. Accumulated depreciation of tangible fixed assets ¥7,763 million
4. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding separate line item)

Short-term monetary receivables from subsidiaries and affiliates	¥445 million
Short-term monetary payables to subsidiaries and affiliates	¥1,095 million
5. Contingent liabilities

Alfresa Pharma Corporation and Mitsubishi Tanabe Pharma Corporation filed a suit against the Company in the Tokyo District Court for damages in the amount of 1,474 million yen concerning the investigational new drug assignment work ordered by the said companies on February 18, 2011. With regard to this lawsuit, on January 23, 2012, the plaintiff filed for an expansion of the scope of the claim and accordingly, the claimed amount of damages was changed to 2,501 million yen. The Company intends to clearly state its claims in the court.

## Notes to the Non-Consolidated Statement of Income

### Transactions with subsidiaries and affiliates

Net sales	¥336 million
Net purchase	¥10,603 million
Transactions other than operating transactions	¥129 million

## Notes to the Non-Consolidated Statement of Changes in Net Assets

### Treasury stock

Class of shares	Number of shares at the beginning of the current fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,648,617	1,165	73	7,649,709

(Outline of causes for changes)

Details of the number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 1,165 shares

Details of the number of shares decreased are as follows.

Decrease due to sale of shares less than one unit: 73 shares

## Notes concerning tax effect accounting

### 1. Details by primary causes of deferred tax assets and deferred tax liabilities

#### Deferred tax assets:

Accrued bonuses for employees	¥1,090 million
Accrued enterprise tax	¥71 million
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	¥1,774 million
Reserve for loss on litigation	¥910 million
Loss on write-down of investment in securities	¥565 million
Impairment loss	¥539 million
Loss on investments in movie business fund	¥270 million
Tax Goodwill	¥227 million
Inventory based on the percent of completion method	¥207 million
Allowance for doubtful accounts	¥123 million
Prepaid pension costs	(¥363 million)
Amount of loss carried forward	¥2,006 million
Other	¥633 million
Sub-total	¥8,058 million
Provision for devaluation	¥3,899 million
Total of deferred tax assets	¥4,159 million

#### Deferred tax liabilities:

Sales under the percent of completion method	¥274 million
Unrealized gain on securities	¥432 million
Adjustments to goodwill due to merger	¥62 million
Other	¥3 million
Total of deferred tax liabilities	¥773 million
Net of deferred tax assets	¥3,385 million

2. Adjustment of deferred tax assets and liabilities due to changes in the statutory effective tax rate

In line with the promulgation of the “Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (2011 Law No. 114) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake” (2011 Law No. 117) on December 2, 2011, the income tax rate shall be changed from the period beginning on or after April 1, 2012.

Accordingly, the statutory effective tax rate applied to the calculation of deferred tax assets and liabilities was changed, depending on the timing of reversal of temporary difference, to 38.01% from the period beginning on or after April 1, 2012 to March 31, 2015, and 35.64% for the period beginning on or after April 1, 2015 from the current effective tax rate of 40.69%.

As a result, the net amount of deferred tax assets decreased by ¥208 million and income taxes deferred increased by ¥269 million.

## Notes concerning leased fixed assets

In addition to fixed assets recorded on the Balance Sheet, computers and some of their peripherals are used under finance lease transactions that do not transfer ownership.

### 1. Acquisition costs equivalents, accumulated depreciation equivalents, and year-end balance equivalents of leased assets

	Acquisition costs equivalents (Millions of yen)	Accumulated depreciation equivalents (Millions of yen)	Year-end balance equivalents (Millions of yen)
Tools, furniture and fixtures	210	172	38
Software	44	36	7
Total	255	208	46

### 2. Year-end balance of prepaid lease equivalents

Within one year	¥51 million
Over one year	¥1 million
Total	¥52 million

### 3. Lease expenses, depreciation equivalents, and interest expense equivalents

Lease expenses	¥67 million
Depreciation equivalents	¥63 million
Interest expense equivalents	¥1 million

### 4. Calculation method for depreciation equivalents

Depreciation equivalents of leased assets are calculated by straight-line method based on lease period of useful lives with residual values of zero.

### 5. Calculation method for interest expense equivalents

An interest expense equivalent is the difference between the total amount of lease expenses and the acquisition costs equivalents of leased assets. The interest expense equivalents are allocated to each fiscal year by the interest method.

### 6. Operating lease transactions

Prepaid lease payment in connection with non-cancelable lease transactions of operating lease transactions

Prepaid lease payments

Within one year	¥11 million
Over one year	¥18 million
Total	¥30 million

## Notes concerning transactions with related parties

(1) Parent company and major corporate shareholders, etc.

Not applicable.

(2) Subsidiaries, affiliates, etc.

Attribution	Name of company, etc.	Capital stock or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (millions of yen)	Account	Balance as of the end of the fiscal year (millions of yen)
Subsidiary	Tei-Business-Service Co., Ltd.	¥100 million	BtoB domestic subsidiaries	Owning Direct 100.0%	Loan of funds	Loan of funds (Note 1)	2,256	Long-term loans receivable from subsidiaries and affiliates	1,333
						Collection of loan	3,230		
						Guarantee of obligations (Note 2)	2,389		

Note: Terms and conditions of transactions and the policies on determination thereof:

1. The interest rate of the loan was determined reasonably based on the market interest rate and fund raising rate.
2. This guarantees obligations in custody from the subsidiaries and affiliates.
3. Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
4. Percentages of owning (owned) voting rights, etc. are rounded off to the nearest first decimal place.

(3) Brother companies

Not applicable.

(4) Directors and primary individual shareholders

Not applicable.

## Notes concerning per share data

1. Net assets per share 1,087.04 yen
2. Net income per share 96.63 yen

## Notes concerning significant subsequent events

On May 2, 2012, the Company entered into a share transfer agreement with CyberSource Corporation, under which the Company transfers all shares of CyberSource KK, an equity method affiliate of the Company, to CyberSource Corporation, the parent company of CyberSource KK.

As a result, the Company will recognize a gain on sale/disposal of investment in unconsolidated subsidiaries and affiliates of 1,566 million yen in Extraordinary gains for the first quarter of the fiscal year ending March 31, 2013.

**Attached document (8)**

Certified Copy of the Accounting Auditors' Report on Consolidated Financial Statements

**REPORT OF INDEPENDENT AUDITORS**

May 15, 2012

To the Board of Directors of transcocosmos inc.

**Ernst & Young ShinNihon LLC**

Designated and Engagement Partner  
Certified Public Accountant  
Kenji Yumoto

Designated and Engagement Partner  
Certified Public Accountant  
Go Nakagawa

Designated and Engagement Partner  
Certified Public Accountant  
Nobuaki Chonan

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the consolidated financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of the Company applicable to the fiscal year from April 1, 2011 to March 31, 2012.

**Management's responsibility for the consolidated financial statements**

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditors' responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Audit opinion**

As a result of our audit, it is our opinion that the consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate

group comprising the Company and its consolidated subsidiaries in accordance with accounting standards generally accepted in Japan.

**Interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**Attached document (9)**

Certified Copy of the Accounting Auditors' Report

**REPORT OF INDEPENDENT AUDITORS**

May 15, 2012

To the Board of Directors of transcocosmos inc.

**Ernst & Young ShinNihon LLC**

Designated and Engagement Partner  
Certified Public Accountant

Kenji Yumoto

Designated and Engagement Partner  
Certified Public Accountant

Go Nakagawa

Designated and Engagement Partner  
Certified Public Accountant

Nobuaki Chonan

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the financial statements, that is, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements, and the supplementary schedules of the Company applicable to the 27<sup>th</sup> business year from April 1, 2011 to March 31, 2012.

**Management's responsibility for the financial statements**

The management is responsible for the preparation and fair presentation of these financial statements and the supplementary schedules in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Independent auditors' responsibility**

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion

As a result of our audit, it is our opinion that the financial statements and the supplementary schedules properly present in all material respects the Company's financial position and the results of operations of the group in accordance with accounting standards generally accepted in Japan.

**Interest**

Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

**Attached document (10)**

Certified Copy of the Audit Report of the Board of Statutory Auditors

**AUDIT REPORT OF STATUTORY AUDITORS**

The Board of Statutory Auditors, having deliberated the issues based on the reports made by each Statutory Auditor concerning the methods and results of their audit of the business activities of the Directors for the 27<sup>th</sup> business term from April 1, 2011 to March 31, 2012, prepared this Audit Report and hereby submits it as follows:

1. Outline of auditing method applied by the Statutory Auditors and the Board of Statutory Auditors:  
The Board of Statutory Auditors established the auditing policies and the audit plan for the term under review, received reports regarding the status of audits and the results thereof from each Statutory Auditor, as well as reports regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and the audit plan for the term under review, each Statutory Auditor endeavored to collect information and established auditing circumstances through communication with Directors, internal audit staff and other employees, and attended the Board of Directors' meetings and other important meetings to receive reports regarding execution of duties from Directors, employees, etc. and requested explanations as necessary. Each Statutory Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at the head office and principal offices. In addition, with respect to contents of resolutions of the Board of Directors regarding the development of the system to ensure that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation and other systems that are stipulated in Article 100 (1) and (3) of the Ordinance for Enforcement of the Corporation Law as being necessary to ensure appropriateness of operations of a joint stock company, and also the systems (Internal Control system) established in accordance with such resolutions, as described in the Business Report, Statutory Auditors periodically received reports from the Directors and employees, requested explanations as necessary and expressed opinions, on the establishment and management of such systems. The contents of the basic policies set forth in Article 127, Item 1 of the Ordinance for Enforcement of the Corporation Law and undertakings set forth in Item 2 of said article, as described in the business report, were also considered in light of the circumstances, etc. of deliberations by the board of directors and other bodies. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate communication and exchange information with Directors, Statutory Auditors and other employees of subsidiaries, and received business reports from subsidiaries as necessary. In accordance with the procedures mentioned above, Statutory Auditors reviewed the business reports and the supplementary schedules for the fiscal year ended on March 31, 2012.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports on the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, Statutory Auditors were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, Statutory Auditors reviewed the financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements) and the supplementary schedules, as well as the consolidated financial statements (the

consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements) and the supplementary schedules, for the fiscal year ended on March 31, 2012.

## 2. Results of Audit

### (1) Results of audit of business report etc.

- 1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the Company; and
- 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There is no matter requiring additional mention concerning the internal control system with respect to the contents of the Business Report and the execution of duties by Directors.
- 4) There is no matter to be pointed out with respect to the basic principles on those who shall control the decision of the Company's financial and operational policies described in the business reports. Activities stipulated in Item 3-b, Article 118 of the Ordinance for Enforcement of the Corporation Law, which are described in the business reports, are in line with such basic principles, unharmful to common interest of shareholders, and not intended to maintain the positions of Directors or Statutory Auditors of the Company.

### (2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

### (3) Results of audit of consolidated financial statements

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 15, 2012

Board of Statutory Auditors of transcosmos inc.

Standing Statutory Auditor	Hideaki Ishioka
Statutory Auditor	Kichiro Takao
Outside Statutory Auditor	Kazushi Watanabe
Outside Statutory Auditor	Toshiaki Nakamura

## Reference Documents for the Annual General Meeting of Shareholders

### Proposals and references

**Proposal No. 1:** Appropriation of surplus for the 27<sup>th</sup> fiscal term

Matters related to year-end dividend

The Company proposes to pay a year-end dividend as follows in accordance with its dividend policy.

(1) Type of dividend asset

Cash dividend

(2) Allotment of dividend assets to shareholders and the total amount

37 yen per share of common stock of the Company

Total amount 1,522,340,469 yen

(3) Effective date of dividend of surplus

Thursday, June 28, 2012

**Proposal No. 2: Renewal of Countermeasures to Large-Scale Acquisitions of Shares in the Company (Takeover Defense Measures)**

The Company introduced a plan for countermeasures to large-scale acquisitions of the shares in the Company (the “Former Plan”) in accordance with the resolution at the Board of Directors meeting held on May 20, 2009 and the resolution by shareholders at the 24<sup>th</sup> Annual General Meeting of Shareholders of the Company held on June 25, 2009, and the effective period of the Former Plan is until the conclusion of this Annual General Meeting of Shareholders.

Before the expiration of the effective period of the Former Plan, the Board of Directors determined at its meeting held on May 15, 2012 to partially revise the contents of the Former Plan and introduce a renewed plan (the “Renewal”); and the plan after the Renewal is referred to as the “Plan”) as a measure to prevent decisions on the Company’s financial and business policies from being controlled by persons deemed inappropriate (Article 118, Item 3(b)(ii) of the Enforcement Regulations of the Companies Act) under a basic policy regarding the persons who control decisions on the Company’s financial and business policies (as provided in Article 118, Item 3 of the Enforcement Regulations of the Companies Act; the “Basic Policy”)

The Company, therefore, proposes that the shareholders approve the assignment to the Board of Directors of the authority to decide matters regarding gratis allotment of stock acquisition rights in the manner described in 2. ‘Details of Proposal’ below in order to use it for the Plan, in accordance with Article 41, Paragraph 2 of the Company’s Articles of Incorporation.

1. Reasons for Proposal

(1) Basic Policy Regarding Persons Who Control Decisions on the Company’s Financial and Business Policies

The Company believes that the persons who control decisions on the Company’s financial and business policies need to be persons who understand the source of the Company’s corporate value and who will make it possible to continually and persistently ensure and enhance the Company’s corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of the Company. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. Nonetheless, there are some types of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders including (i) those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, (ii) those with the potential to substantially coerce shareholders into selling their shares, (iii) those that do not provide sufficient time or information for the target company’s board of directors and shareholders to consider the details of the large-scale acquisition or for the target company’s board of directors to make an alternative proposal, and (iv) those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company places value on client satisfaction and strives to ensure and enhance its corporate value. We believe the source of corporate value of the Company is found in (i) the comprehensive IT utilization capabilities that the Company has accumulated since its establishment as a pioneer in the outsourcing business of information processing, (ii) personnel who can promptly respond to changes in the environment and combine the latest technology, making use of originality and ingenuity, and (iii) “the stable and long-term relationships of trust with clients” established based on its strength as an independent corporation. Unless the acquirer of a proposed acquisition of the shares in the Company understands the source of the corporate value of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common

interests of its shareholders would be harmed. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against an inappropriate large-scale acquisition by such persons.

## (2) Purpose of the Plan

The Plan is renewed in line with the Basic Policy for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders.

As set out in the Basic Policy, the Board of Directors believes that persons who would propose a large-scale acquisition in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate to become persons who control decisions on the Company's financial and business policies. The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate, to deter large-scale acquisitions that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, and on the occasion that it receives a large-scale acquisition proposal for the shares in the Company from an acquirer, to enable the Board of Directors to present an alternative proposal to the shareholders or ensure necessary time and information for the shareholders to decide whether or not to accept the large-scale acquisition proposal, and to enable the Board of Directors to negotiate for the benefit of the shareholders.

## 2. Details of Proposal

### (1) Plan Outline

The Plan sets out procedures necessary to achieve the purpose stated above, including requirements for acquirers to provide information in advance in the case that the acquirer intends to make an acquisition of 20% or more of the Company's share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the shares and other equity securities of the Company until and unless the Board of Directors determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities of the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, etc., and in cases such as where the acquisition satisfies the triggering requirements set out in the Plan, the Company will implement a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) for stock acquisition rights with (a) an exercise condition that does not allow the acquirer, etc. to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer, etc. to all shareholders, except the Company, at that time, or implement any other reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation.

If a gratis allotment of stock acquisition rights were to take place in accordance with the Plan and all shareholders other than the acquirer received shares in the Company as a result of those shareholders exercising or the Company acquiring those stock acquisition rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to a maximum of approximately 50%.

In order to eliminate arbitrary decisions by directors, the Company will establish the Independent Committee, which is solely composed of members who are independent from the management of the Company such as outside directors to make objective decisions with respect to matters such as the implementation or non-implementation of the gratis allotment of stock acquisition rights or the acquisition of stock acquisition rights under the Plan. In addition, the Board of Directors may, if prescribed in the Plan, hold a meeting of shareholders and confirm the intent of the Company's shareholders regarding the implementation of the gratis allotment of the stock acquisition rights or other measures.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company's shareholders.

## (2) Procedures for Triggering the Plan

### (a) Targeted Acquisitions

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) or (ii) below or any similar action (including a proposal (Note 1) for such action) (except for such action as the Board of Directors separately determines not to be subject to the Plan; the "Acquisition") takes place.

- (i) A purchase or other acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariyai*) (Note 2) of a holder (*hoyuusha*) (Note 3) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 4) issued by the Company; or
- (ii) A tender offer (*koukai kaitsume*) (Note 5) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariyai*) (Note 6) and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) (Note 7) totaling at least 20% of the share certificates, etc. (*kabuken tou*) (Note 8) issued by the Company.

The party intending to make the Acquisition (the "Acquirer") shall follow the procedures set out in the Plan, and the Acquirer must not effect an Acquisition until and unless the Board of Directors passes a resolution not to implement the gratis allotment of stock acquisition rights (the "Stock Acquisition Rights;" see 2(4) below, 'Outline of the Gratis Allotment of Stock Acquisition Rights,' for an outline thereof) or other measures in accordance with the Plan.

### (b) Submission of Acquirer's Statement

The Company will request an Acquirer to submit to the Company in the form separately prescribed by the Company a legally binding document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan (signed by, or affixed with the name and seal of, the representative of the Acquirer and to which no or conditions or reservations are attached) and a qualification certificate of the person who signed or affixed its name and seal to that document (collectively, "Acquirer's Statement") before commencing or effecting the Acquisition. The Acquirer's Statement must include the name, address or location of headquarters, location of offices, the governing law for establishment, name of the representative, contact information in Japan for the Acquirer and an outline of the intended Acquisition. The Acquirer's Statement and the Acquisition Document set out in (c) below must be written in Japanese.

### (c) Request to the Acquirer for the Provision of Information

The Company will provide an Acquirer the format for the Acquisition Document (defined below), including a list of information that the Acquirer should provide to the Company, no later than 10 business days after receiving the Acquirer's Statement. The Acquirer must provide the Board of Directors with the documents in the form provided by the Company (collectively, "Acquisition Document"), which includes the information described in each item of the list below ("Essential Information").

If the Board of Directors receives the Acquisition Document, it will promptly send it to the Independent Committee (standards for appointing members, requirements for resolutions, resolution matters, and other matters concerning the Independent Committee are as described in Note 9 and business backgrounds and other matters of members of the Independent Committee at the time of the Renewal are as described in Attachment 'Profiles of the Members of the Independent Committee'). If the Independent Committee determines that the Acquisition Document does not

contain sufficient Essential Information, it may set a reply period and request that the Acquirer provide additional information. In such case, the Acquirer should provide the additional information within the set time limit.

- (i) Details (including name, capital relationship, financial position, operation results, details of violation of laws or ordinances in the past (if any), and terms of previous transactions by the Acquirer similar to the Acquisition) of the Acquirer and its group (including joint holders, (Note 10) persons having a special relationship and persons having a special relationship with a person in relation to whom the Acquirer is the controlled corporation (Note 11)). (Note 12)
  - (ii) The purpose, method and specific terms of the Acquisition (including the amount and type of consideration, the timeframe, the scheme of any related transactions, the legality of the Acquisition method, and the feasibility of the Acquisition).
  - (iii) The amount and basis for the calculation of the purchase price of the Acquisition.
  - (iv) Information relating to the details of any agreement between the Acquirer and a third party regarding the shares and other equity securities of the Company and any previous acquisition of shares and other equity securities of the Company by the Acquirer.
  - (v) Financial support for the Acquisition (specifically including the names of providers of funds for the Acquisition (including all indirect providers of funds), financing methods and the terms of any related transactions).
  - (vi) Post-Acquisition management policy, business plan, capital and dividend policies for the Company group.
  - (vii) Post-Acquisition policies for the Company's shareholders (other than the Acquirer), and any other stakeholders such as employees, business partners and customers of the Company group.
  - (viii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
  - (ix) Information regarding any relationship with an anti-social force.
  - (x) Any other information that the Independent Committee reasonably considers necessary.
- (d) Consideration of Acquisition Terms, Negotiation with the Acquirer, and Consideration of an Alternative Proposal
- (i) Request to the Board of Directors for the Provision of Information  
If the Independent Committee reasonably determines that the Acquirer has submitted the Acquisition Document and any additional information that the Independent Committee had requested (if any), the Independent Committee may set a reply period (up to 60 days as a general rule) and request that the Board of Directors present an opinion (including an opinion to refrain from giving such opinion; hereinafter the same) on the Acquirer's Acquisition terms, materials supporting such opinion, an alternative proposal (if any), and any other information that the Independent Committee considers necessary.
  - (ii) Independent Committee Consideration  
The Independent Committee should conduct its consideration of the Acquisition terms, collection of information such as the management plans and business plans of the Acquirer and the Board of Directors and comparison thereof, and consideration of any alternative plan presented by the Board of Directors, and the like for a period of up to 60 days as a general rule after the time when the Independent Committee reasonably determines that it has received the information (including the information additionally requested) from the Acquirer and (if the Independent Committee requests the Board of Directors to provide information as set out in (i) above) the Board of Directors (the period for information collection and consideration by the Independent Committee is hereinafter referred to as the "Independent Committee

Consideration Period”). Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Independent Committee will directly or indirectly discuss and negotiate with the Acquirer.

In order to ensure that the Independent Committee’s decision contributes to the Company’s corporate value and, in turn, the common interests of its shareholders, the Independent Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, tax accountants, consultants or any other experts). If the Independent Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Independent Committee, the Acquirer must promptly respond to such request.

(e) Recommendation by the Independent Committee

The Independent Committee will make recommendations to the Board of Directors as follows based on the abovementioned procedures.

(i) Recommendations for the Triggering of the Plan

If the Independent Committee determines that the Acquisition falls under one of the trigger events set out below in 2(3), ‘Requirements for the Gratis Allotment of Stock Acquisition Rights, Etc.’ (including Quasi Trigger Event set out in 2(3), collectively “Trigger Event”), the Independent Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights or any other reasonable measures that could be taken under the laws and ordinances and the Company’s Articles of Incorporation (Note 13) (collectively, the “Gratis Allotment of Stock Acquisition Rights, Etc.”) to the Board of Directors except in any specific case where further disclosure of information by the Acquirer or negotiation or discussion and the like with the Acquirer is necessary. In cases such as where it is concerned that an Acquisition may fall under the second Trigger Event (“Trigger Event (2)”) set out in 2(3), ‘Requirements for the Gratis Allotment of Stock Acquisition Rights, Etc.’, the Independent Committee may recommend implementation of the gratis allotment of Stock Acquisition Rights subject to obtaining approval at the shareholders meeting in advance.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made a recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Independent Committee determines that either of the events (A) or (B) below applies, it may make a new recommendation that (i) (on or before the second business day prior to the ex-rights date with respect to the gratis allotment of Stock Acquisition Rights) the Company should suspend the gratis allotment of Stock Acquisition Rights, or (ii) (from the effective date of the gratis allotment of Stock Acquisition Rights and until the day immediately prior to the commencement date of the exercise period of the Stock Acquisition Rights) the Company should acquire the Stock Acquisition Rights for no consideration.

(A) The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.

(B) There is no longer any Trigger Event due to a change or the like in the facts or other matters on which the recommendation decision was made.

(ii) Recommendations for the Non-Triggering of the Plan

If the Independent Committee determines there is no Trigger Event regarding the Acquisition, the Independent Committee will recommend the non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. to the Board of Directors, regardless of whether the Independent Committee Consideration Period has ended.

Notwithstanding the foregoing paragraph, even after the Independent Committee has already made one recommendation for the non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc., if there is a change in the facts or other matters on which the recommendation decision was made and a Trigger Event arises, the Independent Committee may make a new recommendation that the Company should implement the Gratis Allotment of Stock Acquisition Rights, Etc.

(iii) Extension of the Independent Committee Consideration Period

If the Independent Committee does not reach a recommendation for either the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. during the initial Independent Committee Consideration Period, the Independent Committee may, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, consideration of an alternative proposal and negotiation with the Acquirer, extend the Independent Committee Consideration Period once or multiple times, in principle up to 30 days. If the Independent Committee Consideration Period is extended, the Independent Committee will continue to collect information, deliberate, and perform similar activities, and use its best efforts to make a recommendation for the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. within the extended period.

(f) Resolutions of the Board of Directors

The Board of Directors, in exercising its role under the Companies Act, will make a resolution relating to the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. respecting to the maximum extent any recommendation of the Independent Committee described above. However, if the Shareholders Meeting is convened in accordance with (g) below, the Board of Directors, in exercising its role under the Companies Act, will make a resolution relating to the implementation or non-implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. subject to any resolution at the Shareholders Meeting.

(g) Convocation of the Shareholders Meeting

Upon the implementation of the Gratis Allotment of the Stock Acquisition Rights, Etc. pursuant to the Plan, the Board of Directors may convene a meeting of shareholders (the "Shareholders Meeting") and confirm the intent of the Company's shareholders regarding the implementation of the Gratis Allotment of the Stock Acquisition Rights, Etc., if (i) the Independent Committee recommends implementation of the Gratis Allotment of Stock Acquisition Rights, Etc. subject to confirming the intent of shareholders in advance in accordance with (e)(i) above, or (ii) the applicability of Trigger Event (2) or any other matter becomes an issue and the Board of Directors determines it appropriate to confirm the shareholders' intent for the Acquisition taking into consideration the time required to convene a meeting of shareholders or other matters pursuant to the duty of care of a good manager.

(h) Information Disclosure

When operating the Plan, the Company will disclose, in a timely manner, information on matters that the Independent Committee or the Board of Directors considers appropriate including the progress of each procedure set out in the Plan (including the fact that the Acquirer's Statement and Acquisition Document have been submitted, the fact the Independent Committee Consideration Period has commenced, and the fact that the Independent Committee Consideration Period has been extended), an outline of recommendations made by the Independent Committee and an outline of resolutions by the Board of Directors in accordance with the applicable laws and ordinances or the regulations of the financial instruments exchange.

### (3) Requirements for the Gratis Allotment of Stock Acquisition Rights, Etc.

The requirements to implement gratis allotment of Stock Acquisition Rights as the triggering of the Plan are as follows. As described above in (e) of 2(2), 'Procedures for Triggering the Plan,' the Board of Directors will make a determination as to whether any of the following requirements applies to an Acquisition for which the recommendation by the Independent Committee has been obtained.

#### Trigger Event (1)

The Acquisition is not in compliance with the procedures prescribed in the Plan (including cases where reasonable time and information necessary to consider the details of the Acquisition is not offered) and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

#### Trigger Event (2)

The Acquisition falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights.

- (a) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the following actions:
  - (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company or the Company's affiliates at a high price.
  - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company group's material assets.
  - (iii) Diversion of the Company group's assets to secure or repay debts of the Acquirer or its group company.
  - (iv) Temporary control of the Company's management to bring about the disposal of high-value assets that have no current relevance to the Company group's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (b) Certain Acquisitions that threaten to have the effect of coercing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers, in which no offer is made to acquire all shares in the initial acquisition, and acquisition terms for the second stage are set that are unfavorable or unclear).
- (c) Acquisitions whose terms (including amount and type of consideration, the timeframe, the legality of the Acquisition method, the feasibility of the Acquisition being effected, and post-Acquisition policies dealing with the Company's other shareholders, the Company group's employees, customers, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (d) Acquisitions that materially threaten to oppose the corporate value of the Company and, in turn, the common interests of shareholders, by destroying relationships with the Company group's employees, customers, business partners and the like, which are indispensable to the generation of the Company's corporate value.

In addition to the above, the Company may take reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation as the triggering of the Plan if any

requirement similar to any of the Trigger Events above is met and it is reasonable to trigger the Plan (“Quasi Trigger Event”). In this case, such decision is always made through the recommendation of the Independent Committee as set out in (e) of 2(2), ‘Procedures for Triggering the Plan’ above.

#### (4) Outline of the Gratis Allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights that may be implemented under the Plan is described below.

##### (a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the most recent total number of issued shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the “Allotment Date”) that is separately determined in a resolution by the Board of Directors or the meeting of shareholders relating to the gratis allotment of Stock Acquisition Rights (“Gratis Allotment Resolution”).

##### (b) Shareholders Eligible for Allotment

The Company will allot the Stock Acquisition Rights to those shareholders, other than the Company, who are recorded in the Company’s final register of shareholders on the Allotment Date (the “Entitled Shareholders”), at a ratio of one Stock Acquisition Right for each share in the Company held.

##### (c) Effective Date of Gratis Allotment of Stock Acquisition Rights

The effective date of the gratis allotment of Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

##### (d) Number of Shares to be Acquired upon Exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the “Applicable Number of Shares”) shall, in principle, be one share.

##### (e) Amount to be Contributed upon Exercise of Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share in the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined in the Gratis Allotment Resolution within the range of a minimum of one yen and a maximum of the amount equivalent to one-half of the fair market value of one share in the Company. “Fair market value” means an amount equivalent to the average closing price (including quotations) for regular transactions of the common stock of the Company on the Tokyo Stock Exchange on each day during the past 90 day period prior to the Gratis Allotment Resolution (excluding the days on which trades are not made), with any fraction less than one yen after such calculation to be rounded up to the nearest whole yen.

##### (f) Exercise Period of the Stock Acquisition Rights

The commencement date will be a date separately determined in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the “Exercise Period Commencement Date”), and the period will, in principle, be a period from one month to six months long as separately determined in the Gratis Allotment Resolution.

(g) Conditions for Exercise of Stock Acquisition Rights

Except where any exceptional event (Note 14) occurs, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders; (Note 15)
- (II) Joint Holders of Specified Large Holders;
- (III) Specified Large Purchasers; (Note 16)
- (IV) Persons having a Special Relationship with Specified Large Purchasers;
- (V) Any transferee of, or successor to, the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Board of Directors; or
- (VI) Any Affiliated Party (Note 17) of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under applicable foreign laws and ordinances to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares in the Company as set out in (ii) of paragraph (i) below, ‘Acquisition of the Stock Acquisition Rights by the Company,’ subject to making confirmation that the acquisition does not breach applicable laws or ordinances). In addition, anyone who fails to submit a written undertaking, in the form prescribed by the Company and containing representations and warranties regarding matters such as the fact that he or she satisfies the exercise conditions of the Stock Acquisition Rights, indemnity clauses and other covenants, may not exercise the Stock Acquisition Rights.

(h) Assignment of Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Board of Directors.

(i) Acquisition of Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Board of Directors deems that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by the Board of Directors, acquire all of the Stock Acquisition Rights for no consideration.
- (ii) On a date separately determined by the Board of Directors, the Company may acquire all of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Board of Directors, that are held by parties other than Non-Qualified Parties (if any) and, in exchange, deliver shares in the Company in the number equivalent to the Applicable Number of Shares for each Stock Acquisition Right.

Further, if, on or after the date upon which the acquisition takes place, the Board of Directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a date determined by the Board of Directors that falls after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Board of Directors (if any) and, in exchange, deliver shares in the Company in the number equivalent to the number of the Applicable Number of Shares for each Stock Acquisition Right. The same will apply thereafter.

- (j) Delivery of Stock Acquisition Rights in Case of Merger, Absorption-type Demerger (*kyushu bunkatsu*), Incorporation-type Demerger (*shinsetsu bunkatsu*), Share Exchange (*kabushiki koukan*), and Share Transfer (*kabushiki iten*)

These matters will be separately determined in the Gratis Allotment Resolution.

- (k) Issuance of Certificates Representing the Stock Acquisition Rights

Certificates representing the Stock Acquisition Rights will not be issued.

- (l) Other

In addition, the details of the Stock Acquisition Rights will be separately determined in the Gratis Allotment Resolution.

#### (5) Effective Period, Abolition and Amendment of the Plan

The effective period of the Plan (the “Effective Period”) will be the period until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within three years after the conclusion of this Annual General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, (i) a resolution is passed at the meeting of shareholders to revoke its resolution to assign to the Board of Directors the authority set out in 3.4 above to decide matters relating to the gratis allotment of Stock Acquisition Rights, or (ii) the Board of Directors passes a resolution to abolish the Plan, the Plan will be abolished in accordance with the resolution.

Further, the Board of Directors may revise or amend the Plan even during the Effective Period of the Plan, if such revision or amendment is not against the purpose of a resolution of this Annual General Meeting of Shareholders such as cases where any law, ordinance, or regulation of a financial instruments exchange or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the wording for reasons such as typographical errors and omissions, or cases where such revision or amendment is not detrimental to the Company’s shareholders, and subject to the approval of the Independent Committee.

If the Plan is abolished, revised or amended, the Company will promptly disclose the fact that such abolition, revision or amendment has taken place, and (in the event of a revision or amendment) the details of the revision, amendment and any other matters.

#### (6) Revision Due to Amendment to Laws and Ordinances

The provisions of laws and ordinances referred to under the Plan are subject to the prevailing provisions as of May 15, 2012. If it becomes necessary after such date to revise the terms and conditions or definitions of terms set out in the paragraphs above due to the formulation, amendment or abolishment of laws and ordinances, the terms and conditions or definitions of terms set out in the paragraphs above will be read accordingly as required to a reasonable extent, taking into consideration the purposes of such formulation, amendment or abolishment.

#### (7) Other Matters

Matters regarding the content of the Plan, but that are not specified in this Proposal No. 2 or are not in conflict with this Proposal No. 2, may be decided by the Board of Directors.

(Note 1) “Proposal” includes solicitation of a third party.

(Note 2) Defined in Article 27-23(4) of the Financial Instruments and Exchange Act. This definition is applied throughout this Proposal No. 2.

- (Note 3) Including persons described as a holder under Article 27-23(3) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors). The same is applied throughout this Proposal No. 2.
- (Note 4) Defined in Article 27-23(1) of the Financial Instruments and Exchange Act. The same is applied throughout this Proposal No. 2 unless otherwise provided for.
- (Note 5) Defined in Article 27-2(6) of the Financial Instruments and Exchange Act. The same is applied throughout this Proposal No. 2.
- (Note 6) Defined in Article 27-2(8) of the Financial Instruments and Exchange Act. The same is applied throughout this Proposal No. 2.
- (Note 7) Defined in Article 27-2(7) of the Financial Instruments and Exchange Act (including persons who are deemed to fall under the above by the Board of Directors); provided, however, that persons provided for in Article 3(2) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Financial Instruments and Exchange Act. The same is applied throughout this Proposal No. 2.
- (Note 8) Defined in Article 27-2(1) of the Financial Instruments and Exchange Act.
- (Note 9) The outline of the rules of the Independent Committee is as follows.
- There will be no less than three members of the Independent Committee, and the Board of Directors shall elect the members from (i) outside directors of the Company, (ii) statutory auditors of the Company and (iii) other experts, who are independent from the management that executes the business of the Company. However, such experts must be experienced corporate managers, former employees of government agencies, parties with knowledge of the investment banking industry or business areas of the Company, lawyers, certified public accountants, researchers whose research focuses on the Companies Act or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Board of Directors that contains a provision obligating them to exercise the duty of care of a good manager or similar provision.
  - Unless otherwise determined in a resolution by the Board of Directors, the term of office of members of the Independent Committee will be until the conclusion of the Annual General Meeting of Shareholders relating to the last fiscal year ending within three years of this Annual General Meeting of Shareholders. However, the term of office of any member of the Independent Committee who is an outside director or a statutory auditor of the Company will end at the same time they lose the status as an outside director or a statutory auditor (except in the case of their re-appointment).
  - The Independent Committee will make decisions on the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights or any other reasonable measures that could be taken under the laws and ordinances and the Company's Articles of Incorporation (collectively, "Gratis Allotment of Stock Acquisition Rights, Etc."), the cancellation of the Gratis Allotment of Stock Acquisition Rights, Etc. or the gratis acquisition of Stock Acquisition Rights, any other matters that are for determination by the Board of Directors in respect to which it has consulted the Independent Committee, or other prescribed matters.
  - As a general rule, resolutions of meetings of the Independent Committee will pass with a majority when all the members of the Independent Committee are in attendance (including attendance via video conference or telephone conference; hereinafter the same). However, in unavoidable circumstances a resolution may be passed with a majority of voting rights when a majority of the members of the Independent Committee are in attendance.
- (Note 10) Defined in Article 27-23(5) of the Financial Instruments and Exchange Act, including persons regarded as a joint holder under Article 27-23(6) of the Financial Instruments and Exchange

Act (including persons who are deemed a joint holder by the Board of Directors). The same is applied throughout this Proposal No. 2.

- (Note 11) Defined in Article 9(5) of Order for Enforcement of the Financial Instruments and Exchange Act.
- (Note 12) If an Acquirer is a fund, information relating to the matters described in (i) about each partner and other constituent members is required.
- (Note 13) Specifically, the Company intends to require the Acquirer to cancel an Acquisition subject to the approval at the meeting of shareholders, or to take other measures.
- (Note 14) Specifically, the Company intends to set out that an “exceptional event” means when (x) an Acquirer cancels or revokes an Acquisition, or promises that it will not conduct any subsequent Acquisition, after the Gratis Allotment Resolution and the Acquirer or other Non-Qualified Parties dispose of their shares in the Company through a securities firm appointed and authorized by the Company to do so, and (y) the Acquirer’s shareholding ratio determined by the Board of Directors (when calculating the shareholding ratio, Non-Qualified Parties other than the Acquirer and its Joint Holders are deemed to be Acquirer’s Joint Holders, and Stock Acquisition Rights held by Non-Qualified Parties, the conditions of which have not been satisfied, are excluded) (the “Non-Qualified Parties’ Shareholding Ratio”) falls below the lower of (i) the Non-Qualified Parties’ Shareholding Ratio before the Acquisition, or (ii) 20%, the Acquirer or other Non-Qualified Parties making the disposal may exercise Stock Acquisition Rights to the extent that the number of shares to be issued or delivered upon exercise of the Stock Acquisition Rights is up to the number of shares disposed of and to the extent of the ratio under either (i) or (ii) above. Detailed conditions and procedures for exercise of Stock Acquisition Rights by Non-Qualified Parties will be determined separately by the Board of Directors.
- (Note 15) “Specified Large Holder” means, in principle, a party who is a holder of share certificates, etc., issued by the Company and whose holding ratio of share certificates, etc. in respect of such share certificates, etc. is at least 20% (including any party who is deemed applicable to the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or a certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Holder. The same is applied throughout this Proposal No. 2.
- (Note 16) “Specified Large Purchaser” means, in principle, a person who makes a public announcement of purchase, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same is applied throughout this Note 16) of share certificates, etc., (as defined in Article 27-2(1) of the Financial Instruments and Exchange Act; the same is applied throughout this Note 16) issued by the Company through a tender offer and whose ratio of ownership of share certificates, etc., in respect of such share certificates, etc., owned by such person after such purchase, etc., (including similar ownership as prescribed in Article 7(1) of the Order for Enforcement of the Financial Instruments and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc., of a person having a special relationship (including any party who is deemed to fall under the above by the Board of Directors); provided, however, that a party that the Board of Directors recognizes as a party whose acquisition or holding of share certificates, etc., of the Company is not contrary to the Company’s corporate value or the common interests of shareholders or certain other party that the Board of Directors determines in the Gratis Allotment Resolution is not a Specified Large Purchaser. The same is applied throughout this Proposal No. 2.
- (Note 17) An “Affiliated Party” of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including any party who is deemed to fall under the above by the Board of Directors), or a party deemed by the Board of Directors to act in concert with such given party. “Control” means to “control the determination of the

financial and business policies” (as defined in Article 3(3) of the Enforcement Regulations of the Companies Act) of other corporations or entities.

--- End of Document ---

### Profiles of the Members of the Independent Committee

The following three persons are scheduled to be the members of the Independent Committee upon the Renewal.

#### **Takeshi Natsuno**

Born on March 17, 1965

- Apr. 1988      Joined Tokyo Gas Co., Ltd.
- Sept. 1997    Joined NTT Mobile Communications Network Inc. (now NTT Docomo Inc.)
- June 2005     Appointed executive officer and manager in charge of multimedia services
- May 2008     Appointed guest professor at Graduate School of Media and Governance, Keio University (current)
- June 2008     Appointed outside director of the Company (current)  
Appointed outside director of Sega Sammy Holdings Inc. (current)  
Appointed director of Pia Corporation (current)  
Appointed part-time director of NTT Resonant Inc. (current)  
Appointed outside director of SBI Holdings, Inc. (current)
- Dec. 2008     Appointed director of Dwango Co., Ltd. (current)
- Sep. 2009     Appointed outside director of Gree, Inc. (current)

Takeshi Natsuno is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at this Annual General Meeting of Shareholders.

He does not have any special interest in the Company.

#### **Jutaro Takinami**

Born on September 28, 1941

- Apr. 1968      Joined Nippon Jimuki Co., Ltd.
- Feb. 1972      Joined Dentsu Inc.
- Dec. 1975      Seconded to Information Services International-Dentsu, Ltd.
- June 1985      Appointed director of Information Services International-Dentsu, Ltd.
- June 1990      Appointed managing director of Information Services International-Dentsu, Ltd.
- June 1994      Appointed senior managing director of Information Services International-Dentsu, Ltd.
- June 1998      Appointed president of Information Services International-Dentsu, Ltd.
- June 2004      Appointed president and COO of Information Services International-Dentsu, Ltd.
- Mar. 2009      Appointed part-time director of Applied Technology Co., Ltd. (current)
- June 2009      Appointed outside director of the Company (current)  
Appointed vice chair of Telecom Services Association (current)

Mar. 2010 Appointed outside director of TransCosmos Technologies Inc. (current)

Jutaro Takinami is an outside director of the Company. He is scheduled to be reappointed as an outside director of the Company upon approval of the proposal regarding appointment of directors at this Annual General Meeting of Shareholders.

He does not have any special interest in the Company.

### **Kichiro Takao**

Born on December 23, 1934

Mar. 1958 Joined Nikko Securities Inc. (now SMBC Nikko Securities Inc.)  
Mar. 1975 Appointed manager of Wakayama Branch at Nikko Securities Inc.  
Dec. 1982 Appointed director, and manager of First Corporate Business Dept. at Osaka Branch at Nikko Securities Inc.  
Nov. 1985 Appointed managing director in charge of Osaka Area, and manager of Osaka Branch at Nikko Securities Inc.  
Aug. 1988 Appointed senior managing director in charge of sales planning at Nikko Securities Inc.  
May 1990 Appointed vice president of Nikko Securities Inc.  
June 1991 Appointed president & CEO of Nikko Securities Inc.  
Oct. 1997 Appointed advisor of Nikko Securities Inc.  
June 2000 Appointed outside statutory auditor of Nippon Dentsu Co., Ltd. (current)  
Oct. 2001 Appointed advisor of Nikko Cordial Corporation (now SMBC Nikko Securities Inc.)  
June 2005 Retired as advisor of Nikko Cordial Corporation  
June 2006 Appointed outside director of the Company (current)  
June 2009 Appointed statutory auditor of the Company (current)

Kichiro Takao is a statutory auditor of the Company.

He does not have any special interest in the Company.

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**Proposal No. 3: Election of Eleven Directors**

The term of office of all the ten Directors will expire at the conclusion of this Meeting. Accordingly, the Company requests to add one more Director for reinforcing the management setup and approval for the election of eleven Directors.

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
1	Koki Okuda (January 9, 1937)	<p>June 1966      Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director</p> <p>December 1974      President, Representative Director of Kabushiki Kaisha Kansai Maruei Keisan Center</p> <p>June 1975      President, Representative Director of Wakayama Maruei Keisan Center Kabushiki Kaisha</p> <p>November 1978      President, Representative Director of Kabushiki Kaisha Input Research Institute</p> <p>January 1982      President, Representative Director of Gunma Maruei Keisan Center Kabushiki Kaisha</p> <p>April 1982      President, Representative Director of Kabushiki Kaisha Maritec</p> <p>June 1985      President, Representative Director of the Company</p> <p>May 1997      President, Representative Director of J-Stream Inc.</p> <p>June 1998      Chairman, Representative Director &amp; President of the Company</p> <p>December 1999      President, Representative Director of eVentures Inc.</p> <p>September 2002      Chairman, Representative Director of the Company &amp; Group CEO</p> <p>June 2003      Founder, Representative Director &amp; Group CEO (present post)</p>	7,498,800 shares (– shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
2	Koji Funatsu (March 18, 1952)	<p>April 1981      Joined RECRUIT CO., LTD.</p> <p>December 1995      Director of Recruit Hokkaido Jalan Co., Ltd.</p> <p>April 1998      Joined the Company, General Manager of Business Planning &amp; Development Division</p> <p>June 1998      Managing Director</p> <p>June 1999      Senior Managing Director, Assistance in Overseas Business Control</p> <p>April 2000      Vice President, Representative Director, in charge of Marketing and Consulting Divisions, in charge of each Business Divisions</p> <p>November 2000      Vice President, Representative Director, in charge of Business Control Division</p> <p>April 2001      Vice President, Representative Director, in charge of Business Strategy Division &amp; Human Resources Division</p> <p>April 2002      Vice President, Representative Director, Chief of Business Administration Division, for Human Resources</p> <p>September 2002      President, Representative Director &amp; CEO</p> <p>June 2003      Chairman, Representative Director &amp; CEO (present post)</p> <p>June 2009      Outside Director, Kadokawa Group Holdings, Inc. (present post)</p> <p>June 2011      Chairman of Japan Telemarketing Association (At present, Call Center Association of Japan) (present post)</p>	25,200 shares (2,840 shares)
3	Masataka Okuda (March 29, 1967)	<p>April 1988      Joined the Company</p> <p>June 1996      Director, Deputy General Manager of Marketing Division</p> <p>June 1998      Managing Director, Chief of Office of President</p> <p>April 2000      Vice President, Representative Director, Chief of Business Planning &amp; Development, Deputy Chief of Overseas Business Division</p> <p>April 2001      Vice President, Representative Director, Chief of Office of President &amp; Business Promotion Division, Deputy Chief of Overseas Business Division, Deputy Chief of Accounting &amp; Finance Division &amp; Maintenance Services Division of the Company</p> <p>April 2002      Vice President, Representative Director &amp; Co-COO and CEO of Business Development Division of the Company</p> <p>June 2002      Representative Director of eVentures Inc.</p> <p>September 2002      Vice President, Representative Director &amp; COO of the Company</p> <p>June 2003      President, Representative Director &amp; COO of the Company (present post)</p>	5,910,368 shares (4,774 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
4	Koichi Iwami (January 10, 1967)	<p>April 1993      Joined Ajinomoto Co., Inc.</p> <p>March 2001     Joined the Company</p> <p>June 2002      Director, Deputy General Manager of Business Development Division</p> <p>June 2004      Corporate Executive Officer</p> <p>February 2005   Chairman of transcocosmos Information system (Shanghai) Co., Ltd.</p> <p>April 2005      Chief of Marketing Chain Management Services of the Company</p> <p>June 2005      Senior Managing Director</p> <p>August 2005    Chairman of transcocosmos MCM Shanghai Co., Ltd. (present post)</p> <p>June 2006      Executive Vice President, Director of the Company</p> <p>April 2010      Senior Managing Director, in charge of Services Sector (present post), Chairman of transcocosmos business service outsourcing Suzhou Co Ltd (present post)</p> <p>June 2010      Chairman of transcocosmos BPO China</p> <p>March 2012     Chairman and Director of transcocosmos Korea Inc. (present post)</p>	4,400 shares (5,157 shares)
5	Hiroyuki Mukai (July 23, 1952)	<p>April 1977      Joined IBM Japan, Ltd.</p> <p>January 1995    General Manager of Retail System Division of Logistic System Davison</p> <p>January 1997    External assignment to the Asian Head Office (Tokyo)</p> <p>January 1998    External assignment to the European Head Office (France)</p> <p>April 2000      Administration Officer and General Manager of Logistics System Division</p> <p>April 2004      Administration Officer and General Manager of PC &amp; Printing Division</p> <p>March 2005     President of Lenovo Japan Co., Ltd.</p> <p>October 2007    Joined the Company, Corporate Executive Officer, in charge of Sales Planning Division of the Company</p> <p>June 2008      Senior Managing Director, Chief of Sales Division</p> <p>April 2009      Executive Managing Director, Chief of Sales Division</p> <p>January 2012    Executive Managing Director, Chief of Sales Division and General Manager of Sale Headquarters, Enterprise Industry Sale Division III</p> <p>April 2012      Executive Managing Director, in charge of Sales Headquarter (present post)</p>	– shares (4,979 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
6	Masakatsu Moriyama (May 21, 1970)	<p>April 1993      Joined Pricewaterhouse Consultant (present IBM Japan, Ltd.)</p> <p>June 2000      Joined the Company</p> <p>June 2002      Director</p> <p>June 2003      Managing Director</p> <p>June 2004      Corporate Executive Officer</p> <p>September 2005      Senior Managing Director, General Manager of BtoC Business Development Division</p> <p>March 2007      President and Representative Director of Co-Core Inc. (present post)</p> <p>June 2009      Executive Managing Director, General Manager of BtoC Business Development Division and "meet-me" Sales Promotion Department</p> <p>April 2011      Executive Managing Director, General Manager of BtoC Business Development Division (present post)</p>	2,000 shares (1,363 shares)
7	Shinichi Nagakura (January 7, 1964)	<p>March 1986      Joined RECRUIT CO., LTD.</p> <p>June 1998      Joined the Company</p> <p>June 2004      Corporate Officer, General Manager of Service Development Division</p> <p>June 2005      Corporate Senior Officer, in charge of Group Strategy</p> <p>September 2005      Corporate Executive Officer, General Manager of Business Development &amp; Investments</p> <p>June 2006      Senior Managing Director</p> <p>April 2009      President and CEO of transcosmos America, Inc. (present post)</p> <p>April 2010      Executive Managing Director, in charge of Portfolio Management Department of the Company and President and CEO of transcosmos America, Inc.</p> <p>November 2011      Director of Merlin Information Systems Group Limited (present post)</p> <p>April 2012      Executive Managing Director, in charge of Business Development Division of the Company and President and CEO of transcosmos America Inc. (present post)</p>	1,000 shares (908 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
*8	Masaaki Muta (February 9, 1965)	<p>April 1989      Joined RECRUIT CO., LTD.</p> <p>April 1999      Joined Doubleclick Japan Inc.</p> <p>June 1999      Managing Director of Doubleclick Japan Inc.</p> <p>June 2003      Joined the Company, Deputy Manager of Marketing Chain Management Services Business Division, Sales Division No. 1</p> <p>April 2004      Director, General Manager of Sales Headquarters, Financial Industry Services Sales Division No. 2</p> <p>April 2005      Managing Director, General Manager of Sales Headquarters, Financial Industry Services Sales Division</p> <p>June 2005      Corporate Executive Officer, General Manager of Sales Headquarters, Financial Industry Services Sales Division</p> <p>April 2009      Managing Director, General Manager of Sales Headquarters, Financial Industry Services Sales Division</p> <p>April 2012      Managing Director, Chief of Sales Division and General Manager of Sales Headquarters, Global Business Sales Administration Department (present post)</p>	108 shared (– shares)
9	Takeshi Natsuno (March 17, 1965)	<p>April 1988      Joined Tokyo Gas Co., Ltd.</p> <p>September 1997      Joined NTT Mobile Communications Network Inc. (present NTT Docomo Inc.)</p> <p>June 2005      Executive Officer and Manager in charge of Multimedia Services of NTT Docomo Inc.</p> <p>May 2008      Guest Professor at Graduate School of Media and Governance, Keio University (present post)</p> <p>June 2008      Outside Director of the Company (present post) Outside Director of Sega Sammy Holdings Inc. (present post) Director of Pia Corporation (present post) Part-time Director of NTT Resonant Inc. (present post) Outside Director of SBI Holdings, Inc. (present post)</p> <p>December 2008      Director of Dwango Co., Ltd. (present post)</p> <p>September 2009      Outside Director of GREE, Inc. (present post)</p>	– shares (42,988 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)	No. of Company shares held
10	Jutaro Takinami (September 28, 1941)	<p>April 1968      Joined Nippon Jimuki Co., Ltd.</p> <p>February 1972      Joined Dentsu Inc.</p> <p>December 1975      Seconded to Information Services International-Dentsu, Ltd.</p> <p>June 1985      Director of Information Services International-Dentsu, Ltd.</p> <p>June 1990      Managing Director of Information Services International-Dentsu, Ltd.</p> <p>June 1994      Senior Managing Director of Information Services International-Dentsu, Ltd.</p> <p>June 1998      President of Information Services International-Dentsu, Ltd.</p> <p>June 2004      President and COO of Information Services International-Dentsu, Ltd.</p> <p>March 2009      Part-time Director of APPLIED TECHNOLOGY CO., LTD. (present post)</p> <p>June 2009      Outside Director of the Company (present post) Vice-Chairman of Telecom Services Association (present post)</p> <p>March 2010      Outside Director of Transcosmos Technologies Inc. (present post)</p>	– shares (2,454 shares)
11	Nozomu Yoshida (December 1, 1956)	<p>April 1980      Joined Dentsu Inc.</p> <p>July 1989      Seconded to Dentsu Communications Institute Inc.</p> <p>October 2000      Representative Director of nozomu.net (present post)</p> <p>January 2002      Director of Concent, Inc. (present post)</p> <p>June 2004      Representative Director of takibi, Inc.</p> <p>May 2008      Representative Director of Odayaka Living Co., Ltd. (present post)</p> <p>June 2010      Outside Director of the Company (present post)</p> <p>August 2011      Director of takibi, Inc. (present post)</p>	– shares (908 shares)

Notes: 1. Figures in parentheses in the column of “No. of Company shares held” by candidates for Directors are equities in the Directors’ shareholding society. (Fractions smaller than one share are omitted.)

2. An asterisk mark attached to the number of candidate represents a candidate newly standing for directorship.

3. Director candidate Masakatsu Moriyama concurrently holds the position of President and Representative Director of Co-Core Inc., with which the Company has business relationship. No special interests exist between the Company and other candidates for Directors.

4. Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida are candidates for Outside Directors.

5. Reasons for the election of candidates for Outside Directors and reasons why the Company considers the offices of Outside Directors to be performed appropriately  
Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida have ample experience, track histories of performance, and knowledge, including knowledge and experience in corporate management, and are also in objective positions amenable to the execution of operations independently of our management team. We consider that their presence will be highly conducive to the management of the Company. Therefore, we nominate them for election as Outside Directors.

6. While Takeshi Natsuno was Director of FeliCa Networks, Inc., an incident involving the leak of customer data by a temporary employee of that company occurred on November 21, 2006. Takeshi

Natsuno was not involved in the incident. He fulfilled his responsibilities subsequent to the incident by aggressively effectuating efforts to raise awareness of risk management and instructed others in the compliance to legal statutes and regulations, the formulation of rules and the implementation of measures to prevent reoccurrences. In addition, while Takeshi Natsuno served as Director at Sumitomo Mitsui Card Co., Ltd., as a result of an incident involving the unauthorized access from an external party to the server of the Internet service “Vpass” developed by that company occurring on January 30, 2007, a portion of customers’ credit card information was leaked. That company filed a damage report with the police, explained the circumstances to customers and apologized to them and effectuated other countermeasures. Takeshi Natsuno was not involved in this incident. He fulfilled his responsibilities subsequent to the incident by aggressively working towards the building of a framework to prevent reoccurrences such as by instructing to inspect the weaknesses of the system, strengthen the monitoring framework as well as effectuate other measures.

7. Liability Limitation Agreement with Outside Directors

The Company has entered into, with each of Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida, the liability limitation agreement, which limits liability for damage under Article 423, paragraph 1 of the Corporation Law pursuant to the provision of Article 427, paragraph 1 of the Corporation Law. The maximum amount of liability for damage under such agreement is 1 million yen or the amount provided for in Article 425, paragraph 1 of the Corporation Law, whichever is higher. If the re-election of Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida is approved, the Company intends to continue the liability limitation agreement.

8. Years for which the candidates for Outside Directors are to take office as Outside Directors:

- 1) The term of office of Takeshi Natsuno, an Outside Director, shall be four years at the conclusion of this Annual General Meeting of Shareholders.
- 2) The term of office of Jutaro Takinami, an Outside Director, shall be three years at the conclusion of this Annual General Meeting of Shareholders.
- 3) The term of office of Nozomu Yoshida, an Outside Director, shall be two years at the conclusion of this Annual General Meeting of Shareholders.

9. The Company has registered Takeshi Natsuno and Jutaro Takinami as independent executives stipulated by the Tokyo Stock Exchange. If this proposal is approved and the two candidates take the posts of Outside Directors, they will continue to be independent executives.

**Proposal No. 4:** Election of One Substitute Statutory Auditor

The effective tenure of substitute Statutory Auditor Teruyuki Hiiro, who was elected at the Annual General Meeting of Shareholders held on June 28, 2011, shall expire at the beginning of this General Meeting. Accordingly, it is proposed that one substitute Statutory Auditor be elected.

The Board of Statutory Auditors has previously given its consent to this proposal.

The candidate for substitute Statutory Auditor is as follows.

Name (Date of Birth)	Career summary and position at the Company (significant concurrent positions outside the Company)	No. of Company shares held	
Teruyuki Hiiro (January 15, 1933)	April 1956	Joined Tomoe Engineering Co., Ltd.	– shares
	January 1989	Director of Tomoe Engineering Co., Ltd.	
	January 1993	Managing Director of Tomoe Engineering Co., Ltd.	
	January 1997	Senior Managing Director of Tomoe Engineering Co., Ltd.	
	June 2004	Outside Statutory Auditor of the Company	
	June 2009	Substitute Statutory Auditor (present post)	
	April 2010	Advisor (present post)	

- Notes: 1. Teruyuki Hiiro and the Company have entered into an advisory contract.
2. Teruyuki Hiiro is a nominee for a substitute Outside Statutory Auditor.
3. Regarding reasons for the election of the candidate for substitute Outside Statutory Auditor and reasons why the Company considers the office of substitute Outside Statutory Auditor shall be performed appropriately by same
- Teruyuki Hiiro has experiences in executing the duties of Outside Statutory Auditor of the Company for five years, and he has ample experience, a track history of performance, and knowledge, and is in an objective position amenable to the execution of operations independently of our management team. We consider that his presence will be highly conducive to the management of the Company. Therefore, we nominate him for election as substitute Outside Statutory Auditor.
4. If Teruyuki Hiiro assumes the office of Outside Statutory Auditor, the Company will enter into an agreement that limits the liability for damages provided for in Article 423, paragraph 1 of the Corporation Law with him pursuant to the provisions of Article 427, paragraph 1 of the said Law. The maximum amount for the liability for damages under the agreement is either of 1 million yen or the amount stipulated in Article 425, paragraph 1 of the Corporation Law, whichever is higher.