

[Translation]

Notification: This English translation is for reference purposes only; in the case of a discrepancy between the English and Japanese versions, the Japanese original shall prevail.

June 22, 2016

To all concerned,

Company Name: transcosmos, Inc.
Representative: President and COO, Masataka Okuda
(Code No. 9715, Tokyo Stock Exchange, 1st Section)
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Announcement Regarding Disposition of Treasury Shares by Third-Party Allotment

transcosmos, Inc. (the “Company”) resolved at its Board of Directors meeting held on June 22, 2016, to dispose of its treasury shares by way of third-party allotment (“Disposition of Treasury Shares”) as follows. The subscriber for the Disposition of Treasury Shares, Mr. Shunsuke Sato, did not participate in the deliberation and resolution of the Board of Directors due to having a special interest therein.

1. Outline of Disposition

(1) Date of disposition	July 8, 2016
(2) Number of shares to be disposed	339,500 shares of common stock
(3) Price of disposition	2,945 yen per share
(4) Amount to be raised	999,827,500 yen
(5) Method of disposition	Disposition by way of third-party allotment
(6) Subscriber	Mr. Shunsuke Sato
(7) Other	The above items are conditional upon the statement made under the Financial Instruments and Exchange Act taking effect.

2. Purposes and Reasons for Disposition

For the purpose of the Company providing the advanced Facebook management support service utilizing in-site data on Facebook and the advertising delivery and optimization service through “social gear Ads+,” a Facebook advertising management service, that were both provided by Social Gear Pte Ltd (head office: Singapore; Representative and Director: Shunsuke Sato), transcosmos Asia Pacific Pte. Ltd., a subsidiary of the Company, acquired approximately 51% of the shares of Social Gear Pte Ltd in total (approximately 38% through transfer of the shares held by Mr. Sato, and approximately 13% through subscription for the capital increase by way of third-party allotment conducted by Social Gear Pte Ltd) on June 9, 2015, and converted Social Gear Pte Ltd into its subsidiary. Recently, transcosmos Asia Pacific Pte. Ltd. acquired from Mr. Sato all of the shares of Social Gear Pte Ltd held by him on May 19, 2016, and converted Social Gear Pte Ltd into its wholly-owned subsidiary. Mr. Sato, who was Representative and Director of Social Gear Pte Ltd before its conversion into a wholly-owned subsidiary, has experience managing domestic and foreign companies and an extensive knowledge of social media and related matters, and he is capable of appropriately supervising the business for which he is responsible while promoting global business and EC business with an aim to grow the Company’s businesses and improve its operating results; therefore, taking the opportunity of the Company’s conversion of Social Gear Pte Ltd into a wholly-owned subsidiary through transcosmos Asia Pacific Pte. Ltd., the Company decided to elect Mr. Sato as a director of the Company. Accordingly, Mr. Sato was appointed as a director of the Company at the Ordinary Meeting of Shareholders held on June 22, 2016. The Company has

decided to conduct the Disposition of Treasury Shares because it expects that holding shares of the Company by way of subscribing for the shares subject to the Disposition of Treasury Shares (“Third-Party Allotment”) will increase Mr. Sato’s incentive for improving the Company’s medium and long term operating results and its share price, leading to Mr. Sato further contributing to the increase of the Company’s corporate value.

3. Amount and Use of Funds to be Raised and Expected Timing of Use

(1) Amount of funds to be raised

(i) Total amount to be paid	999,827,500 yen
(ii) Estimated issuance expenses	2,000,000 yen
(iii) Estimated net proceeds	997,827,500 yen

- (Notes) 1. Consumption tax, etc. is not reflected in the estimated issuance expenses.
 2. The estimated issuance expenses include legal fees, costs of preparing documents such as securities registration statements, and other such costs.

(2) Specific use of funds to be raised

While the Company intends to make investments for the purpose of expanding its business in areas that are considered to have high growth potential such as EC (electronic commerce) and BPO (business process outsourcing) in foreign countries as part of its global development centering on Asia, including ASEAN countries, the Company will use the proceeds from the Disposition of Treasury Shares for additional contributions, aimed at strengthening capital and business alliances and scheduled to be made by the end of March 2017, to UNQ (Shanghai) Co., Ltd., which is engaged in the distribution of cosmetics, personal care products and foods for electronic commerce in China and in which the Company has already invested.

As a distributor for electronic commerce focusing on Japanese brands, UNQ (Shanghai) Co., Ltd. is officially authorized by those brands or their sales companies to act as sales agent for online retailers and provides wholesale and sales promotion services for major online retailers in China. The Company has engaged in capital and business alliances with UNQ (Shanghai) Co., Ltd. since March 2015 and intends to strengthen these alliances through these additional contributions, which are also planned to increase the Company’s contribution ratio in UNQ (Shanghai) Co., Ltd. from 26.3% to 39.9%.

UNQ (Shanghai) Co., Ltd. is separate from the companies to which the Company intends to contribute using the funds raised through the issuance of euro-yen denominated convertible bonds with share options due in 2020 that are stated below in item (4), “Equity Finance in the Last Three Years” of section 10, “Results of Operations and Status of Equity for the Last Three Years.”

If these additional contributions are not completed by the expected timing of use, the Company will disclose that fact in a timely manner. The funds will be managed in the Company’s bank account until they are to be used for any of these purposes.

Specific use	Amount	Expected timing of use
Additional contributions aimed at strengthening the capital and business alliances with UNQ (Shanghai) Co., Ltd., in which the Company has already invested	997,000,000 yen	July 2016 to March 2017

4. Rationality of the Use of Funds

Since the funds to be raised by the Disposition of Treasury Shares will be used for measures for increasing the Company's corporate value, the Company believes that there is rationality in the use thereof.

5. Rationality of Disposition Conditions

(1) Basis for Calculation of Amount to be Paid and the Details Thereof

The price of disposition is set at 2,945 yen per share, which is the closing price of the Company's common stock on the Tokyo Stock Exchange of June 21, 2016, the business day immediately prior to the date of the resolution of the Board of Directors meeting on the Disposition of Treasury Shares.

The closing price of the business day immediately prior to the date of the resolution of the Board of Directors meeting was used for the calculation of the price of disposition because the Company determined that the price is highly objective and reasonable as the basis for calculation as it was the market price of the Company's shares immediately prior to the date of the resolution of the Board of Directors meeting.

The price of disposition (2,945 yen) represents (i) the amount obtained by multiplying the average closing price (3,112 yen) (rounded down to the nearest whole yen) of the Company's shares for the one-month period immediately prior to the date of the resolution of the Board of Directors meeting by 94.6%, (ii) the amount obtained by multiplying the average closing price (2,989 yen) (rounded down to the nearest whole yen) of the Company's shares for the three-month period immediately prior to the date of the resolution of the Board of Directors meeting by 98.5%, or (iii) the amount obtained by multiplying the average closing price (2,857 yen) (rounded down to the nearest whole yen) of the Company's shares for the six-month period immediately prior to the date of the resolution of the Board of Directors meeting by 103.1%.

As a result of considering the above matters, the Company believes that the price of disposition in the Disposition of Treasury Shares does not constitute an amount that is especially favorable to the subscriber.

(2) Basis for Determining that the Number of Shares and Scale of Dilution are Reasonable

The number of shares subject to the Disposition of Treasury Shares is 339,500 shares (3,395 units of voting rights), accounting for 0.70% of 48,794,046 shares of the Company currently issued (0.83% of 410,058 voting rights in total as of March 31, 2016), and the Disposition of Treasury Shares will cause dilution to a certain extent.

However, the Company has determined that the number of shares to be disposed of and the scale of dilution are at reasonable levels as Mr. Sato intends to hold the shares for the long term, the impact on the secondary markets is considered to be minimal, and the Disposition of Treasury Shares is conducted in the expectation that Mr. Sato will further contribute to the increase of the Company's corporate value.

6. Reason for Selecting the Subscriber

(1) Overview of Subscriber

(1)	Name	Shunsuke Sato
(2)	Address	Marina Boulevard 2, Republic of Singapore
(3)	Job description	Company officer
(4)	Relationship between the Company and the	Because the individual is a director of the Company and a director of Social Gear Pte Ltd, a subsidiary of the Company, he is a related party.

individual	transcosmos Asia Pacific Pte. Ltd., a subsidiary of the Company, acquired from the subscriber all of the shares of Social Gear Pte Ltd, a subsidiary of the Company, held by the subscriber on May 19, 2016. Upon such acquisition, the shareholders' agreement regarding Social Gear Pte Ltd between the Company and the subscriber was terminated. There is no capital relationship between the Company and the individual to be noted.
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* As a result of the research on Mr. Sato requested by the Company from Tokucho Co., Ltd., a third-party credit agency, the Company received a report stating that Mr. Sato is judged to have no relationship to anti-social forces as no information was found indicating any such relationship. Mr. Sato also represented and warranted in the share purchase agreement regarding the transfer of shares of Social Gear Pte Ltd dated May 10, 2016, entered into with the Company and transcosmos Asia Pacific Pte. Ltd. that he was not an anti-social force. In addition, the Company obtained a written confirmation from Mr. Sato indicating that he was not related to anti-social forces when he assumed his post as the Company's director. Therefore, the Company concludes that Mr. Sato has no relationship with anti-social forces. The Company has submitted a written confirmation to the Tokyo Stock Exchange indicating that the subscriber is not related to anti-social forces.

(2) Reason for Selecting the Subscriber

As described in 2, "Purposes and Reasons for Disposition," the Company selected Mr. Sato as a subscriber because the Company expects Mr. Sato to further contribute to the increase of the Company's corporate value by holding shares of the Company by way of the Third-Party Allotment.

(3) Subscriber's Policy on Holding Shares

The Company has confirmed with Mr. Sato orally that he intends to hold the shares to be acquired by the Third-Party Allotment for the long term.

The Company expects to execute a written assurance with the subscriber to the effect that it is agreed that if the subscriber transfers all or part of the acquired shares of the Company within two years of the payment date, then the subscriber shall immediately report to the Company the name and address of the person receiving the shares, the number of transferring shares and other such details, the Company shall report those details to the Tokyo Stock Exchange, and the reported details shall be provided for public inspection.

(4) Confirmation that the Subscriber has Sufficient Assets for Making Payment

The Company, transcosmos Asia Pacific Pte. Ltd. (a subsidiary of the Company), and Mr. Sato executed a share purchase agreement dated May 10, 2016, and transcosmos Asia Pacific Pte. Ltd. acquired from Mr. Sato all of the shares of Social Gear Pte Ltd, a subsidiary of the Company, held by Mr. Sato in exchange for the total amount of 1,957,024,794 yen. Mr. Sato intends to use part of the proceeds from such share transfer for the payment of the Third-Party Allotment. Because the proceeds from such share transfer exceed the amount to be paid in relation to the Third-Party Allotment, and the Company has orally confirmed with Mr. Sato that following the date of such share transfer, he continues to hold the amount to be paid, the Company concludes that Mr. Sato has sufficient funds for the payment of the Third-Party Allotment.

7. Major Shareholders and Percentages of Shareholding after Disposition

Before Disposition (as of March 31, 2016)		After Disposition	
Koki Okuda	15.37%	Koki Okuda	15.37%
Masataka Okuda	12.11%	Masataka Okuda	12.11%

Goldman Sachs & Co. Regular Account	3.76%	Goldman Sachs & Co. Regular Account	3.76%
Okada Ikueikai, Public Interest Incorporated Foundation	3.59%	Okada Ikueikai, Public Interest Incorporated Foundation	3.59%
Japan Trustee Services Bank, Ltd. (Account in Trust)	3.44%	Japan Trustee Services Bank, Ltd. (Account in Trust)	3.44%
Mihoko Hirai	3.00%	Mihoko Hirai	3.00%
Master Trust Bank of Japan, Ltd. (Account in Trust)	2.19%	Master Trust Bank of Japan, Ltd. (Account in Trust)	2.19%
HM Kosan, Ltd.	1.48%	HM Kosan, Ltd.	1.48%
Employee Shareholding Association of transcosmos Inc.	1.27%	Employee Shareholding Association of transcosmos Inc.	1.27%
STATE STREET BANK AND TRUST COMPANY	1.26%	STATE STREET BANK AND TRUST COMPANY	1.26%

(Notes) 1. The above is based on the register of shareholders as of March 31, 2016.

2. The percentages of shareholding represent the ratios of shares held to the total number of shares issued.
3. The percentages of ownership indicated in the Major Shareholders and Percentages of Shareholding after Disposition above are rounded off to the second decimal place.
4. Other than the above, the Company holds 7,656,653 treasury shares as of March 31, 2016, and the number of treasury shares after the Disposition of Treasury Shares will be 7,317,153 shares, excluding shares less than one unit subject to request for purchase or additional purchase after April 1, 2016.

8. Future Outlook

The Disposition of Treasury Shares will have a minimal impact on the consolidated operating results for the fiscal year ending March 2017.

9. Procedures under the Code of Corporate Conduct

The Third-Party Allotment does not require acquisition of an opinion from an independent third party or procedures for confirming the intent of shareholders, both of which are provided under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., because (i) the dilution ratio is less than 25% and (ii) the disposition does not involve a change in controlling shareholders.

10. Results of Operations and Status of Equity for the Last Three Years

(1) Results of Operations for the Last Three Years (Consolidated Basis)

	March 2014	March 2015	March 2016
Net sales	186,503 million yen	199,178 million yen	224,605 million yen
Operating profit	9,541 million yen	9,166 million yen	9,725 million yen
Ordinary profit	10,082 million yen	9,603 million yen	8,870 million yen
Current net profit attributable to shareholders of parent company	6,289 million yen	7,349 million yen	7,587 million yen
Current net profit per share	152.87 yen	178.65 yen	184.45 yen
Dividends per share	46.00 yen	54.00 yen	56.00 yen
Net assets per share	1,394.09 yen	1,580.91 yen	1,967.29 yen

(2) Current Number of Shares Issued and Number of Potential Shares (as of May 31, 2016)

	Number of shares	Ratio to the number of shares issued
Number of shares issued	48,794,046 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	2,371,354 shares	4.86%
Number of potential shares at the minimum conversion price (exercise price)	—	—
Number of potential shares at the maximum conversion price (exercise price)	—	—

(3) Recent Share Prices

(i) Last three years

	March 2014	March 2015	March 2016
Opening price	1,335 yen	2,145 yen	2,545 yen
High price	2,368 yen	2,620 yen	3,445 yen
Low price	1,240 yen	1,795 yen	2,239 yen
Closing price	2,132 yen	2,533 yen	2,924 yen

(ii) Last six months

	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016
Opening price	3,060 yen	3,130 yen	2,970 yen	2,508 yen	2,943 yen	2,980 yen
High price	3,195 yen	3,190 yen	2,976 yen	3,020 yen	3,005 yen	3,245 yen
Low price	2,812 yen	2,574 yen	2,239 yen	2,481 yen	2,653 yen	2,924 yen
Closing price	3,120 yen	2,949 yen	2,508 yen	2,924 yen	2,911 yen	3,215 yen

(iii) Share prices on the business day immediately prior to the date of resolution on the issuance

	June 21, 2016
Opening price	2,934 yen
High price	2,951 yen
Low price	2,902 yen
Closing price	2,945 yen

(4) Equity Finance in the Last Three Years

Issuance of Euro-Yen Denominated Convertible Bonds with Share Options Due in 2020

Payment date	December 22, 2015
Amount of funds to be raised	10,000 million yen (estimated net proceeds)
Conversion price (note)	4,217 yen per share
Number of shares issued at the time of offering	48,794,046 shares
Number of potential shares by offering	Number of potential shares at the initial conversion price (4,217 yen): 2,371,354 shares
Current conversion status	Number of shares converted: 0 shares (Balance: 10,000 million yen; conversion price: 4,217 yen)
Initial use of funds at the time of issuance	(1) Funds (approximately 5 billion yen) for investing in shares, etc. for the purpose of developing business in areas with high growth

	<p>potential, such as EC and BPO, as part of global development centering on Asia, including ASEAN countries. If the investment is executed before the payment date of such convertible bonds with share options, funds for cash reserves which were used for such investment. If the investment is not executed by the due date due to changes in external environment or other such reasons, and there are remaining funds, funds for working capital.</p> <p>(2) Funds (approximately 3 billion yen) for investments and loans in order to strengthen partnerships with the companies in which the Company currently invests or current business partners.</p> <p>(3) Funds (approximately 2 billion yen) for system development and capital investment for the purpose of developing new technologies in order to globally promote the enhancement of service systems in each area of the Company's group.</p>
Expected timing of use at the time of issuance	<p>(1) To be used no later than December 2016</p> <p>(2) To be used no later than December 2017</p> <p>(3) To be used no later than December 2017</p>
Current status of use of funds	<p>The amount that has been already used is approximately 4.3 billion yen (the amount of (1) in "Initial use of funds at the time of issuance" above is approximately 4.3 billion yen.), while the amount that has not been used is approximately 5.7 billion yen (the amount of (1) in "Initial use of funds at the time of issuance" above is approximately 700 million yen, the amount of (2) therein is approximately 3 billion yen, and the amount of (3) therein is approximately 2 billion yen.).</p> <p>The expected timing of use for the unused amounts are as follows:</p> <p>(1) To be used no later than December 2016</p> <p>(2) To be used no later than December 2017</p> <p>(3) To be used no later than December 2017</p>

(Note) The conversion price is as of May 31, 2016.

11. Summary of Disposition

(1) Number of shares to be disposed	339,500 shares of common stock
(2) Price of disposition	2,945 yen per share
(3) Total amount of disposition price	999,827,500 yen
(4) Method of disposition	Disposition by way of third-party allotment
(5) Payment date	July 8, 2016
(6) Subscriber	Mr. Shunsuke Sato
(7) The above items are conditional upon the statement made under the Financial Instruments and Exchange Act taking effect.	

End