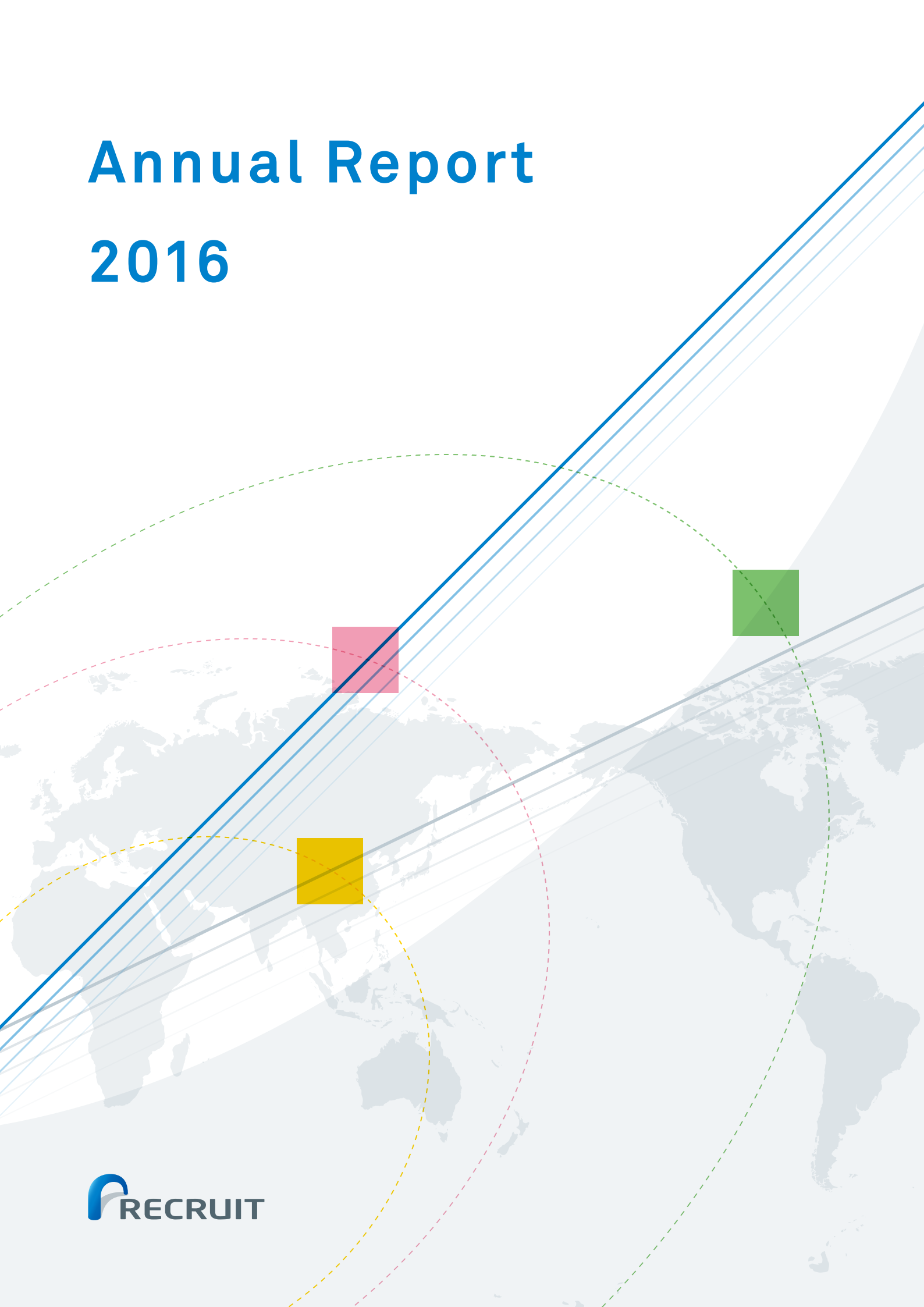


Annual Report

2016



**Paths to
a More Rewarding Future**

We know that life can be more rewarding. The opportunities are there, at every turn. We just need to seize those opportunities and take the bold step that will open up new paths. One such path may lead to new personal discoveries. Another may help us evolve into the person we've always wanted to become. The opportunities are there, in conversations with friends, family, colleagues, and business partners. That's why we listen to what people are saying, in communities near and far. We listen attentively and we listen often, even to the voices that are barely audible. Because it's in those voices that we find the clues to the broad range of opportunities to live a life free of excuses, a life that's truly rewarding.

Opportunities for Life.



**Opportunities
for Life**

**Promoting
Equal Employment
Opportunities**

Marriage and childbirth need not be reasons to leave the workforce.
They can be reasons to join it.



Opportunities
for Life

Making things
easier for
small businesses

Don't let burdensome chores get in the way of the business
you've always wanted to run.

Opportunities
for Life

Removing
Barriers
to Growth

Kids solve exam problems.
Adults solve society's problems.



Annual Report 2016

Editorial Policy

In the Annual Report 2016, in addition to information about the Recruit Group management policies and business strategies, the report includes more detailed information than in previous years concerning non-financial information to enable stakeholders, including shareholders and investors, to gain a greater understanding of mid- to long-term value creation. In addition, we have tried to make the report as visually appealing as possible by using a rich array of photos and charts.

Latest Information for Investors www.recruit-rgf.com/ir/
For sustainability information www.recruit-rgf.com/csr
CSR report 2016 http://www.recruit.jp/company/csr/pdf/RCRT_CSR2016_all.pdf

Warning about Forward-Looking Statements

The Recruit Group has prepared this report based on the assumption that the information obtained is accurate and complete, but does not provide any declarations or guarantees about the accuracy or completeness of the information presented herein. Moreover, this report contains forward-looking statements. However, actual results may differ significantly from the estimates specified or implied by these forward-looking statements due to the materialization of various risks and uncertainties. Undue reliance should not be placed on these forward-looking statements. Third parties are expressly forbidden to publish or use this report, or any content herein, without the prior written consent of the Recruit Group.

Period Covered by this Report

This report covers the 2015 fiscal year (April 1, 2015 to March 31, 2016). However, comments are made about other fiscal years as necessary.

Referenced Guidelines

- International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

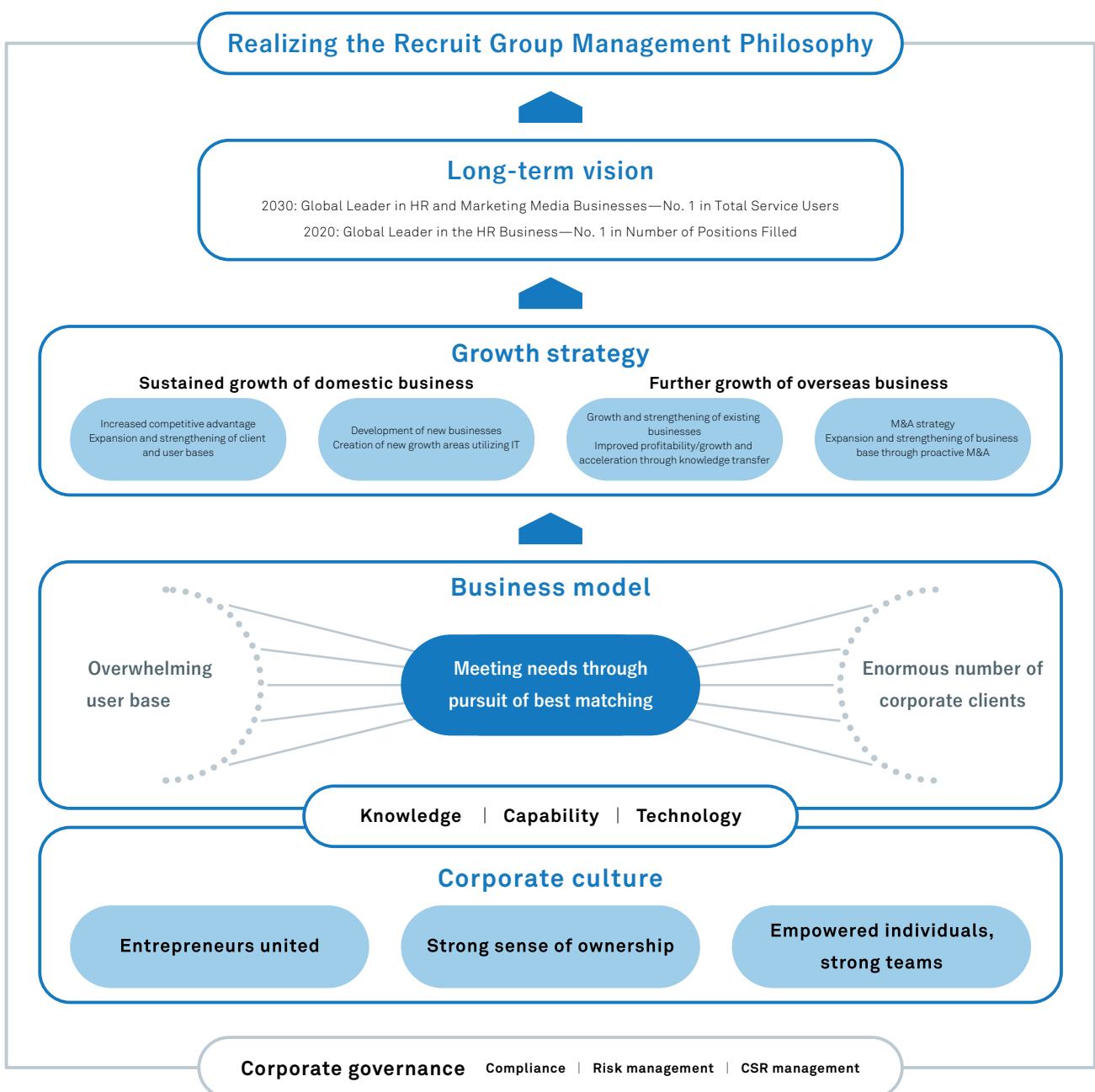
INDEX

COVER STORY	02
OUR PROFILE	09
Mechanisms of Value Creation	09
Business Portfolio	11
Recruit's Competitiveness	13
OUR GROWTH STORY	14
CEO Message	14
CFO Message	18
Performance Highlights	20
OUR GROWTH ENGINE	22
Recruit's Growth Engine	22
A Unique Business Model	24
Business Topics	25
Origins Of Our Competitive Advantages	26
BUSINESS BY SEGMENT	30
Marketing Media Business	30
HR Media Business	47
Staffing Business	55
Other Businesses	63
CORPORATE GOVERNANCE	64
Leadership	65
Interview With External Board Directors	69
Corporate Governance	73
CONSOLIDATED FINANCIAL STATEMENTS	84
COMPANY PROFILE/STOCK INFORMATION	89

Mechanisms of Value Creation

Toward a Sustainable World with Hope and Freedom for All

In the 57 years since its founding, the Recruit Group has made innovation happen with its entrepreneurial spirit and strong sense of ownership, delivering new value by making life easier and more fulfilling.



The Recruit Group aims to constantly provide new value to its clients and users by eliminating inconvenience around the world, with our foundation for value creation that integrates its management philosophy, vision, strategies to attain the targets, and growth engines that give rise to its competitive advantages.

Management Philosophy

We are focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest.

Since its founding, the Recruit Group has focused its efforts on creating new value by addressing any dissatisfaction, inconvenience, and unease. Our current management philosophy is a symbol of our commitment to address the expectations of society.

Long-term Vision

**2030 Be the Global Leader in HR and Marketing Media Businesses
#1 in Total Service Users**
**2020 Be the Global Leader in the HR Business
#1 in Number of Positions Filled**

The Recruit Group's products and services have gained industry-leading support from users, and by offering these products and services globally and not just within Japan, we aim to provide even more new opportunities for users and clients.

[» Details: CEO Message p 14](#)

Growth Strategy

Sustained Growth in Domestic Operations

Recruit aims to enhance its competitive advantage by expanding and strengthening its client and user bases. Recruit is focused on the development of new businesses using IT.

[» Details: Business Model p 24](#)

More Growth in Overseas Operations

Recruit aims to bolster growth in existing businesses by transferring the expertise it has accumulated in domestic operations. Recruit aims to expand and strengthen its business foundation through proactive M&A.

[» Details: CEO Message p 14](#)

Corporate Culture

Entrepreneurs United

Strong Sense of Ownership

Empowered Individuals, Strong Teams

The Recruit Group will continue to encourage Empowered Individuals, Strong Teams by respecting and fostering Entrepreneurs United and Sense of Ownership in every employee to generate innovation. This corporate culture is the source of our competitive advantages.

[» Details: Origins of Our Competitive Advantages p 26](#)

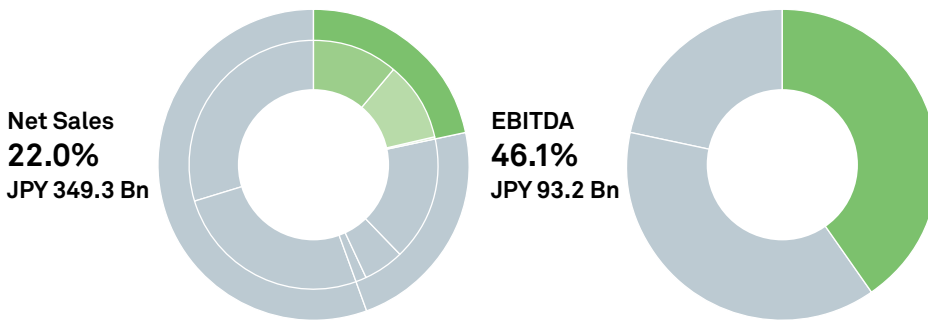
Business Portfolio

The Recruit Group is comprised of eight business areas under the three segments of the Marketing Media Business, HR Media Business and Staffing Business.

Business Segments (FY2015)
Net Sales: JPY 1,588.6 Bn EBITDA: JPY 202.2 Bn

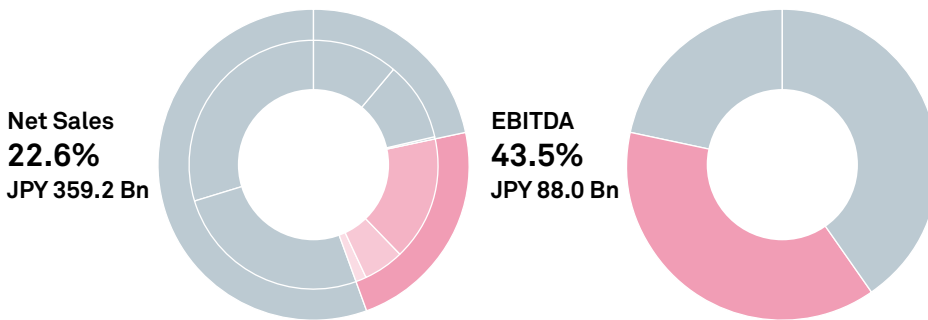
Net Sales by Segment

Marketing Media



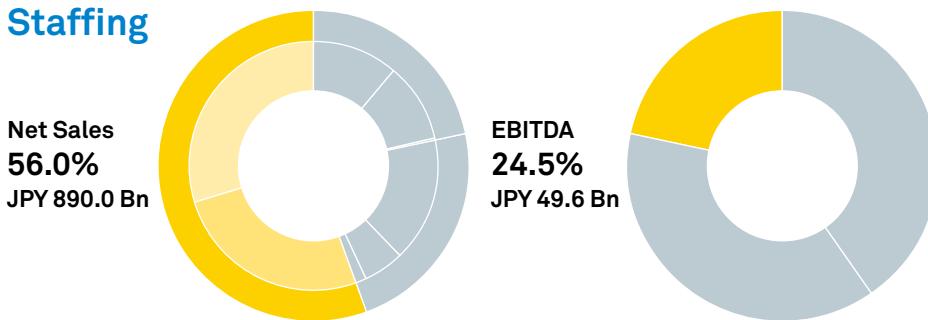
Life Event	51.2%	JPY 179.0 Bn
Lifestyle	47.9%	JPY 167.2 Bn
Other	1.1%	JPY 3.8 Bn

HR Media



Domestic Recruiting	71.2%	JPY 255.9 Bn
Overseas Recruiting	23.5%	JPY 84.3 Bn
Other	6.1%	JPY 21.9 Bn









Staffing



Domestic Staffing	46.5%	JPY 414.1 Bn
Overseas Staffing	53.5%	JPY 475.8 Bn

Notes: 1. EBITDA = operating income + depreciation and amortization + amortization of goodwill
2. Percentages of sales and EBITDA are calculated without corporate/elimination and Other segment figures, and net sales and EBITDA includes intersegment sales or transfers. Therefore, totals of percentages may exceed 100%.

OUR PROFILE

Net Sales by Segment	Major Services	Comparable companies	
		Domestic	Overseas
Life Event	Housing and Real Estate, Bridal, Automobiles, Education 	NEXT (Home's) Minnano Wedding	Zillow Group (Zillow, Trulia) XO Group (The Knot)
	Travel, Dining, Beauty 	Rakuten (Rakuten Travel) Gurunavi Kakaku.com (Tabelog)	Expedia Groupon The Priceline Group (OpenTable) Yelp
	Overseas Dining, Overseas Beauty 		
Domestic Recruiting	Full-time, Part-time 		Monster Worldwide
	Job Aggregator Search Site 	Mynavi Corporation Intelligence en-japan JAC Recruitment DIP Corporation	CareerBuilder SEEK LinkedIn Michael Page International Hays Korn Ferry
	Executive Search, HR Training 		
Domestic Staffing	Comprehensive Staffing (Domestic) 		Adecco
	Comprehensive Staffing (Overseas) 	Temp Holdings Pasona Group	Manpower Group Randstad Holding
Overseas Staffing			

Recruit's Competitiveness

A Robust and Rock-Solid Business Foundation in Japan

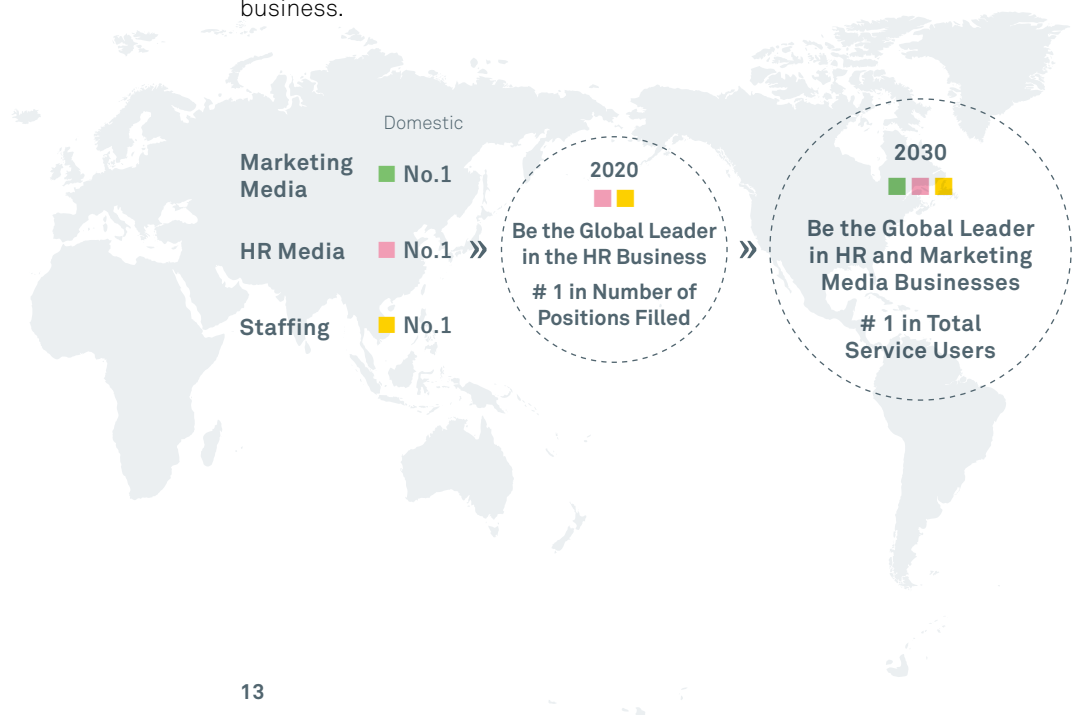
For more than 50 years, the Recruit Group has matched companies (clients) which have needs to hire personnel, provide services and sell goods, to consumers (users) who want to gather information about companies before making the best choice for themselves.

The Recruit Group has gained an overwhelming No. 1 presence in each of its businesses-Marketing Media, HR Media and Staffing-as a result of pioneering the creation of these fields and markets.

A Globally Unique Multiple Platform Business

The Recruit Group has expanded its reach in the human resources business to include personnel placement and staffing, from its beginnings in the job advertisement business for college students. We have also expanded by diversifying into the Marketing Media business with media management expertise acquired in our original business. As a result, we have evolved into a unique conglomerate of businesses, unseen elsewhere as a company engaged in both human resources and media businesses.

While maintaining and developing this rock-solid business foundation in Japan, we intend to further develop business overseas through M&A. We aim to be No. 1 in the world in the respective fields of human resources operations (i.e., the HR Media and Staffing businesses) and the Marketing Media business.



CEO Message

Fostering Innovation for the Future



Masumi Minegishi

President, CEO, and Representative Director

At the Recruit Group, all of our employees work to create new value with stakeholders, by directly addressing any dissatisfaction, inconvenience, and unease among our customers and in society.

In 1960, during Japan's high economic growth period, Recruit was founded by a college student as a venture company in the job advertisement business for college students. Recruit has provided numerous opportunities to society while growing alongside Japan's economy. In the HR Media business, its founding business, Recruit has delivered a wide choice of job posts so that individuals could find a suitable one. We also have created opportunities for people; part-time work and temporary staffing gained acceptance as alternatives to full-time employment; people decided to change jobs; and more women chose to join the workforce.

In the Marketing Media business, through a variety of media, Recruit has published information about restaurants, beauty salons, and travel that enables people to lead fulfilling lifestyles, in addition to offering ideas on how to find an ideal home or plan a wedding. At the Recruit Group, we are proud of the role of helping people make decisions on their own from a diverse range of options, and opening up a constrained and uncertain world to more information and choices. Our services have become a new type of infrastructure for industry, therefore it is important to accelerate their improvement; we are responsible to society.

■ Aiming to Build the World's Leading Platform

In 2013, we revised our management philosophy for the first time since founding, and formulated a medium- to long-term vision. Not content with its number one position in Japan, the Recruit Group decided on a new management philosophy, Opportunities for Life, which aims to offer new opportunities to people around the world, including Japan.

The Recruit Group has milestones for growth as we pursue global expansion. We have set our sights on becoming the world leader in human resources by 2020 in terms of number of positions filled. A decade further, by 2030, we aim to become the world leader in HR media and have the world's leading matching platform, in terms of service user population.

■ Formulating Mid- to Long-Term Policies to Realize Our Vision

To realize this vision, over the next three years (fiscal 2016 to fiscal 2018), Recruit aims to achieve steady earnings growth in the Domestic Media and Staffing businesses, while maintaining strong growth in the overseas HR Media business.

OUR GROWTH STORY

In the Domestic Media business, which consists of Marketing Media and HR Media in Japan, Recruit aims to develop new businesses while reinforcing its competitiveness in existing businesses, which enjoy overwhelming scale. A prime example of a new business, Air Series, developed for the purpose of improving operational efficiency at small and medium-sized enterprises, has seen steady growth on the number of its clients. We aim to expand the business further through collaboration with our media businesses and tie-up with other companies' services.

In overseas HR Media, we aim for strong growth centered on Indeed, a service that aggregates job information from across the web. In the US, Recruit aims to maintain strong growth and monetization; outside the US, we will focus on marketing investment in scale expansion for future earnings. With these ambitions, we aim to at least double sales in the overseas HR Media business over the next three years.

In addition to strengthening existing businesses for Indeed (i.e., the job advertising business that addresses the clients' needs to recruit employees), Recruit will proactively examine entering new businesses that leverage Indeed's advanced technologies, client base and user base. Our clients face a variety of human resource challenges in addition to new personnel recruitment. Recruit intends to evolve into a company to handle a broader range of HR-related operations by providing solutions to satisfy its clients' needs.

To flexibly implement this growth strategy, Recruit has broadened the time frame of its management targets from "stable growth each fiscal year" to "compound annual growth rate for three years." We also adopted adjusted EPS (Note) as a management target to emphasize improvement in shareholder value. For three years ending March 31, 2019, we pursue high single digit compound annual growth rate (CAGR), which is higher than the current target.

■ Taking on the Challenge of Solving Social Issues

We are ready to take on more complex and diverse challenges amid rapid changes in society and the environment brought about by globalization and IT.

In Japan, we will directly take on issues that have created inequalities in society as the result of a shrinking labor population and the depopulation of outlying regions amid declining birthrates and a growing elderly population. If Recruit lasts 100 years, it will be expected to play a role of solving the global issues.

Japan is looked upon as an advanced country with new problems and now confronting social issues that other countries are likely to face in the near future, such as a shrinking working population due to declining birthrates and a growing elderly population, income inequality, regional inequalities, and the resulting inequality in education. We believe it is essential to tackle these social issues, head-on.

Recruit is proud of its accomplishments solving social issues throughout its history. With its overseas sales ratio of about 36% in fiscal 2015, the Recruit Group sees a need to boldly take on new challenges emerging amid rapid changes in society and the environment as a result of globalization and advances in IT to gain trust from communities and meet the expectations of society. To address global issues, such as the Sustainable Development Goals (SDGs) adopted by the United Nations, Recruit aims to make a better future through collaboration with various organizations as well as long-term business development.

■ Identifying Underlying Negatives, Fostering New Innovations

To take on new challenges, each employee gains insights from their interactions with users and clients leveraging strong connection with them, understand market structure, and take action to find solutions for underlying issues.

Leveraging the diverse customer connections unique to the Recruit Group, we have ceaselessly pursued innovation in tune with trends in society, such as the transition from paper to online media, developing services in brick-and-mortar stores, providing information and reservations services, as well as streamlining clients' operations. This has been facilitated by the unique corporate culture of the Recruit Group, where everyone mutually respects the potential of the individual, as employees work together with an entrepreneurial spirit and a strong sense of ownership in a disciplined approach to maximizing their potential. We create new opportunities by constantly thinking, bringing others into the fold, and taking action.

Have we truly identified all the issues for our users and clients? Each and every employee strives to quickly discover any underlying negative issues, set high ideals, and move with determination to improve society and markets by addressing these social issues. We believe our culture to work to the best of our abilities is the source of strength at Recruit. Not satisfied with the current status, we question ourselves, reassess the situation, take action, and promote innovation to create new value. As time flows from the present to through the future, now is always a new starting point. Looking beyond Japan, the Recruit Group is also working to create new value in an increasingly complex world while striving to solve global issues.

With its stakeholders, the Recruit Group will make every effort to meet the growing society's expectation.

Note: Adjusted EPS: adjusted net income / (number of shares issued at the end of the period ± number of treasury stock at the end of the period)
Adjusted net income: net income attributable to owners of the parent ± adjustment items (excluding non-controlling interests) ± tax reconciliation related to adjustment items
Adjustment items: amortization of goodwill and other intangible assets arising due to business combinations ± extraordinary income/losses

CFO Message

Achieving Record-Setting Profits, Making Strategic Investments for Mid- to Long-Term Growth



Keiichi Sagawa

Board Director, Senior Managing Corporate Executive Officer

Record-Setting Net Sales and EBITDA

In fiscal 2015, the Recruit Group generated EBITDA of 202.2 billion yen, an increase of 5.7% year on year, on net sales of 1,588.6 billion yen, an increase of 22.2%, representing its best performance since fiscal 2007. Net sales grew in all three major segments comprising Marketing Media, HR Media and Staffing. Net income attributable to owners of the parent declined 7.4% to 64.5 billion yen year on year. Overseas net sales climbed 69.4% to 570 billion yen, growing to account for 35.9% of total net sales, underscoring the expansion of our global business portfolio.

■ Financial Strategy for Realizing Mid- to Long-Term Policies

As the CEO explained in his message, the Recruit Group plans to reinforce existing businesses inside and outside Japan over the coming three years, while aggressively developing new businesses and engaging in M&A toward the attainment of its long-term vision. The CEO also outlined our focus on the personnel recruitment field overseas, centered on Indeed. To implement these growth strategies, Recruit has broadened the time frame of its management targets from “stable growth each fiscal year” to “compound annual growth rate for three years” in order to more flexibly and aggressively pursue M&A and other investments. We also adopted adjusted EPS (Note) as a management target to emphasize improvement in shareholder value. For three years ending March 31, 2019, we pursue high single digit compound annual growth rate (CAGR), which is higher than the current target.

We will follow a proper financial strategy in accordance with this mid- to long-term policy, but will not relax our risk controls. Recruit currently has the capacity for around 500 billion yen in investments. However, when cash in hand at the time investment opportunity comes up exceed its cost, or external conditions such as foreign exchange and interest rates are conducive for procuring funds externally, Recruit intends to prioritize raising of funds from bank borrowings. In terms of our financial soundness, management aims to maintain a credit rating of A with domestic rating agencies. As for capital efficiency, Recruit’s basic policy is to maintain an ROE of roughly 15% based on net income before amortization of goodwill.

■ Shareholder Returns

To benefit all shareholders, the Recruit Group is committed to increasing enterprise value through appropriate management decisions on well-considered investments and ongoing earnings growth. In addition, we position shareholder return as an important management measure.

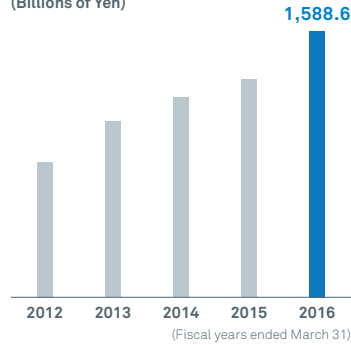
We prioritize paying steady dividends commensurate with earnings, while reserving sufficient funds to invest in business expansion and maintain a solid financial footing. Our dividend policy aims for a consolidated payout ratio of around 25% based on net income before amortization of goodwill.

Based on this policy, in fiscal 2015 we paid a year-end dividend of 50 yen per share. We will maintain this policy going forward and return to shareholders.

Performance Highlights

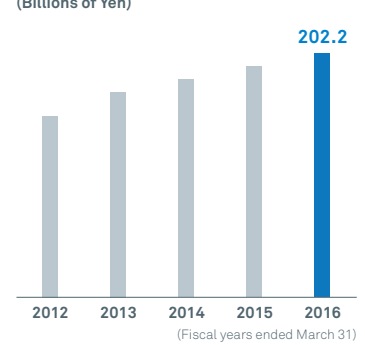
Net Sales

(Billions of Yen)



EBITDA

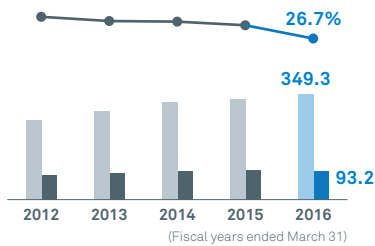
(Billions of Yen)



Net sales by segment/EBITDA/EBITDA to net sales ratio

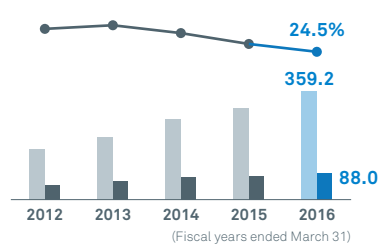
Marketing Media

(Billions of Yen)



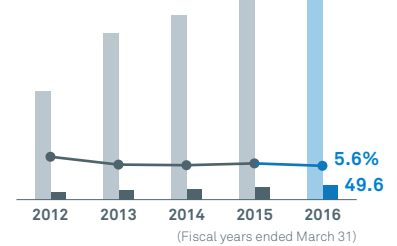
HR Media

(Billions of Yen)



Staffing

(Billions of Yen)

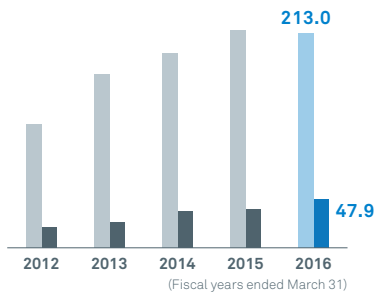


■ Net Sales ■ EBITDA ● EBITDA to net sales ratio (%)

Note: Segment results are available from fiscal 2011, three years before the IPO in 2014.

Goodwill / Amortization of Goodwill

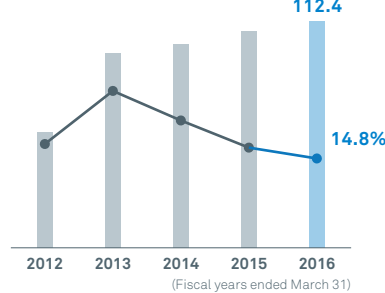
(Billions of Yen)



■ Goodwill ■ Amortization of Goodwill

Net Income before Amortization of Goodwill¹ / Adjusted ROE²

(Billions of Yen)



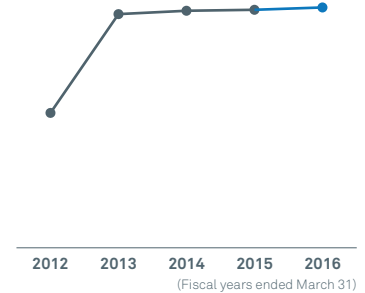
■ Net income before Amortization of Goodwill ● Adjusted ROE (%)

Note: 1. Net income before amortization of goodwill = Net income attributable to owners of the parent + amortization of goodwill

Note: 2. Adjusted ROE = Net income before amortization of goodwill/own capital (average)

Net Income before Amortization of Goodwill per Share¹

(Yen)



Note: 1. Reflects the 10-for-1 stock split effective as of July 31, 2014 as if it had taken effect from April 1 of fiscal 2011.

OUR GROWTH STORY

	2012	2013	2014	2015	2016.3
For the year	(Billions of Yen)				
Net sales	806.6	1,049.2	1,191.5	1,299.9	1,588.6
EBITDA	150.2	170.0	180.6	191.4	202.2
EBITDA margin (%)	18.6	16.2	15.2	14.7	12.7
Depreciation and amortization	15.2	19.9	27.1	31.0	40.2
Amortization of goodwill	20.0	25.1	36.0	37.8	47.9
Net income before amortization of goodwill ¹	57.4	96.9	101.4	107.5	112.4
Net income attributable to owners of the parent	37.4	71.8	65.4	69.7	64.5

At the year end	(Billions of Yen)				
Total assets	646.3	808.5	860.3	1,100.7	1,150.6
Total equity	330.7	419.2	546.6	754.1	777.0
Own capital ratio ² (%)	—	51.5	63.2	68.1	66.9

Cash flow	(Billions of Yen)				
Net cash provided by operating activities	114.1	158.5	126.1	137.4	162.5
Net cash used in investing activities	(69.7)	(113.7)	(48.7)	(80.3)	(109.6)
Net cash provided by (used in) financing activities	(80.5)	7.7	(92.9)	62.5	(53.5)
Cash and cash equivalents at end of period	146.7	201.4	187.1	313.1	310.3

Per share data³	(Yen)				
EPS	72.84	143.45	126.64	127.79	114.28
Adjusted EPS	111.77	193.66	196.44	197.24	199.17

Investment grade rating (internal grading)

Investment grade rating	—	—	—	A	A
-------------------------	---	---	---	---	---

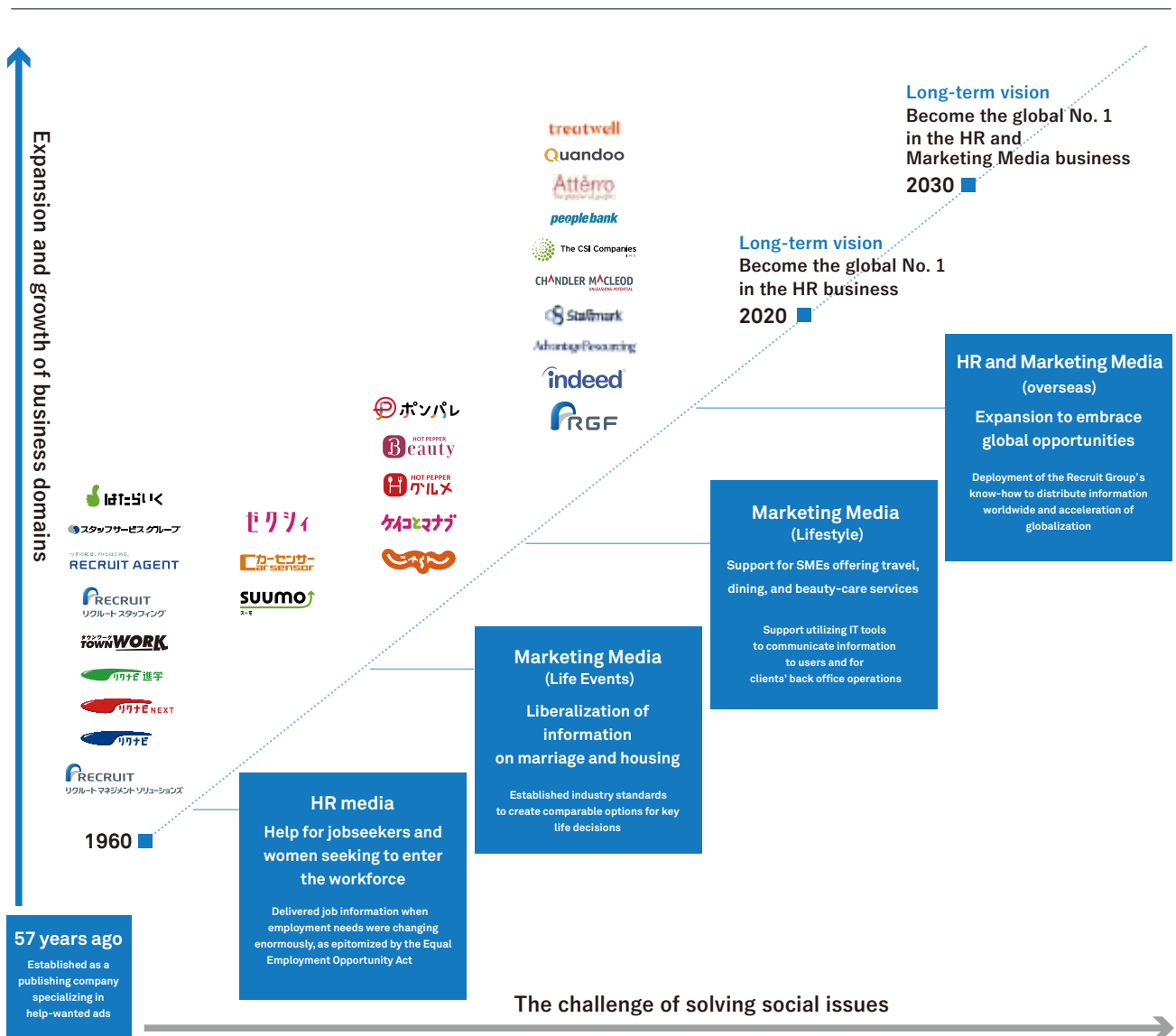
Notes: 1. Net income before amortization of goodwill = Net income attributable to owners of the parent + amortization of goodwill.

2. Own capital ratio in available from fiscal 2012, two years before the IPO in 2014.

3. Reflects the 10-for-1 stock split effective as of July 31, 2014 as if it had taken effect from April 1 of fiscal 2011.

Recruit's Growth Engine

The Recruit Group diversified from the job advertisement business for college students to the temporary staffing business, and then made inroads into the life event business, expanding its presence there. We have historically solved social issues through innovation and taken on the challenge of creating new businesses. As a result, the Recruit Group has helped individuals attain more opportunities for life.



This chart does not include all of the service brands. It is an extract of the main service brands introduced as our business portfolio in the 2015 Annual Report.

OUR GROWTH ENGINE

Throughout its history, the Recruit Group has acquired the management resources for its platform business such as a robust client base, a huge user base, as well as sophisticated data analysis and advanced matching technologies. These resources are the source of growth at the Recruit Group.

Management Resources



The Recruit Group has forged strong relations in various industries through the development over more than 50 years of a platform business in Japan that spans diverse fields. We engage in business transactions with all sorts of companies across Japan, from major enterprises to small and medium-sized businesses. The Recruit Group supports the development of its clients' business by proposing ideas to them for product development and service improvement from a user perspective, creating contact with their ideal users.



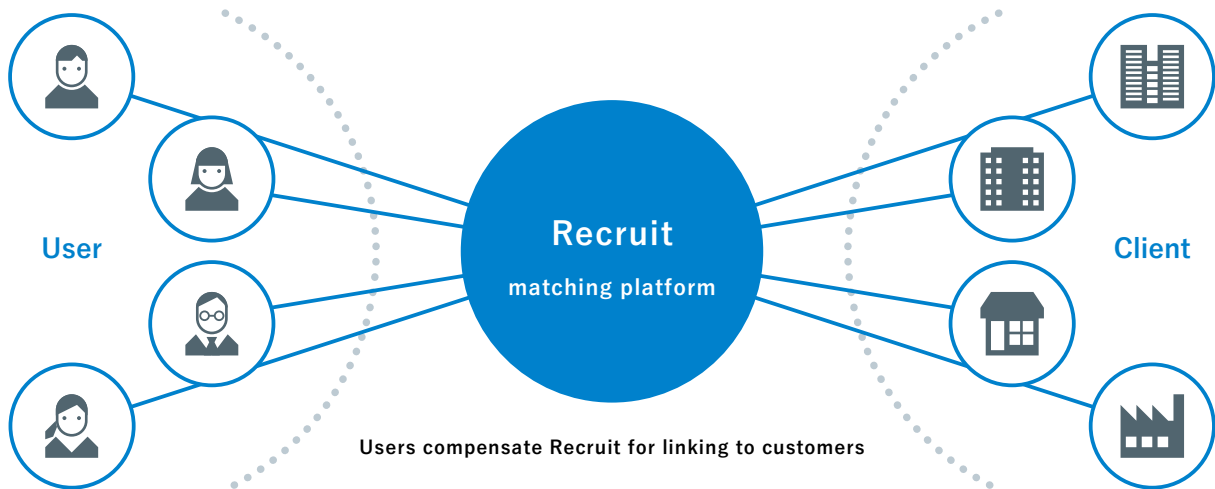
Our platforms, which span various business fields in Japan, boast the highest user recognition and user traffic in Japan.



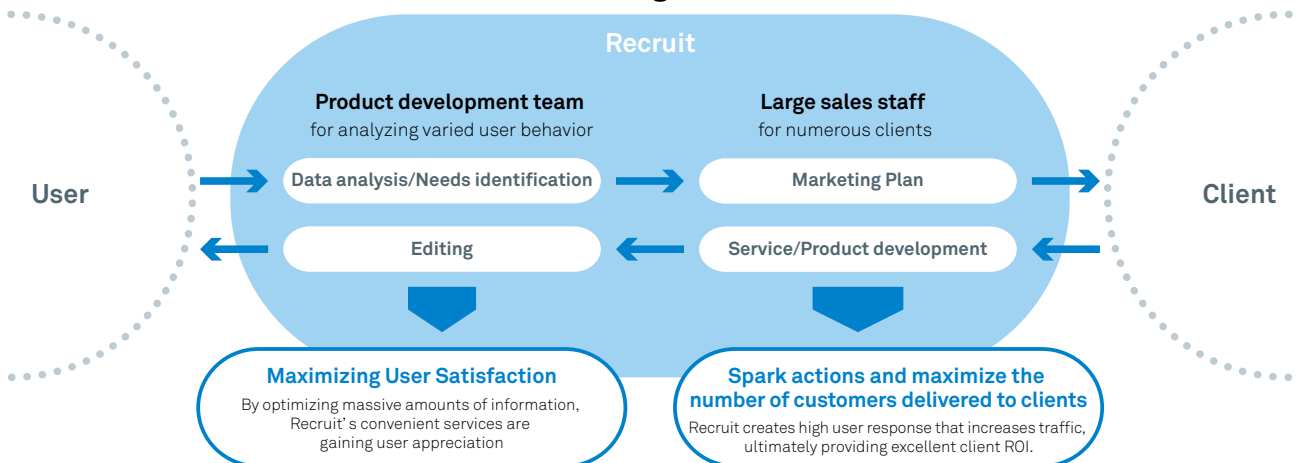
Based on the above, the Recruit Group has a comprehensive technological base that collects vast information about client and user needs and matches the needs with high probability through a close analysis of the data. Recruit has concentrated efforts on further improving the advanced precision of its matching capabilities with IT, such as big data analysis and AI. By helping both clients and users, Recruit has been able to maintain a top sales position in the industry across business fields in Japan.

A Unique Business Model

The business model of the Recruit Group entails providing opportunities (platforms) for clients and users to interact by leveraging accumulated management resources toward a brighter and more fulfilling world in which all individuals can live life to the fullest, our management philosophy. Recruit aims to expand sales and profits, and satisfy clients and users by making life easier and more fulfilling through optimized matching.



Creating Value



The background to highly effective quality and quantity of user action is:

- 1) High ROI user attraction
- 2) Outstanding user-action volumes
- 3) Convenient user services

For over 50 years our PDCA cycle has emphasized the above three points, and as a result of iterating through this cycle, we have won high accolades from both clients and users for our services.

Business Topics

Aiming to build the No. 1 platform in the world, the Recruit Group has leveraged aggressive M&A to expand and strengthen its client and user bases, the source of competitive advantages in its business model, while striving to create new growth fields.



■ Indeed

Indeed Inc., which became a subsidiary in 2012, operates the Indeed search engine for job offers, one of the largest of its kind in the world. The Indeed service has grown as an Internet business to have approximately 200 million unique monthly visitors globally, and boasts a dominant number of unique visitors in many countries including the US, Canada and the UK.

The Recruit Group has positioned Indeed as a core business that will drive growth over the mid to long-term, and is aggressively allocating management resources to the business, leveraging its advanced IT capabilities to develop solutions-based business in the broader human resources field.

■ Air Series

The Recruit Group is expanding and enhancing Air Series, a service that supports operations at clients. For example, Air REGI is a free POS cash register app with features including accounting, payments, order management, reservation management, sales analysis, customer management, inventory management, and other support functions. Air REGI is popular because it can be installed on a tablet or smartphone and conveniently used anywhere. In the two years since the service was launched in 2013, more than 230,000 accounts have been opened by retail stores.

In fiscal 2015, we became the first company in Japan to be a Mobility Partner for Apple. We will take this opportunity to expand into services that support small-and medium-size enterprises, as well as large enterprises, based on the iOS platform.



■ Study Sapuri

Study Sapuri is an online learning app for elementary to high school students that provides children with an affordable, high-quality learning. Users can easily access educational content, such as video lectures by famous professional teachers and drills, on their smartphones and PCs, anytime and anywhere.

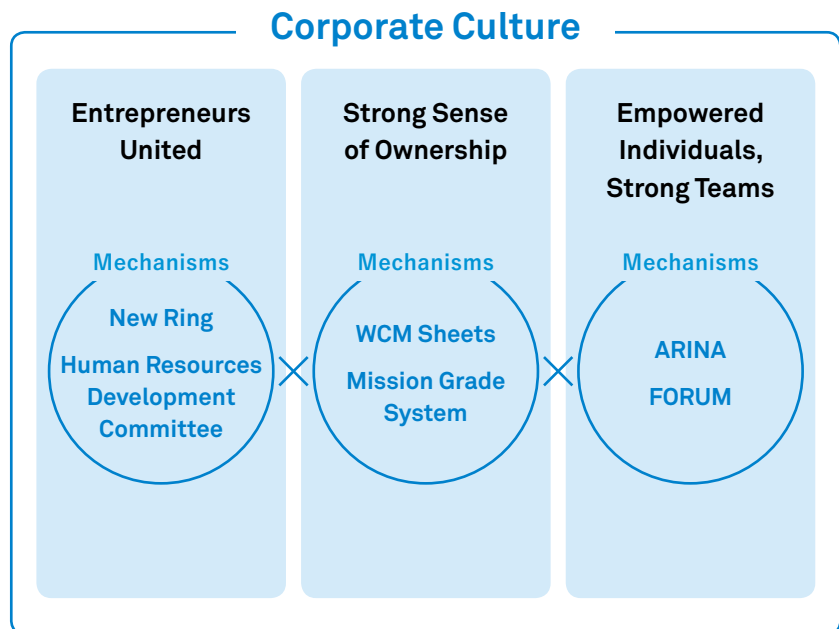
Our Juken Sapuri service for high school students is used as supplementary educational materials at around 700 high schools throughout Japan, contributing to school education. These services are now profitable with 167,000 paying users as of March 31, 2016. The Recruit Group aims to focus efforts on further expanding educational services for elementary and junior high school students.



Origins Of Our Competitive Advantages

The Recruit Group's business model derives competitive advantages from its enormous client base and huge user base. Our corporate culture plays a critical role in foundation of our business model. Below, we discuss the mechanisms behind the evolution of our corporate culture, the source of our competitive advantages as a Group.

Mechanisms for Fostering Corporate Culture



Our corporate culture is the outcome of our Empowered Individuals, Strong Teams concept, i.e., employees with diverse values and backgrounds who have signed onto our Entrepreneurs United and Strong Sense of Ownership principles. Our unique corporate culture is fostered, maintained and strengthened by the systemization of this organizational framework, personnel allocation and performance evaluations to organically engage these principles.

Entrepreneurs United

The Recruit Group believes that to motivate its employees with entrepreneurial spirit will contribute to fostering and strengthening its corporate culture, the wellspring of its competitive advantage. Basically, we give a chance for challenging important work to young employees. We start by asking them “Why are you here?” to ignite their own inspiration to take on work responsibilities, and require them to thoroughly explain their passion to get a final approval from their boss.

At the same time, we have made and maintained organizational framework to support the development of the entrepreneurial spirit, and advancement of behavior patterns, with it, we ensure our corporate culture sustainability.

More specifically, we frequently hold open contests for new business plans, including the New RING and Recruit Ventures contests. We also recognize that medium- and long-term career formation is an important priority for employees. Our framework for balancing the growth of our employees and the organization involves the Human Resources Development Committee, which interlocks with personnel evaluations, and the Career Grant System. We encourage every employee to take on new challenges that will help them grow their careers.



■ New RING —Recruit Ventures—

In 1981, Recruit Innovation Group (RING) was initiated as a system for creating new businesses. In 1990, this system was updated and renamed New RING, a competition held annually, where employees with the entrepreneurial spirit first proposed many of our current flagship businesses including Zexy, Hot Pepper, R25, and Jyuken Sapuri. At the same time, New RING has helped to foster an optimistic corporate culture toward to creating new businesses and addressing change in business.

Looking ahead, each group company will promote new business development in their own fields. As a new business development system for coordinating initiatives across the Recruit Group, we have also commenced New RING -Recruit Ventures- to develop new business models that utilize IT.

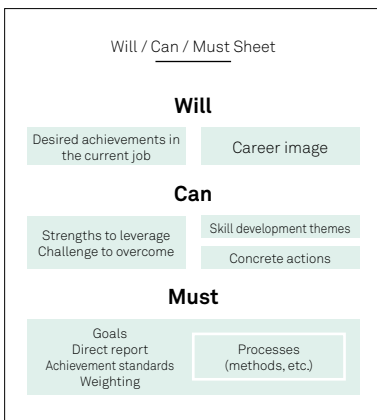
■ Human Resources Development Committee

Convening twice a year, the Human Resources Development Committee is in charge of figuring out the best type of work and posts for each employee based on their strengths and weaknesses. At meetings, discussions about the human resource development of individual members involves all group managers and department managers, not only direct supervisors but also other groups' managers. From a mid- to long-term perspective, the Committee looks across the entire organization, spanning across Group companies, departments and sections, when considering the best type of work, position, and mission for an individual's growth.

A Powerful Sense of Ownership

The Recruit Group asks each of its employees to take ownership of their own work and make a commitment to achieving results. We help our employees grow through cross-organizational communication and daily feedback.

For example, the Recruit Group is unique for placing importance on close relationships, such as “Brought up the plan first, get it done,” and “Work will be rewarded with work.” *Yomikai* is our mechanism for sharing strategies to achieve goals and a venue for employees to relish in this process, with the aim of imbuing our organization with sentimental human relationships and behaviors that call for a strong sense of ownership. Beginning with the Will Can Must (WCM) Sheets and Mission Grade System, the Recruit Group has designed its personnel and evaluation systems so that individual reviews and remuneration are closely tied to job performance undertaken with a sense of ownership. By fostering close human relationships and putting in place an external framework for supporting these relationships, our corporate culture continues to evolve in a positive direction.



■ WCM Sheets

Recruit Group employees fill out a WCM Sheet every six months. This sheet helps them manage their own goals by laying down what they would like to achieve (Will), strengths they would like to leverage and challenges they would like to overcome (Can), and missions that will allow them to develop their skills (Must).

In a semiannual cycle, each and every employee expresses what they want to achieve through work (Will), determines with their superior what they can do and what skills they need to acquire in order to make this happen (Can), and thinks about what they must do to accomplish the desired results (Must).

■ Mission Grade System

The Recruit Group has adopted a Mission Grade System for determining remuneration (salary and bonus) based on the level of missions assigned and output, regardless of age or years of service. This serves to promote and maintain a culture of speedy and flexible personnel appointments, objective remuneration decisions based on the Mission Grade, and conscious efforts to maximize human resources.

Empowered Individuals, Strong Teams

Since its founding, the Recruit Group has added many companies to its portfolio from both inside and outside Japan. As our business scale has expanded, we have attracted individuals with diverse values and backgrounds, creating strong opportunities within the organization.

For example, *yomoyama* meetings give people an opportunity to have casual conversations, catch up on recent work topics, talk about past work, and get career advice. This is an opportunity for people to collaborate with partners who have expert knowledge and information, and share outcomes as explicit knowledge. It is also an opportunity for people who have produced results to share with their coworkers the key and approaches for getting the job done.

To sustain our corporate culture nurtured successfully so far, we set up a variety of unique programs to share knowledge to encourage team members to help and stimulate each other to reach their goals. We keep taking on the challenge to sustain and strengthen our corporate culture through programs for motivating individuals and mutual respect.



■ ARINA

The All Recruit Innovation Award (ARINA) is an award that recognizes innovations that have contributed to the high-level creation of new value. ARINA is given at a Group-wide award ceremony for innovations that created new value. Around 10–15 employees are chosen each year for this award, based on the novelty and versatility of their innovations.

[Recent awards] HELPMAN JAPAN, a solution for a shortage of nursing care workers
Jyuken Sapuri, an online study service that eliminates inequality in studying for entrance exams caused by income disparity
SALON BOARD, a support tool for beauty salons
Natural Language Processing, an advanced Big Data analysis



■ FORUM

In 2015, the Recruit Group launched FORUM, a major event for the sharing of professional knowledge across the Group. To become the global No. 1, the Recruit Group believes it must enhance the level of professional skills in each employee. By sharing across the group new initiatives that are highly novel and versatile, the Recruit Group aims to create new value and accelerate the growth of individual employees. Split into four categories by specialty, knowledge of selected projects is shared throughout the group by presentations and panel discussions with outside experts.

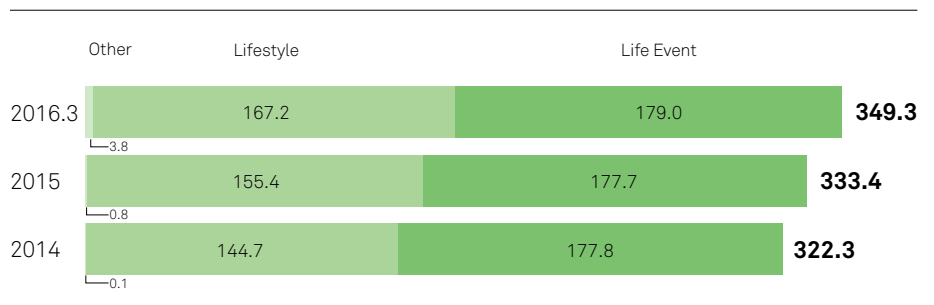
Four FORUM Categories: Growth Forum (business development and improvement)
Engine Forum (IT and other technologies)
Guardian Forum (business foundation)
Top Gun Forum (client relationships)

MARKETING MEDIA BUSINESS



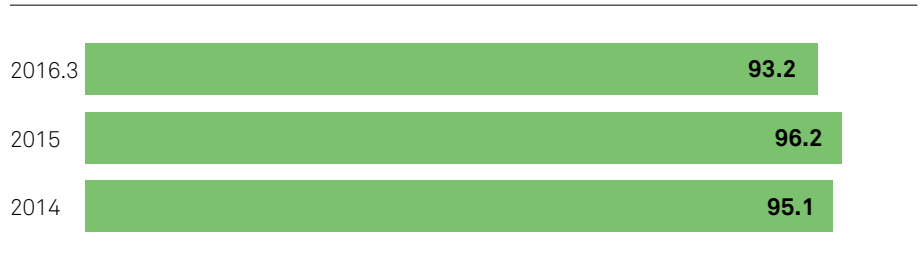
This segment consists of life event operations and lifestyle operations. In life event operations, we provide information on housing and real estate, bridal and others for people looking to make major life decisions on what house to buy or what type of wedding they want to have. In lifestyle operations, we provide information on lodging accommodation, restaurants, and beauty salons for people looking to make daily-life decisions, such as where to travel, eat or get their hair cut.

Net Sales (Billions of Yen)



Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)



Housing And Real Estate

Enhancing Brand Power Through Overwhelming Brand Awareness Among Users and Excellence in Proposals to Clients

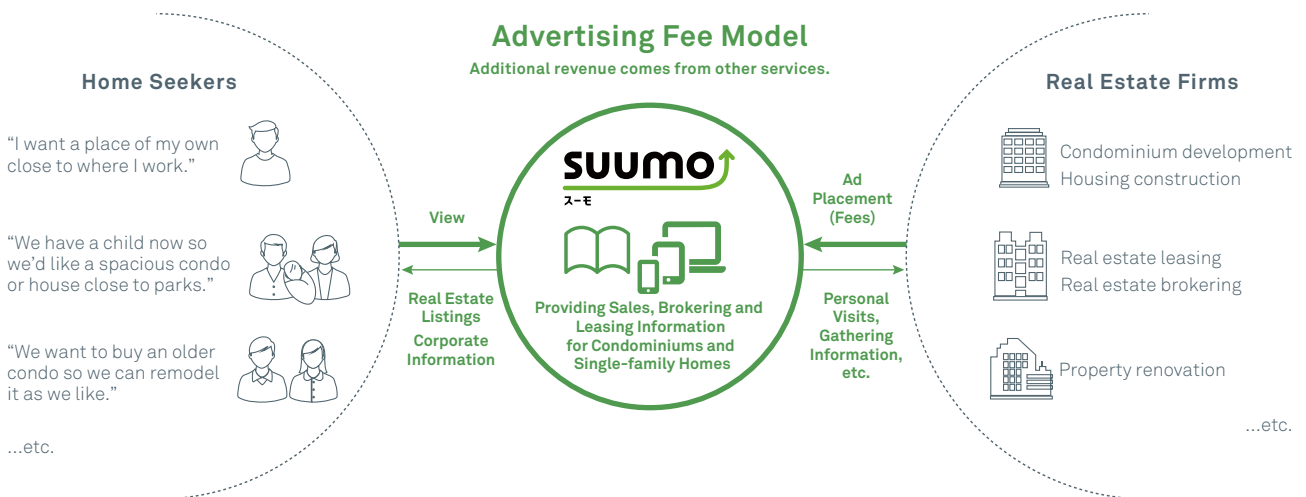
Product Explanation

A Leading Brand Connecting Housing Needs and Clients

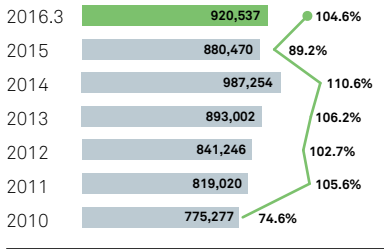
In our housing and real estate business, we provide a real estate and housing website and a free magazine under the SUUMO brand that meets the wide needs to lease, purchase, build, remodel and sell houses. In addition to property and real estate agent information, these media contain such content as various types of expertise articles and market trends such as area information and procedural manuals including user reviews. Additionally, we also operate a model home village displaying mainly houses from major housing builders, as well as provide other services such as a consultation counter service at brick-and-mortar locations.

Business Model

SUUMO users include individuals thinking about buying or leasing a house, while advertisers include developers, construction companies and local builders (offering new condominiums and single-family homes), property-leasing firms, brokers handling existing housing and remodelers. Primary earnings come from advertising fees by billing advertising clients for listing property information on the website or in publications. Additionally, at brick-and-mortar locations, we offer consulting services and charge clients success fees for brokering deals in a pay per performance model.

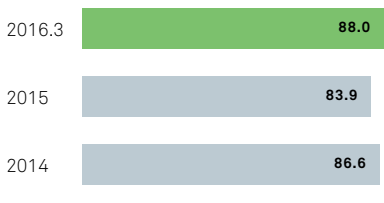


New Housing Construction Starts in Japan
(Year-on-Year Growth Rate) [Number of houses, %]

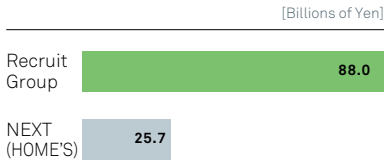


■ Number of Houses ● Year-on-Year Growth Rate
Source: Ministry of Land, Infrastructure, Transport and Tourism, Housing Starts

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison



* Figures for NEXT represent revenue, not net sales, because NEXT has adopted International Financial Reporting Standards (IFRS).

■ **Market Environment**

Emerged from a Downturn in New Housing Construction

New housing construction, one indicator of the state of the housing market, surged through fiscal 2013 as consumers rushed to close prior to the consumption tax hike. This increase, however, led to weak demand in fiscal 2014 and led to the first decrease in five years. In fiscal 2015, the number of new housing construction was 920,537, an increase of 4.6% from the prior year, however, still not attaining the level of fiscal 2013.

■ **Business Overview**

Retained Top Position in Japan and Increased Sales

Over the past few years, consumption tax hikes have had a major impact on business results. We have been responding to this by enhancing the quality and volume of our media content—moves that allowed the Recruit Group to maintain our overwhelming brand awareness among users and our leading position in the Japanese market.

In fiscal 2015, although condominium apartment division recorded sluggish net sales, independent housing division and leasing division recorded solid net sales due to efforts such as continuing to enhance the provision of solutions to clients and attracting users, resulting in net sales of 88 billion yen, a year-on-year increase of 4.9%.

■ **Strategy Going Forward**

Strengthening Client Relations for Sustained Growth

One of the Recruit Group's greatest strengths is the power of the SUUMO brand, which has high recognition among people searching for housing. We also rely on our ability to gather and analyze information on people looking for housing. This allows us to provide advertisers with excellent recommendations based on our deep understanding of their businesses, and sustain our solid client relationships.

Looking to the future, we will continue to enhance the convenience of our media and services that deliver even greater value and satisfaction for users in the real estate market. At the same time we aim to provide clients with not only an advertising framework, but also comprehensive sales promotion support, including management assistance and other services. Examples include product development, sales strategy consultation, promotion and other plans and support for campaign design—all of which are underpinned by analysis of the user needs in the housing market. Our goals are for clients to realize even greater returns on their advertising investments and for us to sustain growth in transaction value per client.

FAQ

Q: What is the state of the housing market environment?

A: We have seen a recovery from the downward trend that followed the surge in demand prior to the consumption tax hike.

In fiscal 2013 there was a surge in demand brought on by consumers rushing to close prior to a consumption tax hike in April 2014, but demand weakened in fiscal 2013 and fiscal 2014. Housing starts continued in an uncertain environment, but there were signs of a recovery from the decline in fiscal 2015 mainly due to continuing tax breaks on housing loans and policies such as the public-policy measure of a special exemption on the gift tax. When the next consumption tax rate hike occurs is a significant factor in determining the impact on the market environment in the future.

Q: What is Recruit's competitive superiority over its competitors?

A: The size of our sales and business portfolio are different from our competitors. We are maintaining our competitive superiority.

In the housing business, Recruit has assembled a portfolio including purchasing and leasing of new condominiums, existing properties and single-family homes, enabling us to support virtually all needs related to housing searches. Our competitors do not provide a full lineup of services as we do. Moreover, backed by the high brand recognition of SUUMO, Recruit has overwhelmingly high user appeal compared to our competitors. In addition, being familiar with client operation follow-through and comprehensive sales promotion activity support for clients, including following-up on their operations, we have built deep relationships with clients. Added to that, on a base of very high user traffic, we also have an abundance of technology and expertise, such as being able to instantly conduct simulations to provide the optimal information for users, and to be able to change content for each user.

These are the reasons why we maintain our competitive superiority over competitors.

Bridal

Bolstering Service Expansion According to Changes in the Times and Needs, Based on Industry Leading Brand Strength

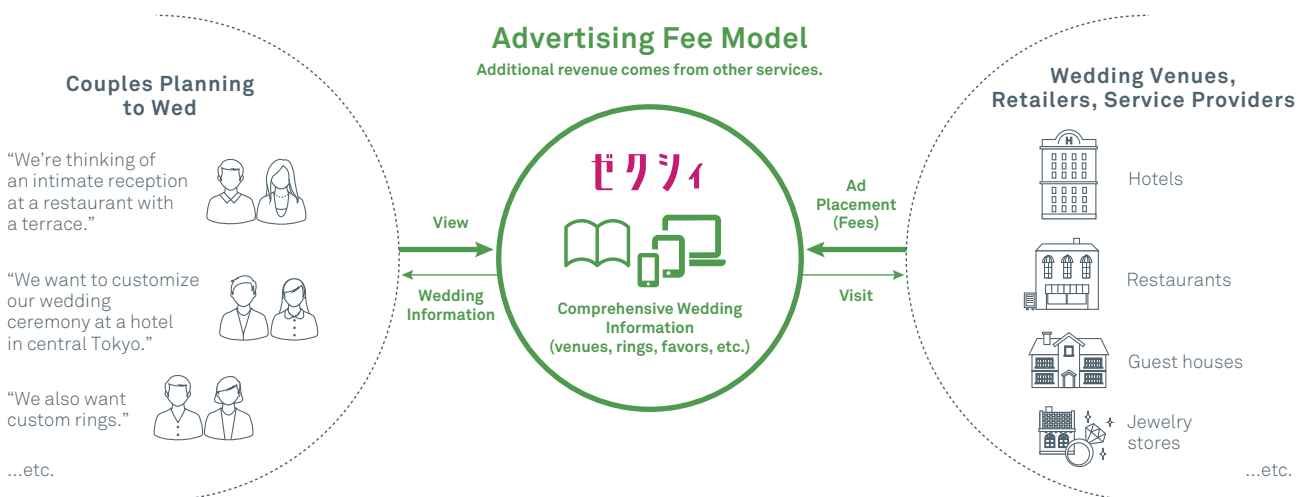
Product Explanation

Zexy Brand Meets Diverse Bridal Requirements

In the bridal field, Zexy is our brand for wedding-related information, delivered via a magazine and website, and through personal consulting. We also provide information on various styles of wedding venues, such as hotels, wedding halls, chapels and restaurants, as well as about bridal-related information including jewelry, dresses, gifts and receptions. Brochures of the venues and products can also be requested on demand. We also deliver basic knowledge and plans about marriage and propose new wedding styles. In addition to proposals about venues meeting customer's requests and conditions, the personal consultation counter also acts as an agent in setting up a variety of arrangements, including deciding on a venue.

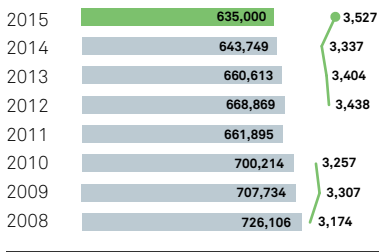
Business Model

Zexy's users are couples looking to marry and advertising clients are facilities that hold ceremonies, including wedding halls, hotels and restaurants, as well as bridal-related retailers of items such as jewelry and dresses, photography and video services and other businesses from a variety of services associated with weddings. The main business model is an advertising fee model with advertising clients billed for advertisements placed for venues, products and such like in the magazine or on the website. Our personal consulting service obtains earnings from venues and other clients when our assistance results in a couple saying, "I do."



Bridal Industry Trends in Japan

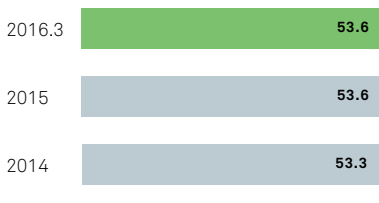
[Number of couples, thousands of yen]



■ Number of Marriages
 ● Average Amount of Spending for Wedding Parties
 Source: Ministry of Health, Labour and Welfare, Vital Statistics and Zexy Wedding Trend Research (2015)
 Note: Data is not available for 2011.

Annual Net Sales

[Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



* FYE Sep 2015

Market Environment

Despite a Downward Trend in Couples Marrying, Newlyweds Still Spend on Ceremonies

Japan's bridal industry can be assessed by two indicators: the annual number of couples marrying (couples marrying) and the per-couple spending on ceremonies, parties and other related items (spending on ceremony). There is a gradual decline in the number of couples marrying each year. This trend is forecast to continue going forward, but spending on ceremonies has continued to increase in recent years and remains at a high level. This has resulted in vigorous competition as companies vie to attract business by offering new venues, facilities, goods and services for memorable nuptials.

Business Overview

Leading Net Sales as a Pioneer in the Bridal Industry

As the pioneer of the Japanese bridal-magazine market, the Recruit Group—through our Zexy brand—is a leading source for bridal information. Our overwhelming brand awareness has helped us chalk up solid results in an industry where annual sales exceed 50 billion yen.

In fiscal 2015, despite a declining trend in the number of marrying couples in Japan, net sales remained stable at 53.6 billion yen, a year-on-year decrease of 0.0%, mainly due to increased needs for attracting customers of major wedding venue operator clients.

Strategy Going Forward

Further Enhancing User Satisfaction and Energizing the Market

The Recruit Group's strength in bridal media is mainly due to three factors: unrivaled brand power (i.e., most couples planning to wed mention Zexy as one of their sources for bridal information); leveraging this brand power to drive users to our advertising clients; and sales expertise that fosters robust client relationships.

Our desire to grow goes hand-in-hand with efforts such as improving the usability of our smart device apps and websites, and upgrading and expanding content. This will ultimately boost our formidable brand power and provide the means to further enhance ROI for advertising clients and sustain the Group's own growth.

One area we are eager to develop is matchmaking—targeting the large number of singles who have yet to find their significant other. While the annual number of couples marrying is mired in a downward trend, this market is large enough to warrant consideration. By helping to match interested singles with compatible partners, we can stimulate the bridal industry overall.

FAQ

Q: How is the bridal industry responding to the situation in Japan, where the population and birthrate are declining and the ratio of unmarried people is rising?

A: We forecast that the market will continue to remain flat.

In Japan the annual number of couples marrying has been on a downward trend, but in recent years there has been a tendency to spend larger amounts on weddings, receptions and parties. Spending remains at a high level due to bigger plans that meet diversified needs such as renting entire venues to have house weddings. We forecast that the state of the current market scale and environment will continue into the future.

Q: Competitors are delivering lower-priced models, so do you have a competitive edge?

A: We have a competitive edge due to high user reach and firm advertising client relations.

Zexy's competitive edge derives from the high degree of recognition it has as a brand. This competitive edge has facilitated our strong reach to users who actually take action, and to firm advertising client relationships due to sales staff and IT systems. We are of the understanding that this competitive edge will not be easily lost, so even if competitors are delivering lower-priced models, we do not regard these as a threat.

Travel

Attractive Travel Presentation Increases User Satisfaction, and Drives the Online Reservation Market

Product Explanation

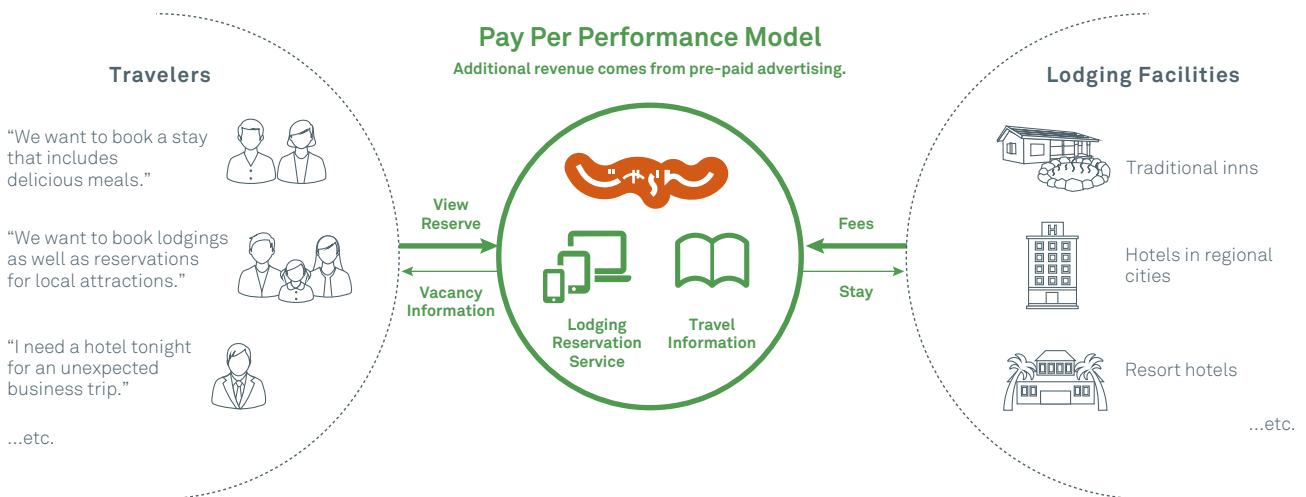
Pursue Convenience for Website and Publication Users

Jalan is our travel and leisure brand and provides one of Japan's largest hotel reservation websites and magazines. Jalan enables users to book their preferred lodging, hotel or original plan from among accommodation options throughout Japan. It provides season-based special-feature articles, lodging rankings based on user reviews, Jalan Pack, enabling freely selected combinations of accommodation and transportation (plane, bullet train or express train), package tours and tourism guides that allow comments to be posted about tourist spots. Through information obtained from sales staff all over Japan and gathered by local editorial staff, we provide attractive information of the greatest convenience for users.

Business Model

Users of the main service of Jalan.net are individuals looking for hotels and tourist spots, while advertising clients include operators of accommodation facilities such as hotels or ryokan inns, and of attractions at destinations.

Revenue from our travel-related media is generated from hotels, and inns booked through Jalan.net by pay per booking (based on room rates).



Total Guest Nights in Japan [Millions]



Source: Japan Tourism Agency, Statistical Survey on Overnight Travel

■ **Market Environment**

Record High Total of Guest Nights in Japan Due to Increase in Foreign Tourists

In 2015, the total guest nights in Japan hit a record high since surveys began mainly due to an increase in the total guest nights of foreign visitors, reflecting continued yen depreciation. The results have seen decreased room vacancies and a corresponding rise in room rates.

Amid such a business environment, the online travel reservation market is thriving, with further upward movement expected to continue for the foreseeable future.

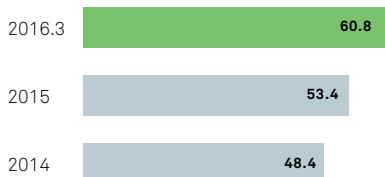
■ **Business Overview**

Strong Performance Resulting from Growth in Total Number of Guest Nights Purchased Using Jalan

The online travel-reservation business in Japan has numerous agents acting as our rivals, but there is a favorable situation in the macro environment with the online travel reservation market expanding, rising lodging rates and a succession of national holidays. The Recruit Group has enjoyed solid growth here, due to our strength in the leisure market centering on couples and families.

In fiscal 2015, results were favorable due to joint development with clients of accommodation plans incorporating users' needs and advancing initiatives supporting both clients and users, which led to a rise in room rates as well as an increase in the total number of guest nights purchased for the Group's services. As a result, net sales were 60.8 billion yen, an increase of 13.8% year on year.

Annual Net Sales [Billions of Yen]



■ **Strategy Going Forward**

High Degree of Customer Satisfaction Among Both Advertising Clients and Users

The Recruit Group's strengths are brand recognition built up among domestic travelers by providing numerous types of useful contents through many years of collecting information about travel, as well as solid relationships with clients built up through solution-oriented sales activities connected to continued proposal-type sales.

To increase the number of reservations, we offer services that heighten satisfaction both for clients and users, leveraging our strengths; we respond rapidly to clients' requirements in such ways as providing measures for filling vacant rooms and competitive pricing; and, we draw up accommodation plans for business and leisure through user needs analyses based on a track record of service use. Recruit also keeps abreast of market trends, using SEO and other means to attract customers while making the user interface/experience more convenient and satisfying.

FAQ

Q: What initiatives are you taking regarding foreign tourists (inbound tourism)?

A: We already provide support in eight languages, including English.

Inbound tourism measures are an important theme, considering such matters as the 2020 Tokyo Olympic Games, we will continuously take initiatives, examining effective measures. Jalan.net is already being offered in eight languages: English, traditional Chinese, simplified Chinese, Korean, Thai, Bahasa Malaysia, Bahasa Indonesia and French.

Q: What are you doing to retain a competitive edge against competitors?

A: We have strong contact points with advertising clients to develop attractive plans for users.

Japanese online travel agents have adopted a pay per booking business model and shared information about accommodation vacancies (inventory) among many online travel agencies. Inventory and low pricing alone will not directly create a competitive edge. Consequently, whether a user actually makes a reservation becomes important, and to realize that, it is necessary to develop attractive plans for users. To develop attractive plans with clients, we need close contact with them, so Recruit's nationwide network of sales staff communicate daily with clients.

Recently, we launched a play and experience reservation service that lets users view information and reserve services for activities.

Dining

Supporting Client Operations and Helping to Enhance User Convenience Through the Air Series

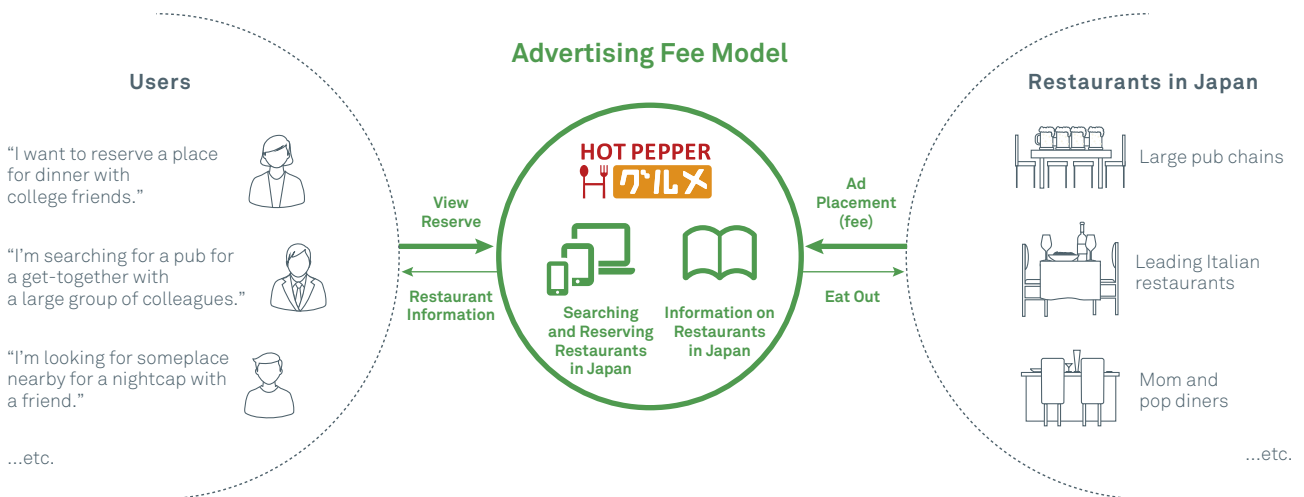
Product Explanation

Providing Various Functions Supporting the Restaurant Industry in Attracting Customers and Making Reservations

In the dining business we provide a website and a free magazine under the Hot Pepper Gourmet brand. The website contains restaurant descriptions, information of table availability and an online reservation service. In addition, the site offers a number of convenient features, such as restaurant reviews and a function for managing banquet and party attendees. The Hot Pepper free magazine is distributed mainly in large urban areas and attracts users with information and coupons for restaurants in areas categorized by train station or other features.

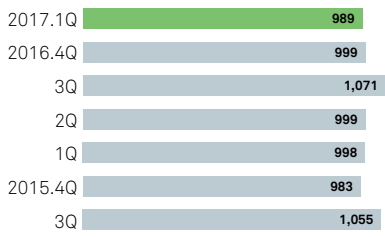
Business Model

Hot Pepper Gourmet users are individuals looking for a restaurant to eat out with friends, co-workers and family members, while our clients are restaurants all over Japan. The business model is an advertising fee model in which we charge clients fees for posting descriptions and coupons for their restaurants on the website and in the free magazine.



Trends in Dining Out Market in Japan*

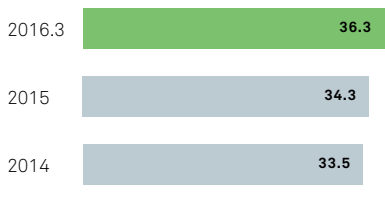
[Billions of Yen]



Note: Total amount of Tokyo metropolitan area, Kansai and Tokai markets
Source: Hot Pepper Dining Market Research

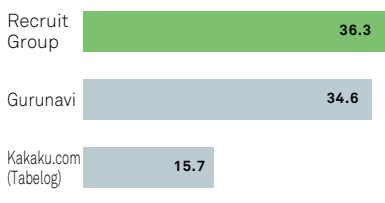
Annual Net Sales

[Billions of Yen]



FY2015 Net Sales Comparison

[Billions of Yen]



Market Environment

The Restaurant Industry is Flat but the Market for Attracting Customers and Making Reservations Continues to Grow

Due to a sluggish economy and rising consumer concerns about saving money, growth in the restaurant industry has been flat, however there was mild growth for the four months from January to April 2016 centered on the Tokyo metropolitan area. As the country’s population gradually declines over the long-term, so will the restaurant industry. Nevertheless, considering factors such as widespread Internet usage and increasingly sophisticated online reservation services, the market for attracting customers and reserving online should continue to grow.

Business Overview

Performance was Favorable Due to an Increasing Number of Advertising Clients

The Recruit Group uses a proactive, high-value-added sales approach to build solid relationships, mainly with restaurant chains and other large players in the industry. This approach has increased net sales even as growth in the industry has remained flat. We are also strengthening relations with small- and medium-sized clients in such ways as by providing them with the Air Series.

In fiscal 2015, net sales were favorable due to an increase in the number of clients centered on small and medium-sized restaurants as a result of factors including enhanced contact with clients featuring the Air Series and continued strong growth in the number of online restaurant reservations booked through the Recruit Group’s services. Following on from the previous fiscal year, this number was among the highest in the industry, reaching 37.29 million. As a result, net sales were 36.3 billion yen, a 6.0% increase year on year.

Strategy Going Forward

Further Enhancing Customer Satisfaction with the Air Series

For our restaurant clients, the strength of the Recruit Group includes advice encompassing menu development as well as marketing recommendations backed by sophisticated data analysis and our high-value-added sales, which are highly regarded and help build solid customer relationships.

Looking ahead, we realize that over 90% of restaurants are small- and medium-sized establishments. As a result, the Air Series is key to supporting operational services for small- and medium-sized companies and increasing user convenience. We will also maintain and enhance Recruit Group strengths to cultivate new clients and strengthen relationships, centering on small- and medium-sized companies. Furthermore, based on those solid relationships we aim to provide services with high customer satisfaction by improving return on investments (ROI), thereby achieving sustained growth.

FAQ

Q: What is the Air Series?

A: It is a service that aims to lighten the burden of clients' operations.

The Recruit Group's Air Series is a service that aims to lighten the burden of tasks and functions in each of our clients' operations. It provides a variety of functions that have been developed around client's operations—functions that are needed by companies and restaurants, including accounts, payment, order taking, reservations and waiting management, as well as sales analytics, customer management and inventory management. Data management can be cloud-based, enabling use with a smart device.

Q: What is your competitive edge over your rivals?

A: We have an early mover advantage in terms of our sales framework and online reservation services.

The Recruit Group's strengths are a sales framework that provides services for developing restaurant menus and consultation based on its familiarity with its clients' business flow and information about what users want, in addition to holding a competitive edge by having started an online reservation service. The two strengths enhance convenience for both clients and users. With online reservation services, we are overwhelmingly larger than other companies and believe that for advertising clients, we are an attractive media offering a high return on investment (ROI) and capabilities to drive users to our advertising clients.

Beauty

Creating a Beauty-Related Reservation Market through a Cloud-Based Reservation and Customer Management System

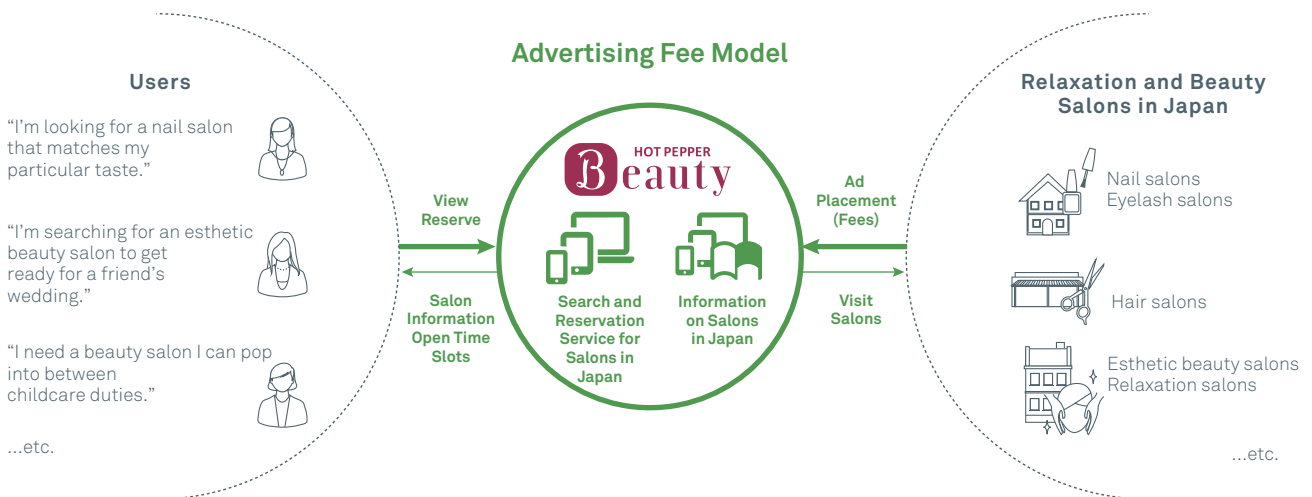
Product Explanation

Operating Japan's Largest Search and Reservation Beauty Website

Under the Hot Pepper Beauty brand, we provide Japan's largest search and reservation beauty website offering services to users of hair, relaxation, and beauty salons together with free magazines. Users can search through various types of feature articles or the date they want to visit, view hairstyle catalogs and obtain reviews shared by users, as well as make reservations using coupons. Information is available on a wide array of services, including hair, nails, eyelash extensions, chiropractic and massages through to esthetics. Coupon magazines are published monthly for four areas within the central Tokyo area (Shibuya & Ebisu, Shinjuku, Ikebukuro and Ginza).

Business Model

Hot Pepper Beauty users are mainly men and women in their teens and 20s who want to receive a variety of beauty services, while clients are companies providing beauty-related services including salons for hair, nails, esthetics and relaxation. The business model is an advertising fee model and advertisers pay fees for information placed on our website and in our publications.

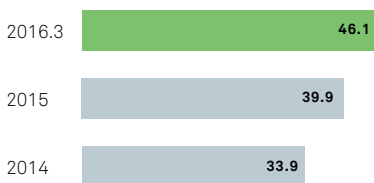


Hairdressing Market [Billions of Yen]

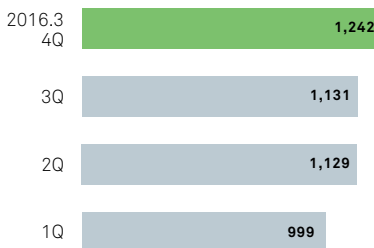


Source: Yano Research Institute Ltd., Hairdressing Market in Japan: Key Findings 2016 and Recruit's estimate (As of March 2016)

Annual Net Sales [Billions of Yen]



Number of Online Reservations via Hot Pepper Beauty [Millions]



* Figures represent the number of reservations for each quarter

■ **Market Environment**

The Online Beauty Reservation Market is Expected to Expand

While the overall hairdressing market trends around 2.0 trillion yen, the market for online salon-reservation services has continued to expand, driven not only by the Internet penetration, but also by Hot Pepper Beauty's online reservation service. Our own estimates reveal that the percentage of salon appointments made online has been rising since 2010, accounting for about 10% of the total in 2014, with room for further expansion.

■ **Business Overview**

Expanding Client Transactions through the Industry-Leading Effective Customer Attraction

The Recruit Group started to provide its services as an industry pioneer. We gained an esteemed reputation among both salon users and operators due in part to our comprehensive online reservation services. Our sales lead the industry and the number of paid advertisers on Hot Pepper Beauty is steadily rising thanks to a solid user base as evidenced by unparalleled brand awareness and tremendous user reservations. Additionally, we enhanced the convenience of our SALON BOARD cloud-based support tool, and enabled visualization of stylists' availability to promote online reservations, which expanded steadily to 45.01 million.

In fiscal 2015, net sales were 46.1 billion yen, a year-on-year increase of 15.4%, as a result of expanded business with existing clients and acquisition of new clients.

■ **Strategy Going Forward**

Approach Broad Beauty-Related Areas for Continuous Growth

The Recruit Group took advantage of our market pioneer position to build solid client and user bases. In addition to this strength, SALON BOARD enables clients to reduce their administrative burden and provides information about stylists' availability to promote online reservations. Because of this, we established an industry-leading position.

Looking ahead, we will increase client transactions by expanding the product lineup and enhancing the convenience of services for existing clients, while aiming for continuous growth through comprehensive sales activities to expand business, including attracting users and conducting sales promotion consulting for various clients who provide beauty-related services. We develop and add functions to enhance user convenience, aiming for expansion of the user base and an increase in the repeat usage rate.

FAQ

Q: What features of SALON BOARD are so highly regarded?

A: SALON BOARD streamlines operations and enables users to make reservations anytime.

SALON BOARD is a cloud-based reservation and customer management system provided to clients free of charge that can be used on both PCs and smart devices. In the past, individual salons mostly took reservations by phone and managed them on paper. Today operations have been streamlined, and users are able to make reservations anytime by viewing availabilities online at SALON BOARD, our Hot Pepper Beauty service. Centralized management of all reservations—even for those received by phone or in person—is possible using Recruit Group services, which ultimately lessens the administrative burden and helps expand the customer base. We aim to offer clients even greater convenience through functions for their accounting and sales-management operations that link to Air REGI.

Q: Why have you been able to maintain growth with high net sales?

A: Because we have no powerful competitors and are an online reservation pioneer that provides clients with the industry's leading results.

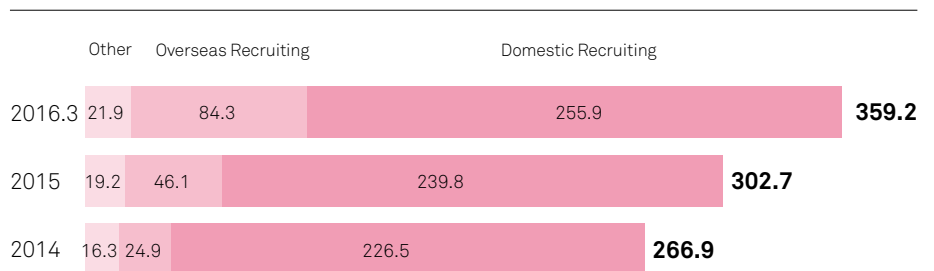
The online beauty reservation market accounted for less than 1% of all reservations in 2011, however by 2014 this had expanded to about 10%. Through our Hot Pepper Beauty service we provide clients with the advantages of being the industry-leading online reservation service, and we have continued to expand. Our services also cover a wide array of fields, including hair and nail salons, and we believe there is still considerable room for growth.

HR MEDIA BUSINESS



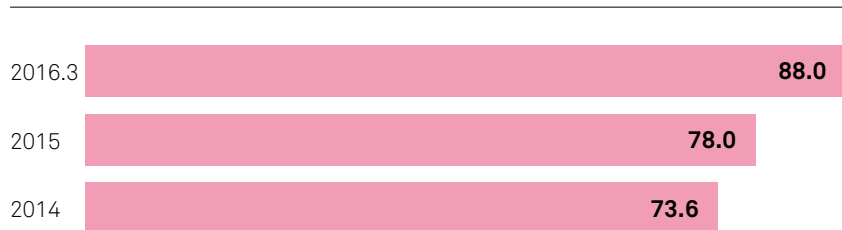
In this segment, we provide services that offer employment information to job seekers both in Japan and overseas. In Japan, we provide information on finding employment (company information) for new graduates, and recruiting services for mid-career and part-time job seekers. We also operate a global job-search website.

Net Sales (Billions of Yen)



Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)



Domestic Recruiting

Maintaining Sustainable Growth with an Unrivalled, Industry-Leading Brand and Strengths in Our Original Business

Product Description

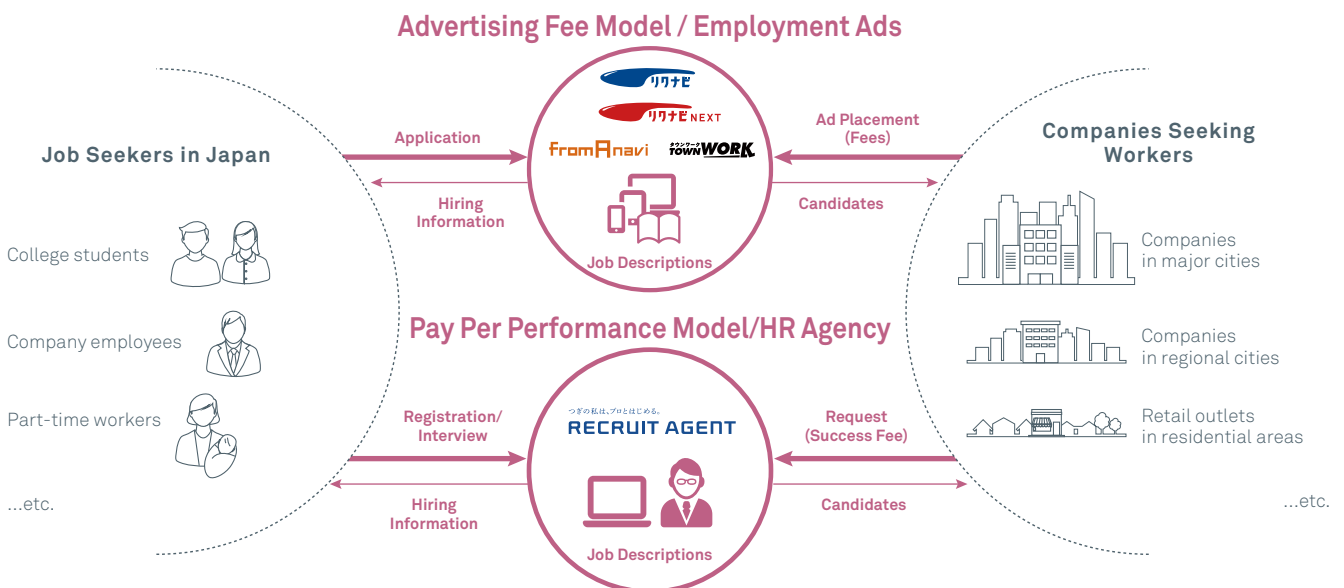
A Top Brand that Responds to a Wide Range of Needs in the Recruiting Market

Our domestic recruiting services respond to a wide range of needs among job seekers throughout Japan using brands such as Rikunabi and Rikunabi NEXT, RECRUIT AGENT, TOWNWORK and From A navi, under which we provide websites and free magazines, and connect companies with interested candidates.

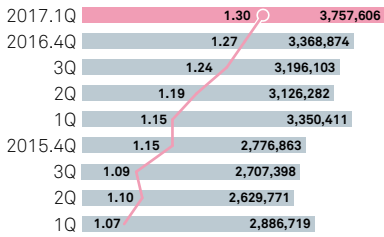
For full-time jobs, our services include providing information on websites for new graduates and people who want to change jobs, as well as connecting companies with interested candidates. For part-time recruitment, we provide Japan's largest free job magazines and online job-search resources.

Business Model

Our domestic recruiting segment provides a full lineup of services. Users are all types of job seekers in Japan and advertising clients are various types of companies with job offerings. Domestic recruiting has two main revenue streams: one from fees per recruitment ads posted in our media on PCs and smartphone applications; the other from success-fees earned as a placement agency.



Numbers of Recruitment Ads / Ratio of Job Offers to Applicants in Japan [Numbers/Rate]



■ Number of Recruitment Advertisements
 ● Effective Ratio of Job Offers to Applicants
 Source: Zenkoku Kyujin Joho Kyokai, Number of Recruitment Advertising Research and Japanese Ministry of Health, Labour and Welfare, General Employment Placement Situation
 Note: Ratios of job offers to applicants are figures as of the last month of each quarter.

Market Environment

The Recruiting Market Will Continue to Expand Along With Recovering Corporate Results

Key indicators of employment trends in Japan include the number of recruitment ads and the ratio of job offers to applicants, both of which are affected by the economy. The financial crisis of 2008 caused the recruitment market to shrink, however, followed by an upturn in the economy that has resulted in continued strong interest for recruitment. As a result, the average ratio of job offers to job applicants in fiscal 2015 was around 1.30, remaining stable at a high level, and with the number of ads for April through June 2015 at 3,757,606, up 12.2% year-on-year, the market is showing expansion.

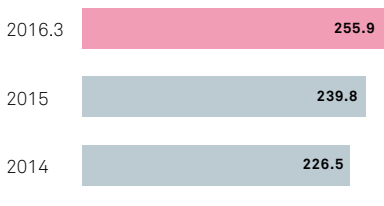
Business Overview

Net Sales Remain the Highest in the Industry Amid a Robust Employment Environment

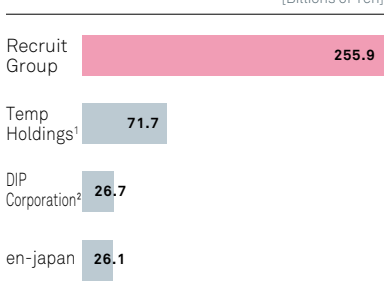
As a pioneer in recruitment advertising, we provide services that are geared to both job seekers and employers; our net sales maintain the leading position in the industry.

In fiscal 2015, the employment environment continued to be robust, reflecting the continued high-level ratio of job offers to applicants and the increased number of recruitment advertisements. In this environment, the Group carried out measures such as attracting users and reinforcing the sales operations with favorable results mainly regarding job advertisements for mid-career recruitment and part-time and temporary workers. As a result, net sales recorded ¥255.9 billion, a year-on-year increase of 6.7%.

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison [Billions of Yen]



1. Sales of recruiting segment including Intelligence
 2. FYE Feb 2015

Strategy Going Forward

Enhancing ROI by Leveraging IT and Further Strengthening the Sales Structure

Our strength in the recruitment field is strong brand recognition, which makes it easy to connect with job seekers, and solid relationships with advertising clients covered by business bases all over Japan. That strength has reinforced the view among both job seekers and employers that Recruit is the go-to company for recruitment. Our services are highly rated by users and advertising clients. Looking ahead, we will leverage the expertise in new market development we have acquired from our original business to evolve our services in step with changes in the business environment.

For full-time recruitment, we are aiming to be an attractive media for both users and clients through further enhancement of our sales structures and improving the quality of ad responses by applying big-data analytics to tailor search results according to each job seeker. For part-time recruitment, we aim to attract more job seekers via television ads, outdoor advertising and other channels as well as by expanding SEO efforts. We will enhance the user interface and experience as well as by developing user-driven apps for smart devices to enhance convenience, while further strengthening our sales structures will enhance our power to send users to advertising clients.

FAQ

Q: Why is your growth slower than competitors? Are you losing your competitive edge?

A: During the phase where the ratio of job offers to job applicants is rising, there is a tendency to use multiple job-posting media and services so we are not losing our competitive edge.

As a feature of the domestic recruiting advertisement market when the economy improves and there is an environment where the job offers to applicants ratio goes up, recruitment becomes more difficult because clients take time to employ human resources that satisfy their requirements in terms of both quality and quantity. As a result, media and services that had previously been comparatively underused see growth in the rate of their services use. In addition, as Recruit's net sales are larger than our competitors, there are times when the rate of growth appears to be low. Our understanding is that Recruit's net sales are growing steadily and that we have not lost our competitive edge.

Q: Other companies are ending their involvement in printed media, why are you continuing? Wouldn't it be better to stop involvement in inefficient businesses?

A: There are many cases of user behavior being generated by printed media, so it is an indispensable media for conducting our efficient business operations.

Recruit's media is not only printed, but also includes web media for PCs and smartphones. The important thing is to advertise job offers in media that match user behavior and to maximize our clients' returns on their advertising expenditures (ROI). We continue to publish printed media because we recognize that there are still a certain number of users who favor this medium for gathering information.

Overseas recruiting

Overwhelming Presence in the US, Indeed Will Now Spread Globally

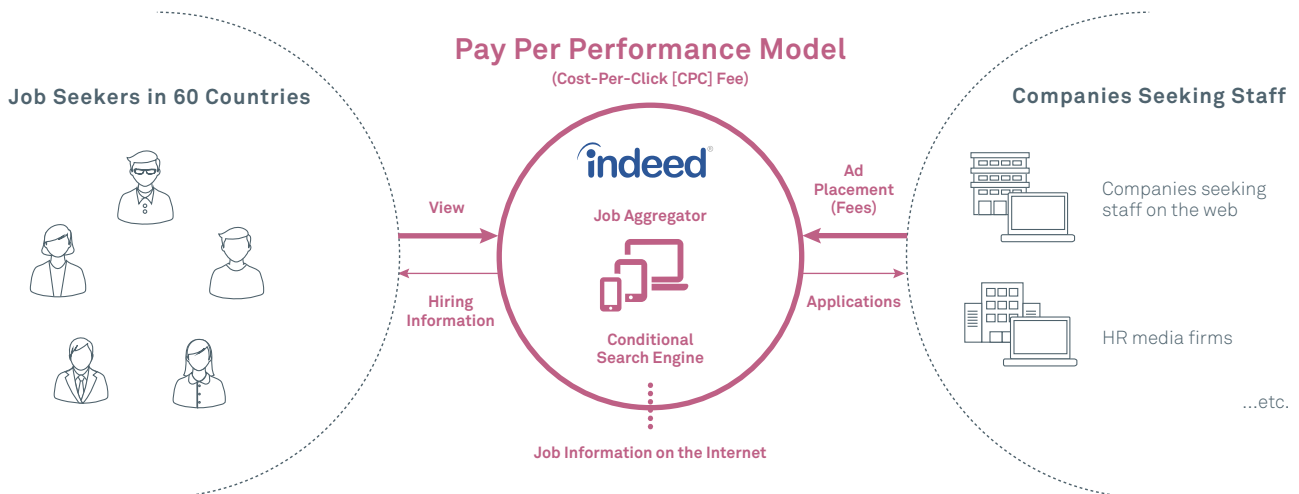
Product Description

An HR Recruitment Site in 60 Countries and 28 Languages

Our US subsidiary since 2012, Indeed has been leading the overseas recruiting business and developing the Indeed job aggregator for job seekers. Using a proprietary search algorithm, Indeed aggregates job information from across the web and delivers comprehensive results to job seekers free of charge. Already available in 60 countries and 28 languages and with about 200 million unique visitors monthly, Indeed is fast becoming a global platform for job searches and HR recruiting.

Business Model

Indeed's users are individual job seekers and its clients are business operators with all types of human resource recruitment needs or recruitment site operators expecting to capture customers from Indeed. Indeed's fee structure is click-based. When a job seeker searches Indeed, ads linked to search terms automatically appear with the hits. Advertisers are billed every time a job seeker clicks on their ads.

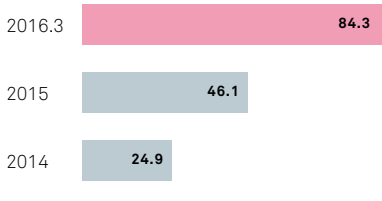


US GDP (Real) Growth Results and Forecast
[Billions of USD]

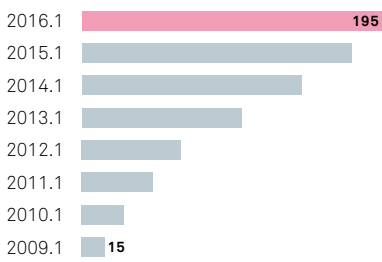


Source: International Monetary Fund, World Economic Outlook Database

Annual Net Sales
[Billions of Yen]



Monthly Unique Visitors
[Millions]



Source: Google Analytics

■ **Market Environment**

Promising US Market for Online HR Media

The online HR-advertising market in the US—where Indeed is monetizing its services—grows at compound annual rates approximating GDP growth rate. The US economy is continuing with mild growth, driven by consumer spending. This trend is expected to continue and the US online HR media market has potential for more growth.

■ **Business Overview**

Enormous Growth through Expansion of Users and Clients

By combining outstanding technical prowess with sales and marketing know-how developed by the Recruit Group in Japan, Indeed quickly experienced enormous growth, becoming a huge player in the US market as regards sales and unique visitors.

For fiscal 2015, the number of users increased steadily due mainly to efforts to promote brand awareness of Indeed.com, not only in the US, which is currently the center of the business, but in other countries as well. In addition, net sales were favorable with continued growth in utilization of the Group's services by small- and medium-sized clients in the US. As a result, net sales were ¥84.3 billion, a year-on-year increase of 83.1%.

■ **Strategy Going Forward**

Expand Monetization and Business Domain Globally

Indeed has a strength in providing most efficient and effective HR advertisements around the world with proprietary search algorithm and tailoring technologies developed by its engineers' global level technological expertise.

Indeed is aggressively trying to boost earnings outside the US, where monetization is on the rise. Moving ahead, we will continue to invest in the brand to acquire users with a concentration on mature markets and proactively invest to capture various types of customers in addition to expanding business domains with client contact to strengthen the sales structure.

Furthermore, looking toward HR operations in the medium- to long-term future, we think there is growth potential for Indeed in wider domains outside of the HR recruitment advertising business that Indeed currently provides. While positioning Indeed's advanced technical capability and the core of our initiatives, we will also actively expand business domains, including M&A.

FAQ

Q: What factors are behind the continued growth of Indeed's net sales?

A: Backed by advanced technological capabilities, we can provide low-cost recruitment ads with high investment efficiency.

Even when compared with global standards, Indeed has advanced technological capabilities, achieved by the proprietary search algorithm created by Indeed's engineers and our ability to tailor advertising to the needs of users and job seekers. This in turn enabled us to provide clients with recruitment advertisements that are highly efficient investments. Because we have realized low-cost advertising service, use of the service by small- and medium-sized clients has expanded steadily.

Q: How long will the growth investment in Indeed continue?

A: We consider the upcoming three years to be an investment phase. In those three years we aim to increase Indeed's net sales by at least double.

For the next three years, we will not pursue earnings growth, but rather expand our business scale and position the period as an investment phase. Currently, most of our earnings are coming from the US, so in addition to advertising promotions outside the US for full monetization and investing to capture customers, we will also proactively expand business domains, including through M&A. While making these types of investments, we aim to at least double Indeed's net sales in the next three years.

STAFFING BUSINESS



BUSINESS BY SEGMENT / STAFFING BUSINESS

We provide staffing services in Japan and overseas. Overseas, we have built up our staffing operations mainly in North America, Europe and Australia through acquired subsidiaries.

Net Sales (Billions of Yen)

	Domestic Staffing	Overseas Staffing	
2016.3	414.1	475.8	890.0
2015	389.5	285.6	675.2
2014	358.6	253.8	612.4

Note: Segment net sales includes net sales and transfers between segments.

EBITDA (Billions of Yen)

2016.3	49.6
2015	40.7
2014	34.7



Domestic Staffing

Our Unit Management Method Raises Productivity and Maintains World-Class EBITDA Margins

Product Description

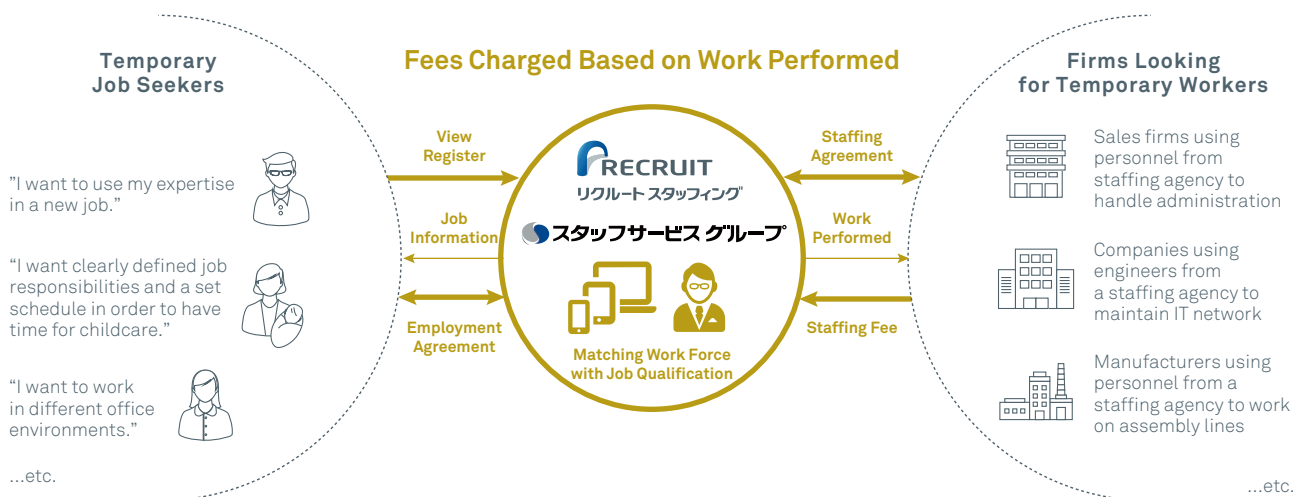
Broad Client Base Covering All of Japan from Small and Medium-Sized to Large Companies and Small Towns to Large Cities

Recruit Staffing and Staff Service Holdings provide our domestic staffing services.

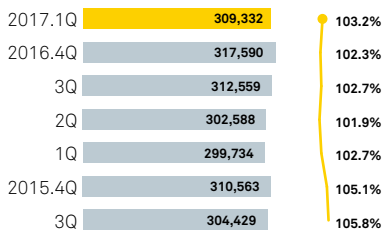
Combined, these firms cover every job in any field, and for every type of client. Recruit Staffing has a relatively strong presence in large companies in urban areas, specializing in staffing after careful assessment of clients' needs and requirements. Staff Service Holdings has a strong presence in small- and medium-sized clients nationwide, specializing in staffing with prompt response to clients' needs.

Business Model

Recruit's staffing service users are individuals seeking to work in temporary roles and clients are companies looking to recruit temporary workers. Recruit ascertains the needs of both parties and then dispatches users to clients. Business models for staffing are similar worldwide, staffing companies charge their client a work-based fee. Because accounting standards require that compensation for outsourced personnel be recorded as both sales and sales costs, EBITDA margins are low. However, by applying Recruit's original cost control method, which will be explained in detail later, and when calculated based on gross income, EBITDA margins are on par with those of other marketing and HR-media segments.

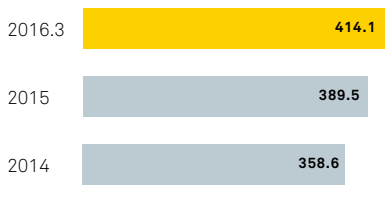


Average Number of Active Agency Workers in Japan Year-on-Year Growth Rate [People/%]

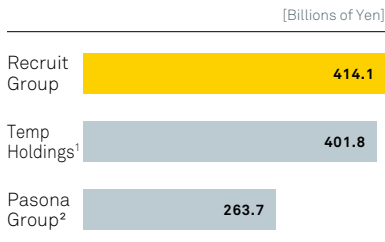


■ Active Agency Workers — Year-on-Year Growth Rate
Source: Japan Staffing Services Association, Staffing Service Survey

Annual Net Sales [Billions of Yen]



FY2015 Net Sales Comparison [Billions of Yen]



1. Sales of Staffing and BPO Segments
2. May 2016

■ Market Environment

The Domestic Staffing Market Continues Its Mild Upward Trend

The staffing industry in Japan must comply with the Worker Dispatching Act and keep abreast of revisions to the legislation. Still, this kind of work type is popular enough in Japan, so the staffing business's performance is mirroring changes in macroeconomic factors such as GDP. The number of people working through staffing agencies has increased over 100% year-on-year for the 10 most recent quarters.

■ Business Overview

Net Sales Increased Due to Maintaining Existing Staffing Contracts and Gaining New Ones

Recruit Group's operation focuses on productivity and efficiency using unit management, an original cost control method. Measures based on the method allow us to maintain a leading position in Japan in terms of net sales and world-class EBITDA margins.

In fiscal 2015, the staffing market continued to enjoy a moderate expansion trend as evidenced by the continued increase in the number of active agency workers. Under this environment, results were favorable mainly in the administrative and IT divisions in the Tokyo metropolitan area and engineering division, due to factors including strengthening of the sales operations in the Tokyo metropolitan area as well as focusing on the extension of existing staffing contracts and an increase in the number of new staffing contracts. As a result, net sales were 414.1 billion yen, a year-on-year increase of 6.3%.

■ Strategy Going Forward

Aiming for Continued Improvement in Productivity through Unit Management

The Group's strengths are that we possess efficient business management know-how, unit management—a method for cost management which enables us to achieve a high EBITDA margin—and that we possess the high brand capability of providing a full lineup of human resources services, including the HR media business.

Unit management is dividing the sales organization into small-scale units, each of which is entrusted to a manager delegated with authority, and that has set objectives related to EBITDA targets and margins to enhance motivation on the business frontline and continue to improve productivity for the entire organization. Improvements in productivity among the entire organization or individual units are shared throughout the whole organization to retain a high degree of transparency. This system enables enhanced human resource training, retention and adaptability to changing business environments.

Looking ahead, aims include expanding the number of new staffing contracts through acquisition of newly registered users, optimization of user-capture costs and enhanced matching accuracy. Furthermore, we are solidifying relationships with existing clients and expanding our client base. We also aim to promote unit management that enhances sustained productivity, and utilize expertise cultivated in the HR-media field and marketing field to promote user response among registered staffing members who are not actively seeking jobs.

FAQ

Q: What impact will the revised Worker Dispatching Act have?

A: We think there will be no negative impact on our performance.

Regardless of the revisions to the law, we think it is important to develop and enhance temporary workers' skills. We have therefore taken steps such as holding seminars for members to acquire qualifications and opening a career advice center. Consequently, recent revisions to the law will not have a negative impact on Recruit's business performance.

Overseas Staffing

Promoting Unit Management Incorporation and Acquisitions to Expand Results in Mature Countries

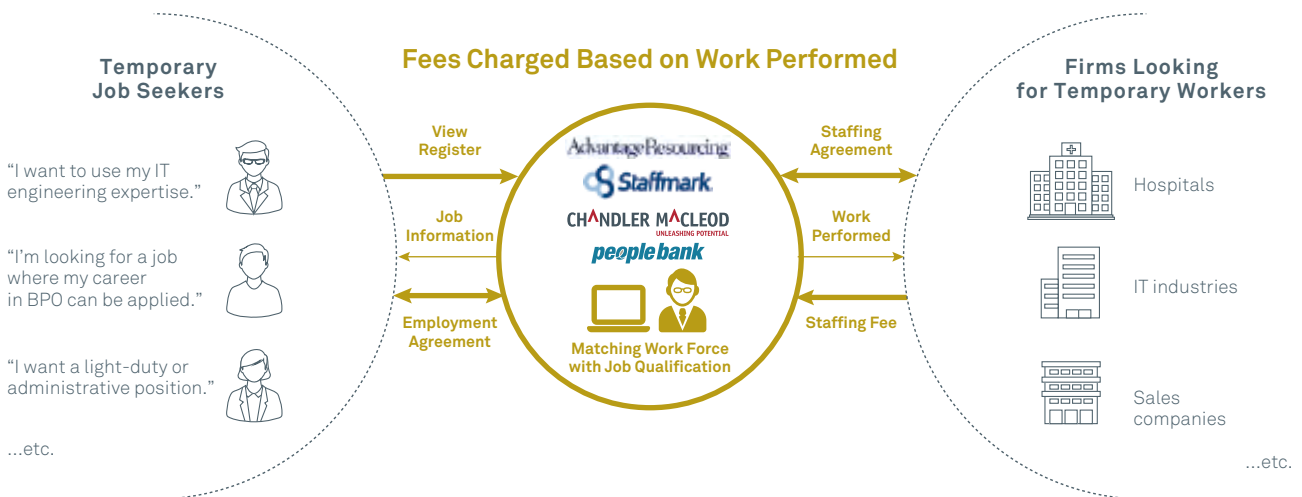
Product Description

Developing Business through Local Brands Mainly in the US, UK and Australia

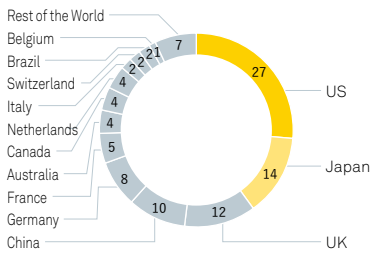
Since 2010, in our overseas staffing business, we have developed the business in the US, UK and Australia by purchasing overseas staffing companies; we operate them maintaining their brand names. In North America, we operate under the brand names CSI, Staffmark, Advantage and Atterro, while in Australia we have two brands: Peoplebank and Chandler Macleod. In addition, in December 2015 we concluded a deal with European staffing agency USG People and have since successfully completed the takeover bid. Once the process of making it into a subsidiary is complete, the USG People brand will be added the Advantage brand used in the UK as part of our European operations.

Business Model

Given the similarity of global staffing models, Recruit’s overseas subsidiaries have adopted our unit management method. This proven technique helps them optimize their own management and sets them on a path toward even greater EBITDA and EBITDA margins. Improvements have been noted at CSI, Staffmark and Advantage, where unit management has had time to take effect. We have made steady progress in post-merger integration (PMI) toward profit improvement at Peoplebank, Chandler Macleod and Atterro, which were made into subsidiaries during the previous fiscal year, and developed as projected before they were made into subsidiaries.

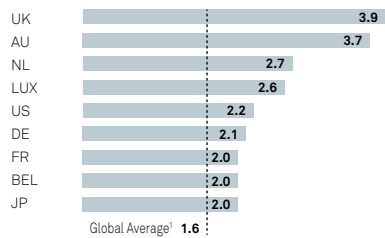


Global Staffing Markets [%]



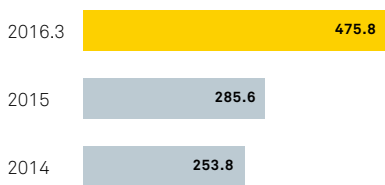
Source: Ciett Economic Report 2016

Penetration Rate of Staffing Services [%]

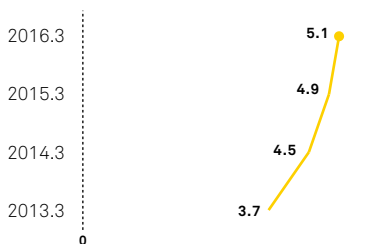


Source: Ciett Economic Report 2016
 1. The above ranking does not include China due to the lack of statistical data

Annual Net Sales [Billions of Yen]



EBITDA Margin of Existing Overseas Companies [%]



* Total EBITDA for CSI, Staffmark and Advantage Resourcing

Market Environment

High Penetration Rate of Staffing Services in Mature Economies' Labor Markets

The world staffing market is worth about 40 trillion yen, of which matured economies account for approximately 70%. Similar to Japan, overseas staffing markets reflect the performance of the macro economy and track changes in GDP. In the global market, the staffing service penetration rate recorded an average of 1.6%. In mature economies, the rate exceeds 2.0%.

Business Overview

Improving EBITDA Margins with Our Unit Management Method

The Recruit Group is using M&A to expand its overseas staffing business, introducing unit management to each new subsidiary. Our success in this area is evident in steady improvement of EBITDA and EBITDA margins.

In fiscal 2015, the staffing markets in North America, Europe and Australia, where the Group mainly operates its businesses, continue to enjoy a moderate expansion trend. Net sales were favorable, reflecting the impact of yen depreciation and other factors, while earnings of three subsidiaries; Peoplebank and Chandler Macleod, both of which operate in Australia, etc.; and Atterro, which operates in the United States; newly contributed to results of the segment from fiscal 2015. As a result, net sales in the Overseas Staffing operations were ¥475.8 billion, a year-on-year increase of 66.6%. Moreover, CSI, Staffmark, and Advantage had operated separately until fiscal 2015, but in fiscal 2016 their EBITDA margin was 5.1%, showing a steady transition to the unit management method.

Strategy Going Forward

Efficient Operation of Subsidiaries and Business Base Expansion through Acquisitions

Looking ahead, we plan to incorporate Recruit's strength of unit management into companies that have been made into subsidiaries and promote efficient business operations, thereby improving EBITDA and the EBITDA margin to achieve further growth in the overseas staffing field. When we acquire a company, its operations are left to local management, who have the best knowledge of local business conditions. Recruit staffs key positions with its own personnel including executives and employees in charge of implementing the unit management.

We are also considering the expansion of the business base through acquisitions. We do not prioritize areas in mature economies, and candidates for acquisition are examined to find out if these companies can improve their EBITDA margin as a member of the Recruit Group, even from a very low starting point.

FAQ

Q: What is the market environment like in the US, UK and Australia, the main markets for your business?

A: The US and UK are sound. In Australia, the impact of the Chinese economy is being closely observed, but this will not affect the PMI of our subsidiaries.

Global staffing markets fundamentally move relative to the GDP of each country, so the market environments in the US and UK are sound. In Australia, the recovery of the GDP growth rate is accelerating, but we are conscious of the influence the Chinese economy has on the Australian economy, and the Chinese economy's outlook is uncertain. However, in Recruit's overseas staffing business, we have prioritized EBITDA and EBITDA margin, so we do not think there will be a significant impact on the PMI process conducted immediately after acquisition.

Q: Why did you buy USG People?

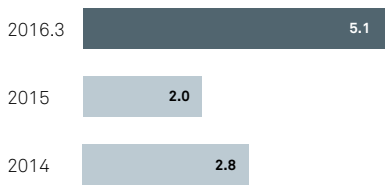
A: Because we judged that we could achieve further growth in an attractive market by incorporating unit management

The European market accounts for about 30% of the global staffing market, which makes it an extremely attractive market. The penetration rate of staffing services, which is the ratio of the workforce comprised of people working for staffing services, is above the global average in each individual European country, so this is a market in which dispatch working is firmly established. While having a reasonable level of sales and low EBITDA margin, we judged that it would be possible to improve its EBITDA and EBITDA margin by incorporating our unit management.

Other Businesses

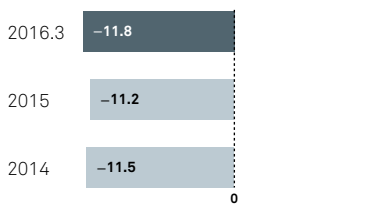
Promoting Cross-Use Among Dedicated Platforms for Effective User Acquisition

Annual Net Sales [Billions of Yen]



Note: Segment net sales includes net sales and transfers between segments.

EBITDA [Billions of Yen]



Business Overview

Promoting Investment for Growth

Since fiscal 2012 this segment has been charged with expenses related to ID unification information collected while providing services, resulting in a negative EBITDA. During fiscal 2015, EBITDA was in the red by 11.8 billion yen versus a negative 11.2 billion yen during the previous fiscal year.

Strategy Going Forward

ID Unification Aiming to Further Strengthen Competitive Capabilities

The Recruit Group provides services for events that generally occur only a few times in a person's lifetime, and for events that are routine. Until now information gathered while providing services for these events has been managed exclusively on platforms specific to each service.

Each of these platforms leads its respective field in numbers of users. However, we are ensuring that users have more options for utilizing points earned through purchases by unifying user IDs and by partnering with Loyalty Marketing, Inc., operator of the Ponta point system. These steps will allow us to analyze the buying patterns of users with the goal of providing them with more targeted information. Our payoffs will be realized through the efficient acquisition of new users, higher repeat rates for existing users, greater rates of cross-usage, optimized user-capture costs and enhanced competitiveness for each platform.

ID unification has already been completed for the Recruit Group's main users in December 2014, and we converted Recruit points into Ponta points in February 2016. Users are able to convert Ponta points for use at brick-and-mortar stores into Recruit points for use in purchasing our web-based services and vice versa.

ID unification enables greater cross-use among various dedicated platforms and the rate of such cross-use users is increasing. For example, a user of Zexy could make travel reservations through Jalan.net. Our sales promotions activities have also enabled effective user-capture.

CORPORATE GOVERNANCE

Corporate Governance Report

Leadership

Board & Directors



Masumi Minegishi President, CEO, and Representative Director

April	1987	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	1992	Assigned to the New Business Development Office (Zexy)
April	2002	Executive Manager of the Zexy Business Department
April	2003	Corporate Executive Officer (IMC* Division Company) *IMC: Integrated Marketing Communications, referring to the marketing media business segment for a number of business categories including bridal, travel, and automobiles
April	2004	Managing Corporate Executive Officer (IMC Division Company and Housing Information Division Company)
June	2009	Board Director, Managing Corporate Executive Officer (Corporate Planning, Business Development, and Housing)
April	2011	Senior Corporate Executive Officer and Board Director (Corporate Planning, Web Strategy Promotion Office, and Corporate Strategy Office)
April	2012	President, CEO, and Representative Director (current position)



Shogo Ikeuchi Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	1999	Executive Planner of the Corporate Planning Office and HR Department
April	2002	Executive Manager of the G-HR* Planning Office *G-HR: A cross-functional organization responsible for the Group's HR business category
April	2004	Executive of the Corporate Planning Office and Corporate Strategy Office
April	2005	Corporate Executive Officer
June	2012	Corporate Executive Officer and Board Director
October	2012	Corporate Executive Officer and Board Director, Recruit Holdings Co., Ltd.
April	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Shigeru Kusahara Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2000	Executive Planner of the Tokyo Metropolitan Area Control Department, HR Division, HR Division Company
April	2002	Executive Manager of the Corporate Planning Office
April	2004	Corporate Executive Officer
June	2006	Corporate Executive Officer and Board Member
June	2007	Corporate Executive Officer
October	2012	Corporate Executive Officer, Recruit Holdings Co., Ltd.
April	2013	Managing Corporate Executive Officer
June	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Keiichi Sagawa Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	2000	Executive Planner of the Agency Department/Tokyo Metropolitan Area Control, HR Division, HR Division Company
July	2002	Executive Manager of the Agency Control Department, HR Division Company
April	2003	Executive Manager of the 3rd MP* Department, HR/Tokyo Metropolitan Area, HR Division Company *MP: Media Production
April	2004	Division Head of the HR Tokai Division, HR Division Company
April	2006	Corporate Executive Officer, Recruit Co., Ltd.
June	2011	Corporate Executive Officer and Board Director
October	2012	Corporate Executive Officer and Board Director, Recruit Holdings Co., Ltd.
April	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Shigeo Ohyagi

External Board Director

March	1971	Joined Teijin Limited
February	1992	Director of Pharmaceutical Marketing & Planning Department
June	1999	Corporate Officer (Tokyo Branch Chief)
June	2001	Executive Officer (Deputy General Manager of Pharmaceutical Marketing Division)
June	2002	Senior Executive Officer (General Manager of Pharmaceutical Unit)
June	2005	Managing Director (CIO)
June	2006	Senior Managing Director (CIO)
April	2007	Senior Managing Director (CSO)
June	2008	President and CEO, Representative Director of the Board
April	2014	Chairman of the Board (current position)
June	2014	External Board Director, Recruit Holdings Co., Ltd. (current position)



Yasushi Shingai

External Board Director

April	1980	Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)
June	2004	Senior Vice President, Head of Finance Group and Vice President of Financial Planning Division
July	2004	Senior Vice President and Chief Financial Officer
June	2005	Member of the Board, Senior Vice President, and Chief Financial Officer
June	2006	Member of the Board, Executive Vice President of JT International S.A.
June	2011	Representative Director and Executive Deputy President (current position)
June	2014	External Board Director, Recruit Holdings Co., Ltd. (current position)

Audit & Supervisory Board Members



Yukiko Nagashima

Audit & Supervisory Board Member (standing)

April	1985	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2001	Executive Planner of the Human Resources Management Office, Corporate Staffing Unit
October	2002	Executive Manager of the Kanto Bridal Department, B&B** Division, IMC* Division Company * IMC: Integrated Marketing Communications, referring to the marketing media business segment for a number of business categories including bridal, travel, and automobiles ** B&B: Bridal and Baby
April	2004	Division Head of the Bridal Information Division, IMC Division Company
April	2006	Corporate Executive Officer
January	2008	President and Representative Director, Recruit Staffing Co., Ltd.
October	2012	Corporate Executive Officer, Recruit Holdings Co., Ltd.
July	2016	Audit & Supervisory Board Member (standing) (current position)



Akihito Fujiwara

Audit & Supervisory Board Member (standing)

August	1986	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2000	Executive Manager of the FIT 1st Department, Business Staffing Group *FIT: Federation of IT, referring to a company-wide cross-functional information systems organization
April	2004	Federation Executive Officer of FIT
April	2006	Corporate Executive Officer
October	2012	Corporate Executive Officer, Recruit Marketing Partners Co., Ltd.
June	2014	Audit & Supervisory Board Member (standing), Recruit Holdings Co., Ltd. (current position)



Hiroki Inoue

Audit & Supervisory Board Member

April	1990	Admitted to bar (Dai-ichi Tokyo Bar Association) Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu)
July	1996	Took office at Nagashima & Ohno, ASEAN Office, Singapore
January	1998	Partner of Nagashima & Ohno
January	2000	Partner of Nagashima Ohno & Tsunematsu
January	2015	Managing Partner of Nagashima Ohno & Tsunematsu (current position)
June	2015	Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (current position)



Yasuaki Nishiura

Audit & Supervisory Board Member

November	1975	Joined Tohmatsu Aoki & Co. (current Deloitte Touche Tohmatsu LLC)
March	1984	Registered as Certified Public Accountant of the U.S.
June	1985	Acquired MBA (Taxation) at Golden Gate University in the U.S.
June	1987	Partner, Deloitte Touche Tohmatsu Limited
June	2011	West Region Leader of Japanese Corporate Service Group, Deloitte Touche Tohmatsu Limited
July	2016	Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (current position)

■ Corporate Executive Officers

■ Media and Solutions SBU



Yoshihiro Kitamura
Managing Corporate
Executive Officer
Marketing Media



Kazumasa Watanabe
Marketing Media
—Other



Takahiro Noguchi
Marketing Media
—Life Event



Masaki Yanagawa
HR Media
—Domestic Recruiting



Fumihiko Yamaguchi
Marketing Media
—Life Event



Takashi Kuzuhara
HR Media
—Other



Ken Asano
Marketing Media
—Lifestyle

■ Global Online HR SBU



Hisayuki Idekoba
Managing Corporate
Executive Officer
HR Media
—Overseas Recruiting

Corporate



Akihiko Okamoto



Suguru Tomizuka



Daizo Kobayashi



Mark Schultz

■ Overseas Staffing SBU



Hitoshi Motohara
Managing Corporate
Executive Officer
Staffing
—Overseas Staffing



Mio Kashiwamura
Staffing
—Domestic Staffing



Hideaki Kitou
Managing Corporate
Executive Officer
Staffing
—Domestic Staffing



Toshio Oka
Staffing
—Overseas Staffing

Interview with External Board Directors

Recruit's External Board Directors Shigeo Ohyagi and Yasushi Shingai were interviewed about their opinion of the Recruit Group's corporate governance and challenges for improving corporate value.



Shigeo Ohyagi External Board Director

Mr. Shigeo Ohyagi joined Teijin Limited in 1971. During his career at Teijin, he has worked in the Chemical Goods Developing Department and the Pharmaceutical Business Unit, as head of the Pharmaceutical Marketing & Planning Department, and as chief of the Tokyo branch. He became a Corporate Officer of Teijin in 1999, an Executive Officer in 2001, a Senior Executive Officer in 2002, a Managing Director in 2005, a Senior Managing Director in 2006, President and CEO, Representative Director of the Board in 2008, and Chairman of the Board in 2014 (his current position). He has been an External Board Director of Recruit Holdings Co., Ltd. since 2014.

Q. Please tell us your opinion of the Board of Directors at the Recruit Group.

An important point for evaluating a board of directors is whether deliberations are accurately taking place with an eye on future corporate growth. The Recruit Group's Board of Directors takes a balanced approach to discussions about business strategies, corporate governance, risk management, human resources development and other topics within the context of its long-term management strategy.

The stronger growth requires fast-paced corporate management, and the Recruit Group has a solid framework for this. Decision-making for M&A deals based on long-term strategies is surprisingly fast at the Recruit Group. This really stands out from all of the Board of Directors' discussions I have participated. Following an M&A, it is extremely important to mesh management styles; it is important to spread its competitive resources into the acquired company. In this regard, too, the Recruit Group has excellent potential, in my opinion. I believe this is true because the Recruit Group has programs for engaging in all-encompassing discussions with capital markets, the acquired company, and employees, over a rather short timeframe; and Recruit has many employees with advanced communications skills to achieve this. I think only a few Japanese companies have both this level of speed and expertise. Even if their expertise may be lacking in some areas, management excels at gaining new knowledge and learning new methods. I can feel the Recruit Group's boundless energy.

Q. How would you describe the mission for External Board Directors to achieving growth as a global company?

The Recruit Group engages in business with the intention of becoming No. 1 in the world, having acquired companies in the U.S., the U.K., and Australia. The question is whether the Company's made-in-Japan business model can be seamlessly applied to these other countries. Since social norms differ in each country, I believe it is important for Recruit to have the ability to precisely understand local markets. In this sense, the External Board Directors from diverse backgrounds must be able to support based on their knowledge and experience.



Moreover, I believe it is important for External Board Directors to advocate a fine balance between offensive and defensive positions. The Recruit Group has been quite good at taking offensive positions. It has boldly engaged in M&A based on facts and inherent risks. I believe my role entails providing defensive governance by posing questions to Recruit Group management from four perspectives: (1) whether an M&A strategy aligns with the Recruit Group's long-term strategy, (2) earnings outlook, (3) risks, and (4) whether sufficient human resources are in place to achieve targets. The purpose of these questions is more for supporting strategy rather than monitoring and supervising management. By bringing a strong defensive awareness, I believe we have the abilities necessary to make a stronger organization and grow.

Q. What do you think is key for the Recruit Group to improve its corporate value?

Firstly, I believe Recruit needs to focus efforts more on improving governance. The Board of Directors has been moving toward the separation of governance roles and business execution responsibilities. In terms of the Recruit Group Board of Directors still not clearly separating the supervision and monitoring side from the business execution side, I personally believe we are still a work in progress. Secondly, by aiming to be a global company, Recruit needs to continue increasing diversity within the Board of Directors. This year, the Company welcomed its first woman on the Audit & Supervisory Board, but still lacks a foreign national. Moreover, Recruit should think more about its global personnel structure. I believe it is important to incorporate the opinions and thoughts of non-Japanese managers and overseas companies in future discussions. The third point I would like to make concerns the corporate culture as the source of its competitive advantages, and the need to nurture leaders who will pass along this corporate culture. In addition to management techniques, it is important to have a road map for fostering Recruit's corporate culture and making sure it is maintained. I think that professional managers are crucial in this regard. I will continue to do my best to support the long-term growth of the Recruit Group.



Interview with External Board Directors



Yasushi Shingai External Board Director

In 1980, Yasushi Shingai joined Japan Tobacco and Salt Public Corporation (now Japan Tobacco Inc.). He served as a Senior Vice President in 2004, Member of the Board, Senior Vice President and CFO in 2005, Member of the Board, Executive Vice President of JT International S.A. in 2006, and Representative Director and Executive Deputy President in 2011 (his current position). He has been an External Board Director at Recruit Holdings Co., Ltd. since 2014.

Q. Please tell us your opinion of the Board of Directors at the Recruit Group?

Firstly, I highly evaluate each of the four non-external board members for their consistent professionalism and extensive understanding of operations. Mr. Masumi Minegishi, as chair of the Board of Directors, listens carefully to each and every board member, assertively questions managers who raise proposals, and leads meetings in a way that facilitates deep discussions. In my view, Mr. Keiichi Sagawa is a rare type of CFO in Japan who can talk the company's strategy. Mr. Shogo Ikeuchi and Mr. Shigeru Kusahara are deeply versed in operations and markets, and make remarks full of ideas about the direction that Recruit should take on various issues. All of the External Board Directors, Audit & Supervisory Members and External Audit & Supervisory Members also proactively discuss issues. Board of Directors meetings are quite energetic, and Mr. Minegishi facilitate the open discussion. I think the atmosphere of meetings is positive.

The Recruit Group anticipates changes likely to occur in society and its stakeholders' needs to pioneer service developments that address these changes and needs. In other words, I believe Recruit is an insatiable company that prepares for the future by investing in business with a pioneering outlook for the world. There is a limit to give a logical explanation for the future, but by genuinely building on arguments for detailed assumptions, Recruit resolves on future investments. In this spirit, the Board of Directors has often approved proposals that were initially rejected but reassessed more closely. For instance, on one occasion when a proposal came up for discussion, I said that we could maybe approve it under certain assumptions, but Mr. Minegishi said that the proposal should be reassessed again so that we do not need to set any conditions for approval. When discussing a certain proposal, one member criticized it, questioning whether it would really become a Recruit-like business. As more time was spent reevaluating the proposal, the proposal team asked a fundamental question—what is a Recruit-like business? This evolved into further deliberations about the proposal. Witnessing this exchange at Board of Directors meetings, I came away with the impression that both the upper management side and the business side are driven by the same intentions and passion, namely to advance the long-term development of business without losing their identity. This mindset was natural for them, as not a single person had mentioned it in conversations. Observing this, I have felt great respect for management at Recruit. From a different angle, I value how this style of decision-making requires modesty as well.



Q. Identify issues that the Recruit Group should address to increase corporate value. What are your thoughts about the mission of External Board Directors?

One issue is whether Recruit can effectively leverage its diverse human resources and knowledge in overseas development. For example, the Company aims to develop markets outside the U.S. for rapidly-growing Indeed Inc. As Indeed expands its presence in countries around the world, Recruit intends for Indeed to become a global provider of human resource solutions. To do so, it will have to develop business in strict accordance with the labor practices and legal frameworks of each country. Recruit must be fully prepared to advance its business strategies without inadvertently violating regulations due to a lack of knowledge. Recruit is in the process of putting in place a legal and compliance system centered on a newly added corporate executive officer who hails from the U.S. As someone with global business experience, including a stint in the U.S., I will closely monitor developments on this front.

The second issue is whether Recruit can avoid risks that it should not take in M&A. As both a media company and a staff placement company, I believe Recruit is a truly unique corporate conglomerate, even from a global viewpoint. In advancing its M&A strategy, it is quite difficult to appraise the value of a startup company, especially a media business-related one, because the acquisition candidate is in a very early stage of business development and the company's value may not be immediately apparent. I think the Recruit Group will continue to move forward with its great ambitions, while all members of the Board of Directors engage in deliberations to the best of their abilities. However, there are risks that the Company will have to boldly accept in pursuit of returns. I believe this is one reason why I have been invited to serve as an External Board Director. Backed by my experience executing M&A involving numerous overseas companies, I aim to apply my knowledge of offensive positioning with regard to deal negotiations and integration processes after the acquisition. At the same time, I will also deliberately apply my knowledge of defensive positioning in terms of approaches to risk taking and precautions when examining corporate governance.

Corporate Governance

Disclosures based on the Five General Principles of Japan's Corporate Governance Code

Recruit Holdings has adopted the following policies based on the five general principles of Japan's Corporate Governance Code.

1. Securing the Rights and Equal Treatment of Shareholders

The Company shall take appropriate measures to effectively secure rights to vote at Shareholders Meetings, and other forms of shareholder rights.

2. Appropriate Cooperation with Stakeholders Other Than Shareholders

Based on the Recruit Group Management Philosophy, the Company shall strive to achieve long-term, stable growth and continuously increase its corporate value as a business that is viewed as a positive force by users of Recruit products and services, clients, shareholders, employees, business partners, NPOs and NGOs, national and other governmental organizations, local communities and all other principal stakeholders of the Company.

3. Ensuring Appropriate Information Disclosure and Transparency

In addition to properly engaging in disclosures as required by laws and regulations, the Company will proactively disclose information as called for by the five general principles of Japan's Corporate Governance Code to help secure transparency and fairness in decision-making, and promote effective corporate governance.

4. Responsibilities of the Board of Directors

The Board of Directors sets the basic management direction and performs management oversight. In addition to matters subject to exclusive board discretion, as provided in laws and regulations, the Board of Directors also makes executive decisions on matters that could significantly impact management philosophy, corporate governance systems, consolidated results and the reputation of the Group. When the speed of decision-making is a matter of critical concern, executive decision-making authority is vested in the President and Representative Director within certain bounds, and the Board of Directors oversees implementation of the decisions made.

Board Directors are elected by the shareholders to be entrusted with management of the Company. In performing their duties, they bear fiduciary responsibility and the duty of diligence, as they contribute to the sustainable growth and an increase in corporate value over the medium to long term.

5. Dialogue with Shareholders

To promote dialogue with shareholders, the Company shall have a department dedicated to handling IR work, and an executive assigned to oversee IR. Requests by institutional investors for meetings are accepted within reasonable bounds, and the Company will have a system for responding to inquiries by individual investors.

Execution of Business

At the Company, important matters of business strategy and business execution, are decided upon by the Board of Directors and the Business Strategy Meeting, etc.

In principle, meetings of the Board of Directors are convened once a month and once every quarter, and are attended by all Board Directors (six) and Audit & Supervisory Board Members (four).

The Business Strategy Meeting is an advisory body to the President, CEO, and Representative Director and, in principle, holds meetings twice a month. These meetings are attended by Board Directors who are also Corporate Executive Officers (four), Corporate Executive Officers responsible for corporate functions (two) and standing Audit & Supervisory Board Members (two).

In addition, the Company established the Strategic Business Unit (SBU) as a strategic management unit, and allocated companies directly under each SBU. The Business Strategy Meeting has partially transferred its authority to the SBUs and the companies.

To strengthen its business execution functions, Recruit Holdings has adopted the Corporate Executive Officer and Board Director, and Corporate Executive Officer systems.

The Board of Directors makes decisions on investments above a certain financial value and on key personnel and other matters that could significantly impact the Company's corporate governance or consolidated business performance. Other matters are decided by the Business Strategy Meeting. Criteria for determining where decisions are to be made are set forth in the Rules on Decision-making Authority, which are examined at least once a year by the Board of Directors for possible revision.

Audit and Oversight

Recruit Holdings has adopted the “company with an Audit & Supervisory Board” form of corporate governance, as defined in Japan’s Companies Act.

The Board of Directors includes two External Board Directors who are independent of the Company. Measures such as regular meetings with external experts are taken to ensure that a certain number of appropriate candidates are always available to fill open spots. Given the dramatic changes occurring in Internet technology and other aspects of its business environment, the Recruit Group annually examines its corporate governance and requirements to sit on the Board of Directors, and identifies appropriate candidates for future appointment. While there are no standards for the number of independent External Board Directors, the Company currently maintains a board in which they comprise at least one-third of the members.

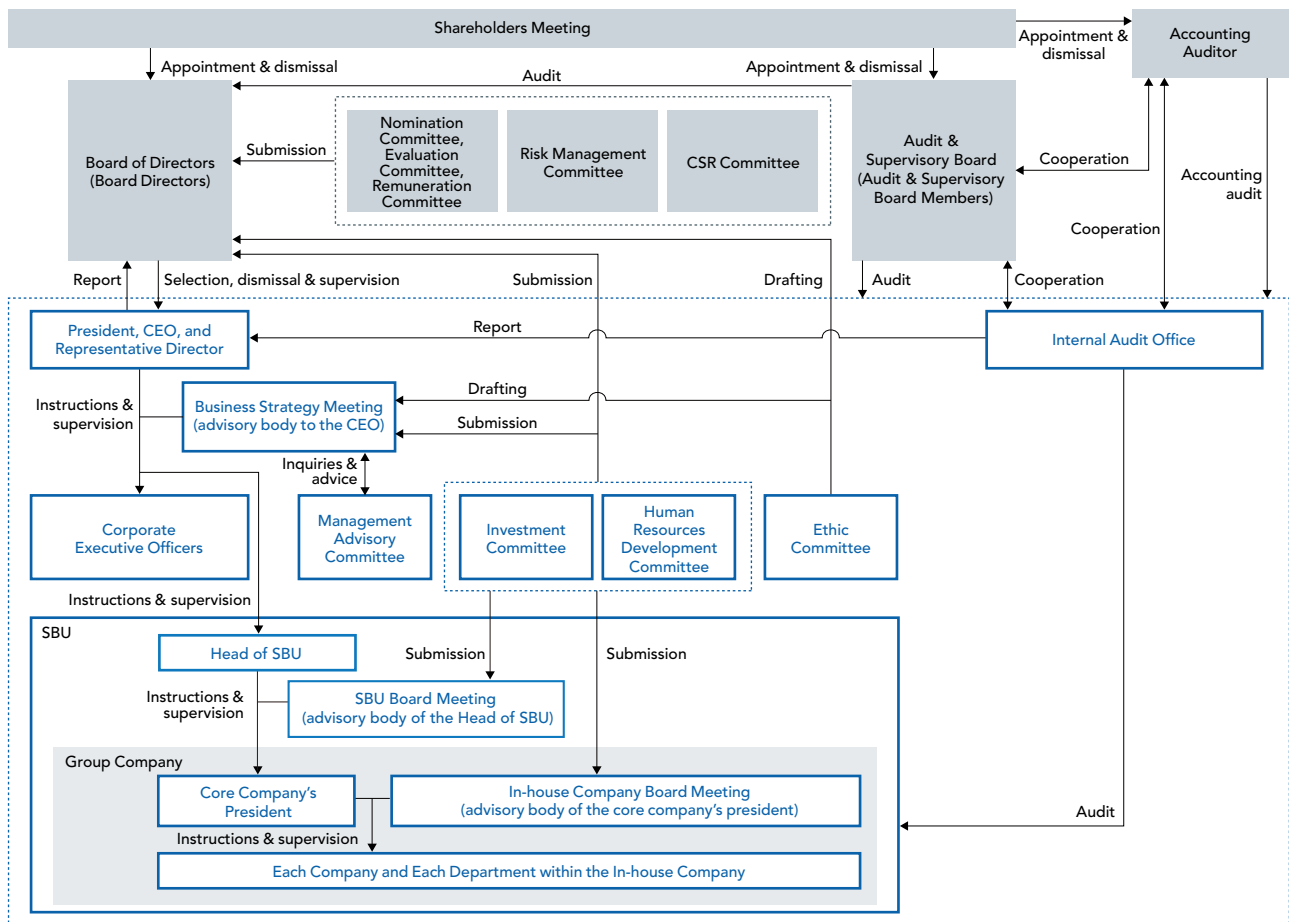
The Business Strategy Meeting must be convened with the participation of at least one standing member of the Audit & Supervisory Board. This requirement is intended to strengthen the oversight function.

The Audit & Supervisory Board consists of two standing members and two external members, and, in principle, meets once a month in performance of its management oversight function. At the 56th Ordinary General Meeting of Shareholders, held on June 21, 2016, a Substitute Audit & Supervisory Board Member was elected in preparation for occasions when the number of regular Audit & Supervisory Board Members is less than that required by laws or regulations.

Regarding the internal audit system, steps have been taken to strengthen the system of internal checks. Among these are the establishment of the Internal Audit Office, as an auditing unit independent of executive units, and a department responsible for promoting internal controls, as a unit with overall responsibility for compliance.

Accounting audits are performed by Certified Public Accountants affiliated with the auditing firm Ernst & Young ShinNihon LLC.

Outline of the Corporate Governance System



Agreements for Limitation of Liability of Board Directors (Excluding Board Directors Who Are also Corporate Executive Officers) and Audit & Supervisory Board Members

Recruit Holdings has entered into an agreement to limit the liability to compensate for damages under Article 423 (1) of Japan's Companies Act, with all the External Board Directors and Audit & Supervisory Board Members. The maximum amount of liabilities for damages under the said agreement is the minimum liability amount provided by applicable laws and regulations. However, such limitation of liability only applies when the officers perform their duties that caused the liability in good faith and without gross negligence.

Rationale for Selecting the Present Corporate Governance System

To create a governance system emphasizing compliance, Recruit Holdings includes External Board Directors on its board and has adopted the "company with an Audit & Supervisory Board" form of organization (as defined in Japan's Companies Act), in which corporate auditors oversee the activities of Board Directors and Board of Directors. At the same time, in the interest of accountability to shareholders and other stakeholders, the provision of general management advice, and the maintenance of checks on the execution of business activities, External Board Directors and External Members of the Audit & Supervisory Board are appointed, and the Nomination, Evaluation and Remuneration committees have been established directly under the Board of Directors, to strengthen the management oversight function.

To achieve rapid decision-making, Corporate Executive Officers who are also Board Directors are appointed, and vested with decision-making authority for certain important matters of business execution.

In view of the contributions of External Members of the Board of Directors and the performance of the Audit & Supervisory Board, the functioning of the present corporate governance system is judged to be reasonable.

Cooperation for Internal Audits, Audits by Audit & Supervisory Board, and Accounting Audits

Recruit Holdings uses a three-part auditing approach consisting of audits by Audit & Supervisory Board Members, accounting audits by an outside firm specializing in such work and internal audits. Audits by Audit & Supervisory Board Members and Accounting Auditors are statutory audits, while internal audits, which are carried out under the direction of management, are discretionary audits aimed mainly at performing independent evaluations of internal control systems and ensuring that proper business practices are followed. Cooperation among the Internal Audit Office, Audit & Supervisory Board Members and Accounting Auditors takes the form of Accounting Auditors and the Internal Audit Office reporting on their respective audit approaches and results before the Audit & Supervisory Board as needed, and the standing members of the Audit & Supervisory Board, in the main, regularly sharing information with the Accounting Auditors and the Internal Audit Office. The Internal Audit Office appropriately presents reports and shares information when requested by an Audit & Supervisory Board Member or the Audit & Supervisory Board, and shares information with the Accounting Auditors.

Nomination and Remuneration Decisions

Regarding the overall size of the Board of Directors, a maximum board size of 11 Board Directors is judged to be appropriate in view of the Company's size and functions, possibilities for designating Board Directors to be responsible for particular functions going forward and the need to have an appropriate number of External Board Directors. For the present time, it is thought that a board consisting of six members is most appropriate. As for the balance of knowledge, experience and capabilities, as well as diversity, of the Board of Directors, Board Directors who are also Corporate Executive Officers meet annually to consider the status of the corporate governance system and requirements to be a Board Director, and then identify appropriate candidates.

In identifying candidates for appointment as top managers, Board Directors and Audit & Supervisory Board Members, attention focuses on the knowledge and views of potential candidates and a final pool is designated based on potential to fulfill the duties and responsibilities of the above positions. No consideration is given to gender, age or nationality. Nomination, evaluation and remuneration decisions concerning top managers and Board Directors are deliberated by an advisory body consisting mainly of external officers and serving the Board of Directors. The purpose of this approach is to enhance objectivity and transparency.

CORPORATE GOVERNANCE

Specifically, in each fiscal year, the candidates are deliberated by the Nomination, Evaluation and Remuneration Committees, and decided by resolution of the Board of Directors. The Nomination Committee deliberates and reports on the selection of the President and Representative Director; the Evaluation Committee deliberates and reports on evaluation of Board Directors' performance and evaluation standards; while the Remuneration Committee deliberates and reports on the remuneration amount of Board Directors based on their performance evaluation and the remuneration standards and systems for Board Directors and Corporate Executive Officers; and subsequently each Committee submits proposals to the Board of Directors. In terms of the amount of remuneration for executives, remuneration for Board Directors is determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Remuneration Committee, while remuneration for Audit & Supervisory Board Members is determined on the basis of consultation among the Audit & Supervisory Board Members, within remuneration ranges approved by the General Meeting of Shareholders. Individual remuneration standards are determined with reference to the remuneration standards of executives at major corporations as its benchmark based on external database services (while remuneration standards of Audit & Supervisory Board Members are determined based on the remuneration standards of standing and non-standing corporate auditors of major corporations).

Each Committee is chaired by an External Board Director and the majority of the Committee members are comprised of External Officers.

Remuneration for Board Directors, Audit & Supervisory Board Members and External Officers

Total remuneration for Board Directors, Audit & Supervisory Board Members and External Officers is disclosed by type (basic amount, stock options, bonuses, allowance for retirement benefits, etc.). Remuneration for individual Board Directors for whom remuneration exceeds 100 million yen is also disclosed by type.

Executives	Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)				Number of Executives
		Basic Remuneration	Stock Options	Bonus	Retirement Benefit Reserve, etc.	
Board Directors (Internal)	709	297	391	–	20	5
Audit & Supervisory Board Members (Internal)	51	48	–	–	3	2
External Officers	50	50	–	–	–	5

Notes:

1. A resolution setting the upper limit on remuneration for Board Directors at 50 million yen per month was passed at the 31st Ordinary General Meeting of Shareholders held in June 1991. At the 55th Ordinary General Meeting of Shareholders held in June 2015, a resolution was passed to permit the granting of up to ¥430 million of stock options as incentives to boost Recruit Holdings' performance and increase corporate value.
2. A resolution setting the upper limit on remuneration for members of the Audit & Supervisory Board at 8 million yen per month was passed at the 37th Ordinary General Meeting of Shareholders held in June 1997.

Name	Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)			
		Basic Remuneration	Stock Options	Bonus	Retirement Benefit Reserve, etc.
Masumi Minegishi	257	94	159	–	3
Shogo Ikeuchi	145	66	77	–	2
Shigeru Kusahara	160	69	77	–	13
Keiichi Sagawa	145	66	77	–	2

Analysis and Evaluation of the Effectiveness of the Board of Directors

Self-evaluations were conducted in the following manner with respect to the meetings of the Board of Directors held during the fiscal year ended March 31, 2016.

a. Details of the self-evaluation

- Meetings subject to the evaluation: Meetings of the Board of Directors of Recruit Holdings held from April 2015 to March 2016 (17 meetings)
- Persons evaluated: Board Directors and Audit & Supervisory Board Members of Recruit Holdings (10 persons in total, including all the External Officers)
- Evaluation period: From end of April 2016 to mid-May 2016
- Summary: Individual interviews were conducted, as necessary, based on the preliminary aggregate results of replies to a questionnaire survey which consists of items such as the appropriateness of the roles and responsibilities of the Board of Directors; the appropriateness of the composition of the Board of Directors; the appropriateness of the qualities and knowledge of Board Directors; the effectiveness of deliberations by the Board of Directors; and the effectiveness of checks and balances and oversight functions performed by and between Board Directors who are also Corporate Executive Officers; as well as open-ended questions.

CORPORATE GOVERNANCE

b. Results of analysis and evaluation

- Based on the Recruit Group Management Philosophy, management strategies towards an increase in corporate value over the medium to long term are being sufficiently rigorously discussed at the meetings of the Board of Directors, and each of the individual discussions are consistent with the said management strategies.
- The current composition of the Board of Directors is adequate as regards fulfilling the roles described above, and members of the Board of Directors are selected appropriately based on various perspectives, including knowledge, ability, experience, independence and diversity.
- The Board of Directors is fully utilizing the knowledge of both internal and external executives in light of Recruit Holdings' management strategies, while demonstrating effective checks and balances and oversight functions by and between Board Directors who are also Corporate Executive Officers, and engaging in active discussions.
- The Board of Directors is engaging in appropriate discussions from the perspective of the shareholders as well as a broad range of stakeholders other than shareholders.

Policy on Training for Directors and Audit & Supervisory Board Members

Newly appointed Board Directors and Audit & Supervisory Board Members are provided with an overview of Recruit Holdings as of their appointment, together with information on matters such as management strategies, financial strategies and high-priority areas for audits. In addition, visits to business locations are organized to include explanations to promote understanding of business activities, as necessary, and Corporate Executive Officers in charge of business strategies for principal businesses are asked to provide external officers with information to further their understanding of the subject businesses.

Newly appointed Board Directors and Audit & Supervisory Board Members also participate, as necessary, in external seminars on matters such as accounting and finance, and risk management, and in internal seminars led by invited external experts.

Policy on Policy Shareholdings

In principle, Recruit Holdings will purchase the shares of business partners when there is judged to be a business purpose in doing so. Decisions on whether to make such share purchases are made based on an overall assessment of the amount to be invested and the benefits to the Recruit Group of strengthening the business relationship.

Voting rights for policy shareholdings are appropriately exercised based on detailed analysis of matters to be voted upon and an assessment of what would be in the best interests of shareholder value. Affirmative votes will not be cast when doing so would clearly result in damage to shareholder interests.

Policies on Dealings with Related Parties

Related-party transactions by Recruit Holdings Board Directors must be approved by the Board of Directors. It must be recognized that such transactions are reasonable (required for business purposes) and that the transaction terms and conditions are appropriate. Information on transactions that exceed a certain financial amount and are engaged in with Recruit Holdings or Recruit Holdings subsidiaries by Board Directors of Recruit Holdings; executives of principal Recruit Holdings subsidiaries; family members within two generations; and the companies, and subsidiaries thereof, controlled by any of these persons, is collected annually and transactions of critical concern are disclosed in the securities report.

Rationale Supporting the Appointments of Standing Board Directors and Audit & Supervisory Board Members

The four standing Board Directors whose names are given below have performed appropriately in discussions of resolutions and report items in meetings of the Board of Directors, and are making valuable contributions in deciding important management matters and overseeing the execution of business activities. Their participation on the Board of Directors, therefore, is judged to be appropriate.

Masumi Minegishi President, CEO, and Representative Director

The Company seeks to achieve ongoing growth, and Masumi Minegishi is judged to be the best person to serve as the Company's President, CEO, and Representative Director toward that end. The wealth of experience and knowledge he brings to his position is based principally on roles he has fulfilled in the bridal field, housing and Real Estate business and corporate planning.

Shogo Ikeuchi Board Director, Senior Managing Corporate Executive Officer

As a Board Director, Managing Corporate Executive Officer, Shogo Ikeuchi has accumulated a wealth of experience and knowledge through service mainly in corporate planning, human resources, international business and R&D positions in the Company.

CORPORATE GOVERNANCE

Shigeru Kusahara Board Director, Senior Managing Corporate Executive Officer
As a Board Director and Senior Managing Corporate Executive Officer, Shigeru Kusahara has accumulated a wealth of experience and knowledge through service mainly in business integration, corporate planning, human resources, legal affairs, internal control, information systems, corporate communication and labor affairs positions in the Company.

Keiichi Sagawa Board Director, Senior Managing Corporate Executive Officer
As a Board Director, Managing Corporate Executive Officer, Keiichi Sagawa has accumulated a wealth of experience and knowledge through service mainly in accounting, financial management, legal affairs, corporate communication and internal control positions in the Company.

The two people whose names are given below have been involved in the Company's management for numerous years, as Corporate Executive Officers and in other capacities, as well. Their appointments as standing members of the Audit & Supervisory Board, therefore, are judged to be appropriate.

Yukiko Nagashima Standing Member of the Audit & Supervisory Board
Yukiko Nagashima has accumulated a wealth of experience and knowledge through her duties, primarily in human resources, the bridal field and staffing business positions.

Akihito Fujiwara Standing Member of the Audit & Supervisory Board
Akihito Fujiwara has accumulated a wealth of experience and knowledge through service mainly in information systems positions in the Company.

Rationale Supporting the Appointments of External Board Directors and External Members of the Audit & Supervisory Board

Shigeo Ohyagi External Board Director (Independent Officer)
Serves concurrently as Chairman, Member of the Board of Teijin Limited; External Member of the Audit & Supervisory Board of JFE Holdings, Inc.; and Deputy Chairman of the Japan Association of Corporate Executives.

Shigeo Ohyagi has been serving as an External Board Director of Recruit Holdings since June 2014. With the depth of knowledge and insight he has developed as a manager of a manufacturing company engaged in business activities in various parts of the world, Mr. Ohyagi, in his capacity as an External Board Director, is contributing practical input, providing advice on a broad range of management matters, and performing a valuable role in the oversight of business activities.

Yasushi Shingai External Board Director (Independent Officer)
Serves concurrently as Representative Director and Executive Deputy President, Japan Tobacco Inc.

Yasushi Shingai has been serving as an External Board Director of Recruit Holdings since June 2014. With the depth of knowledge and insight he has developed through his work in overseas acquisitions and in other areas, Mr. Shingai, in his capacity as an External Board Director, is providing advice on a broad range of management matters and performing a valuable role in the oversight of business activities.

Hiroki Inoue External Member of the Audit & Supervisory Board
Serves concurrently as Managing Partner of Nagashima Ohno & Tsunematsu.

Hiroki Inoue possesses legal expertise developed through his many years in professional legal practice, and is very familiar with matters of business administration. In his capacity as an External Member of the Audit & Supervisory Board, since June 2015, Mr. Inoue is providing input from an objective, neutral perspective and is performing a valuable role in the oversight of the Company's management broadly defined.

Yasuaki Nishiura External Member of the Audit & Supervisory Board
Yasuaki Nishiura possesses accounting knowledge cultivated as a U.S. Certified Public Accountant together with experience of supporting numerous Japanese companies in undertaking business expansion in the U.S. as a business advisor, working primarily in Silicon Valley. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight and wealth of international experience. Accordingly, Recruit Holdings has judged that he will fulfill an appropriate role in the supervision of Recruit Holdings' overall management as an External Audit & Supervisory Board Member.

Policies on the Selection of Independent Officers

Recruit Holdings selects independent officers from among candidates who satisfy not only the standards for independence established by securities exchanges but also the following criteria.

(1) Ownership of Recruit Holdings shares by either the candidate or a company where the candidate serves as an Corporate Executive Officer does not equate to ownership of over 10% of voting rights.

- (2) For the most recent fiscal year, business transactions with the candidate or a company with which the candidate is associated account for less than 1% of Recruit Holdings' consolidated net sales.**

System for Making Timely Disclosures

(1) Basic Policy on Timely Disclosures

Recruit Holdings' basic policy on timely disclosures is to make timely, appropriate disclosures of information important for appropriate decision-making on the part of investors.

(2) System for Making Timely Disclosures

Recruit Holdings has designated certain people in each of its departments and principal subsidiaries to be responsible for gathering information for timely disclosure. The IR Promotion Office, which handles disclosures of information, oversees the gathering of information. Moreover, the Timely Disclosure Committee, chaired by the Corporate Executive Officer in charge of IR and consisting of the managers in charge of the relevant departments, has been established and operates to ensure appropriate decision-making about disclosures and accuracy in disclosures.

The IR Promotion Office, which is responsible for disclosure-related work, is carrying out timely disclosure related work in an appropriate manner by formulating guidelines for work related to timely disclosure, establishing disclosure standards and procedures to be implemented, and ensuring that each of Recruit Holdings' departments, principal subsidiaries and so forth is kept thoroughly informed.

(3) Status of Efforts to Ensure Shareholders Have Opportunities for Fair, Ready Access to Information

To ensure shareholders have opportunities for fair, ready access to key information on the Recruit Group, we abide by the Tokyo Stock Exchange's Timely Disclosure Rules in making timely disclosures, and voluntarily and proactively disclose information based on the disclosure standards that we have determined ourselves. This disclosure information may be viewed on the Recruit Holdings website, in addition to the website of the Tokyo Stock Exchange.

Status of Efforts to Ensure Respect for Stakeholders' Perspectives

Rules on Respecting Stakeholders' Perspectives

The Recruit Group's CSR Policy is based on the Recruit Group Philosophy. The CSR Policy identifies five core themes, which will be advanced with the attitude captured by these words: "In collaboration with our stakeholders, we shall implement actions reflecting what we can and should do so while continuing to challenge ourselves."

The Recruit Group Code of Ethics, stating, "In light of the social significance of the business, employees of Recruit Group shall recognize their responsibilities as a member of society and engage in moderate and ethical behavior at all times," portrays the spirit we will maintain as Recruit Group executives and employees acting as individual members of society.

Implementation of Environmental Preservation, CSR and Other Activities

The Group CSR Policy was updated in April 2014 to emphasize realization of "a prosperous society in which each individual flourishes" as stated in the Recruit Group's management mission.

With "contributing to society" at the heart of its CSR activities, the Recruit Group will continue to be responsive to society's rising expectations and fulfill our growing responsibilities as a corporate citizen while also expanding its business. In addition, based on the five core themes of our CSR policy, we will continue to work with our stakeholders "to implement actions reflecting what we can and should do while continuing to challenge ourselves."

The Recruit Group pursues CSR activities in the following three areas:

(1) Contributing to society through our business:

For-profit activities that simultaneously help to resolve social issues and grow our business (daily business activities, market creation and expansion, and value chain revision and improvement).

(2) Building a responsible foundation for business:

Activities that should be undertaken in pursuit of business, based on the ISO 26000 framework (organizational governance, human rights, labor practices, the environment, fair operating practices and consumer issues).

(3) Promoting activities that contribute to society:

Activities that we, as a leading company, will pursue to fulfill our duties to local communities (contributions to local communities, returns of the benefits of knowledge and development of human resources and skills).

CORPORATE GOVERNANCE

In April 2010, we established our “more eco more smile” four-promise environmental vision. Since then, we have used our businesses, products and services as vehicles for expanding the scope of our global environmental preservation activities and for contributing to the realization of a sustainable society. We have been certified by Japan’s Ministry of the Environment as an Eco-First Company, and, through steps such as gaining ISO 14001 certification, are constantly taking action to benefit the environment.

Establishment of Rules for Providing Information to Stakeholders

Article 9 of the Recruit Group Code of Ethics (“Proper Public Announcement of the Details of the Company”) states that, “We will make public announcements to society to ensure the details of our policy, activities and the products are accurately known.”

Recruit Group stakeholders include users, clients, shareholders, employees, business partners, NPOs and NGOs, national and other government agencies and local communities, and efforts are made to engage them in interactive communication by, for example, disseminating information and creating opportunities for dialogue. We invite outside experts to talk to our CSR Committee, conduct individual interviews to gather opinions on and learn what is expected of the Recruit Group’s CSR policy and business activities, and hold group dialogues in which we work through NPOs—intermediary support groups—to invite people from various quarters to participate. Our definition of “stakeholder,” and information on how we engage with them, are posted in the “CSR Management” section of our website.

Employee Diversity

Living up to the Recruit Group’s philosophy, which includes respect for all individuals, requires that every one of our employees, regardless of gender, be able to fully exercise their capabilities. In 2006, therefore, we began to consciously promote diversity to advance the roles female employees play in our organization.

Among the first actions we took was the establishment of on-site nurseries, beginning in 2007, to help create conditions that allow employees to continue working while also meeting family responsibilities. In 2010, we took up the topic of promoting greater involvement by female employees by appointing them to supervisory and other management decision-making positions. And after we changed our governance system in October 2012, we began to build a system to apply our existing diversity measures to the 11 principal members of the Recruit Group in Japan, led by Recruit Holdings.

As a result, we have seen yearly increases in both working mothers as a percentage of our female workforce and women as a percentage of our management.

- Women as a percentage of employees: 41.0% (As of April 1, 2016)
- Working mothers as a percentage of female employees: 22.5% (As of October 1, 2015)
- Women as a percentage of management: 22.7% (As of April 1, 2016)

In September 2012, we set a target that by April 2015 women would comprise at least 10% of management-decision-making positions (Corporate Executive Officer and positions with equivalent authority) at the principal Recruit Group companies in Japan, and we achieved this target in April 2015. By April 2016, the percentage of women in management-decision-making positions had risen to 12.2%.

Looking forward, we have established the medium-term goal of increasing the number of female section managers (*kacho* in Japanese) at principal Recruit Group companies in Japan to at least 30% of the total by April 2018. That figure stood at 23.6% in April 2015 and 24.4% in April 2016.

To achieve this goal regarding female managers, we will strive to raise women’s awareness of the issue, strengthen our management capabilities, and evolve our work styles. Moreover, the Recruit Group is enthusiastic about enabling greater participation by women in its workforce, and telling others what it is doing in that regard, to be a leader in the promotion of business careers for women in Japan.

Basic Concepts and Status of the Internal Control System

The following is a summary of resolutions passed in the Board of Directors Meeting of March 30, 2016 to ensure propriety in business activities across Recruit Holdings and Recruit Holdings subsidiaries (referred to below as “the Recruit Group”).

(1) Systems for ensuring that the performance of duties by the Board Directors and employees of Recruit Holdings and by Board Directors and employees of Recruit Holdings subsidiaries is in compliance with laws and regulations and the Articles of Incorporation

- a. A Board of Directors including External Board Directors shall be established for Recruit Holdings and shall decide matters of import for the entire Recruit Group.

CORPORATE GOVERNANCE

- b. An Audit & Supervisory Board including external Audit & Supervisory Board Members shall be established for Recruit Holdings. Each Recruit Holdings Audit & Supervisory Board Member, in accordance with audit standards established by the Recruit Holdings Audit & Supervisory Board, shall monitor the Board Directors of Recruit Holdings in the performance of their duties by attending Recruit Holdings Board of Directors and other important meetings, and observing and scrutinizing the performance of duties.
 - c. Nomination, Evaluation and Remuneration committees, each chaired by an External Board Director, shall be established for Recruit Holdings, and shall deliberate the designation or appointment, evaluation, remuneration and other matters regarding Recruit Holdings Board Directors and Corporate Executive Officers.
 - d. The Recruit Group Code of Ethics shall be formulated and understanding of its content shall be achieved among all Recruit Group executives and employees.
 - e. While respecting the spirit of independence among Recruit Holdings subsidiaries, we have formulated the Recruit Group Policy to establish uniform, Group-wide rules on matters such as decision-making, risk management and compliance. The purpose of these rules is to enable integrated group management.
 - f. Regarding matters of particular import addressed by the Recruit Group Policy, it is required that relevant Recruit Holdings departments be consulted before action is taken, and reported to after action has taken.
 - g. The Recruit Group has established a system for rejecting business and any other relationships of any form whatsoever with antisocial forces.
 - h. The Recruit Holdings Board of Directors has appointed a person to be responsible for promoting internal controls throughout the entire Recruit Group, and then established a department to be responsible for internal controls, to determine the status and problems concerning the establishment and functioning of Recruit Group internal controls.
 - i. Presidents and Representative Directors of Recruit Holdings subsidiaries shall establish internal controls for Recruit Holdings subsidiaries.
 - j. The department responsible for internal controls at Recruit Holdings collaborates with each SBU and Recruit Holdings subsidiary, and promotes efforts to ensure the propriety of business activities across the entire Recruit Group.
 - k. In principle, Audit & Supervisory Board Members or Board Directors in charge of audits and supervision have been dispatched to subsidiaries from Recruit Holdings to oversee the performance of duties by the Board Directors of subsidiaries.
 - l. A department responsible for internal audits has been established directly under the President, CEO, and Representative Director of Recruit Holdings to monitor the activities of Recruit Group executives and employees for compliance with laws and regulations, the Articles of Incorporation and internal regulations.
 - m. Whistle-blowing systems and systems for reporting workplace harassment shall be established, so that possible violations of internal controls by Recruit Group executives and employees can be swiftly reported to a department responsible for internal controls at Recruit Holdings or a Recruit Holdings subsidiary. When a department responsible for internal controls receives a report or notification of a possible violation of internal controls, it shall investigate the details, discuss the problem and possible responses with relevant Recruit Group departments, and then implement the action decided upon.
 - n. Compliance education and awareness activities shall be implemented for Recruit Group executives and employees.
 - o. Violations of Recruit Group internal controls shall be taken seriously.
- (2) Systems for Preserving and Managing Information on the Performance of Duties by Recruit Holdings Board Directors**
- a. The Policy on the Management of Agreements and Other Documentation shall be formulated and shall serve as the basis for preserving minutes of Shareholders Meeting, Board of Directors meetings, Business Strategy Meetings and other documentation related to the performance of duties by Board Directors, together with related documentation.
 - b. The lengths of time and the particular locations where the documents referred to in the previous paragraph are to be preserved shall be specified in the Policy on the Management of Agreements and Other Documentation. This documentation shall be preserved in a way that enables Recruit Holdings Board Directors and members of the Audit & Supervisory Board to examine it when they so desire.
- (3) Regulations and Systems regarding Management of the Risk of Loss at Recruit Holdings and Recruit Holdings Subsidiaries**
- a. The Recruit Group Risk Management Policy and Recruit Group Escalation Procedure shall be formulated to create a framework for risk management at the Recruit Group.

CORPORATE GOVERNANCE

- b. Following deliberation by the Risk Management Committee, chaired by the Board Director in charge of the department responsible for risk management, the Recruit Holdings Board of Directors shall decide what matters shall be addressed as high priorities for the Recruit Group, who shall be responsible for addressing them, and what directions shall be taken in addressing them.
 - c. When a matter that is of importance so great that it may impact the entire Recruit Group arises, a crisis management committee shall be established to address it.
- (4) Systems for Ensuring that Board Directors of Recruit Holdings and of Recruit Holdings Subsidiaries Can Efficiently Perform Their Duties**
- a. The Recruit Holdings Board of Directors and Business Strategy Meeting shall set forth the objectives to be shared by all Recruit Group executives and employees, take action to ensure understanding of these objectives, and set forth specific objectives for individual Recruit Group departments to meet toward the achievement of the shared objectives. The Corporate Executive Officers in charge of individual Recruit Holdings departments shall set forth and execute strategies for efficiently achieving the specific objectives for individual Recruit Group departments.
 - b. The Recruit Holdings Board of Directors shall regularly review progress toward the achievement of objectives at the Recruit Group and, by promoting improvements that eliminate or minimize factors standing in the way of efficiency, increase the likelihood of objective achievement and improve the efficiency of overall Recruit Group operations.
 - c. The Business Strategy Meeting has been established as an advisory body to the Recruit Holdings CEO and has engaged in discussions of matters important to the overall management of the Recruit Group.
 - d. In addition, the Management Advisory Committee, CSR Committee, Recruit Group Investment Committee and other expert committees shall be established as advisory bodies to the Recruit Holdings Board of Directors and Business Strategy Meeting.
- (5) System for Securing the Reliability of Financial Reporting Internal Controls**
- The Recruit Group has formulated the Recruit Group J-SOX General Policy and constructed a financial reporting internal control system consistent with the internal control reporting system provided in the Financial Instruments and Exchange Act.
- (6) Systems for Reporting to Recruit Holdings Matters concerning the Performance of Duties by the Board Directors and Other Officers of Recruit Holdings Subsidiaries**
- a. Within Recruit Holdings, departments responsible for the oversight of each of the Recruit Holdings subsidiaries has been established. The Board Directors and other officers of Recruit Holdings subsidiaries regularly report on business performance and the implementation of business strategies, as requested by the individual overseeing departments.
 - b. Meetings of Recruit Holdings Board Directors, Corporate Executive Officers and the Presidents and Representative Directors of principal subsidiaries are regularly convened to discuss directions with regard to Recruit Group management, and share management information.
- (7) Matters with Regard to Employees Assigned to Assist Recruit Holdings Audit & Supervisory Board Members in the Performance of Their Duties**
- Recruit Holdings formally appoints Audit & Supervisory Board Assistants to assist the Audit & Supervisory Board Members in the performance of their duties.
- (8) Independence of the Employees Mentioned in the Previous Paragraph from Recruit Holdings Board Directors and Matters concerning the Validity of Instructions Issued to These Employees**
- In assisting the Audit & Supervisory Board Members in the performance of their duties, Recruit Holdings Audit & Supervisory Board Assistants act only in accordance with the instructions of Audit & Supervisory Board Members, and matters concerning the appointment, transfer, evaluation and discipline of them shall be decided with respect to the opinions of the Recruit Holdings Audit & Supervisory Board.
- (9) Systems for Reporting to Recruit Holdings Audit & Supervisory Board Members**
- a. Recruit Group executives and employees and Accounting Auditors shall report the matters below to the Audit & Supervisory Board Members of individual companies. Systems have been established to enable reporting whenever necessary, via meeting, interview, telephone, email and other means.
 - Important matters regarding business conditions
 - Matters that may cause great losses to a Recruit Group company
 - Important matters regarding the status of internal audits and risk management
 - Serious violations of laws and regulations, or the Articles of Incorporation
 - Other important matters concerning internal controls
 - b. The Recruit Holdings department responsible for internal audits, the Audit & Supervisory Board Members or Board Directors in charge of audits and supervision at Recruit Holdings subsidiaries shall regularly report to the members of the Recruit Holdings Audit & Supervisory Board on matters concerning Recruit Group internal controls.

(10) Systems for Ensuring That People Reporting on Matters Described in the Previous Section Do Not Suffer Disadvantageous Treatment as a Result of Their Reporting Activity

Recruit Holdings shall establish internal rules and take other steps to ensure that people reporting matters to Audit & Supervisory Board Members or Board Directors in charge of audits and supervision at Recruit Group companies, to departments responsible for internal controls or to departments responsible for internal audits will not be dismissed, improperly transferred, or suffer other disadvantageous treatment by either Recruit Holdings or a Recruit Holdings subsidiary as a result of their reporting activity.

(11) Matters Concerning the Upfront Payment and Reimbursement of Expenses, and the Processing of Expenses and Liabilities, Related to the Performance of Duties by Members of the Recruit Holdings Audit & Supervisory Board

Recruit Holdings shall bear expenses budgeted as necessary for the performance of duties by the Recruit Holdings Audit & Supervisory Board. The Recruit Holdings Audit & Supervisory Board may invoice Recruit Holdings for emergency or unplanned expenses, and Recruit Holdings shall bear these as well.

(12) Other Systems for Ensuring That Audits by the Members of the Recruit Holdings Audit & Supervisory Board Can Be Performed Effectively

Members of the Recruit Holdings Audit & Supervisory Board, and the Audit & Supervisory Board as a whole, shall meet regularly with the President, CEO, and Representative Director of Recruit Holdings and the Accounting Auditor to share information.

Basic Position on Rejecting Relationships with Antisocial Forces, and Implementation Status of Relevant Measures

(1) Basic Stance on Antisocial Forces

The Recruit Group, in its Recruit Group Code of Ethics, strictly rejects involvement with antisocial forces. Furthermore, the Recruit Group Internal Control General Principle, provides that all relationships with antisocial forces, including transactions and all other types of relationships regardless of their nature, will be rejected; that regulations will be established to address cases in which situations involving antisocial forces arise; that certain departments will bear responsibility for addressing inappropriate demands and that such demands will be handled forthrightly, in accordance with the law, together with external authorities. All executives and employees are required to abide by the Recruit Group Internal Control General Principle.

(2) Status of Internal Systems for Excluding Relationships with Antisocial Forces and Specific Measures

Policies and Standards for Establishing and Maintaining an Internal System for Detecting the Presence of Antisocial Forces.

- 1. Establishment of a Department for Addressing Situations Involving Antisocial Forces**

The department responsible for addressing inappropriate demands from antisocial forces shall be the Recruit department responsible for general affairs (referred to below as the "Contingency Response Unit").
- 2. Addressing Inappropriate Demands from Antisocial Forces**

In the event an inappropriate demand is received, the Recruit Group Regulations on Antisocial Forces require that the designated Contingency Point Person (designated for each Recruit Group member company) immediately report the demand to the Contingency Response Unit and that the Contingency Point Person and Contingency Response Unit cooperate on actions and communications taken in response to the inappropriate demand. Contingency Point Persons are, in principle, obligated to participate in training for those responsible for responding to inappropriate demands.
- 3. Establishment of a System for Collecting and Managing Information on Antisocial Forces**

To determine whether a transaction counterparty is connected to antisocial forces, Recruit has established a department with overall responsibility for investigating such matters. This department collects relevant information, which is managed in the Recruit Group's own database on antisocial forces.
- 4. Establishment of a System for Coordinating with External Authorities**

The Recruit Group coordinates with external authorities on addressing situations involving, and on collecting information on, antisocial forces.
- 5. Development of Regulations and Manuals**

The Recruit Group has established the Recruit Group Regulations on Antisocial Forces, as well as related regulations and implementation guidelines, and created a manual for addressing contingencies. All Recruit Group member companies are required to abide by these regulations and guidelines, and the manual for addressing contingencies.
- 6. Incorporation of Terms Rejecting Connections with Criminal Organizations**

Terms rejecting connections with criminal organizations—in other words, terms for rejecting transactions, and facilitating the termination of agreements, with antisocial forces—are incorporated in agreements used for business transactions.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

Recruit Holdings Co., Ltd. and consolidated subsidiaries
As of fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	¥ 307,161	¥ 257,741
Notes and accounts receivable—trade	195,709	222,288
Securities	6,178	53,176
Deferred tax assets	24,599	23,264
Other current assets	38,346	37,524
Allowance for doubtful accounts	(5,355)	(4,256)
Total current assets	566,639	589,739
Noncurrent assets		
Property plant and equipment		
Buildings and structures net	8,313	9,767
Land	7,763	7,743
Other net	9,677	14,921
Total property plant and equipment	25,754	32,432
Intangible assets		
Goodwill	216,394	213,051
Software	54,685	70,938
Other	64,139	77,604
Total intangible assets	335,218	361,594
Investments and other assets		
Investment securities	133,836	120,854
Net defined benefit asset	143	3
Deferred tax assets	11,949	11,757
Other assets	27,523	34,588
Allowance for doubtful accounts	(282)	(288)
Total investments and other assets	173,169	166,914
Total noncurrent assets	534,143	560,942
Total assets	¥1,100,782	¥1,150,681
Liabilities		
Current liabilities		
Notes and accounts payable—trade	¥ 57,996	¥ 60,104
Current portion of long-term debt	15,000	15,000
Accrued expenses	76,620	85,354
Income taxes payable	15,110	40,050
Accrued employees' bonuses	19,806	24,728
Other current liabilities	55,703	56,758
Total current liabilities	240,236	281,997
Long-term liabilities		
Long-term debt	15,000	—
Deferred tax liabilities	52,817	49,693
Workers' compensation liability	8,069	8,671
Net defined benefit liability	28,232	28,750
Other long-term liabilities	2,267	4,568
Total long-term liabilities	106,387	91,683
Total liabilities	346,624	373,680
Equity		
Shareholders' equity		
Common stock	10,000	10,000
Capital surplus	53,679	53,756
Retained earnings	558,310	596,305
Treasury stock	(531)	(495)
Total shareholders' equity	621,459	659,565
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	34,177	29,016
Deferred gain (loss) on derivatives under hedge accounting	(75)	(2,157)
Foreign currency translation adjustments	97,006	86,274
Remeasurements of defined benefit plans	(2,939)	(2,421)
Total accumulated other comprehensive income	128,169	110,712
Stock acquisition rights	1,206	2,137
Non-controlling interests	3,322	4,585
Total equity	754,157	777,000
Total liabilities and equity	¥1,100,782	¥1,150,681

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	¥1,299,930	¥1,588,623
Cost of sales	644,737	832,330
Gross profit	655,192	756,293
Selling general and administrative expenses	532,693	642,260
Operating income	122,499	114,032
Non-operating income		
Interest income	375	605
Dividend income	1,557	1,960
Share of profit of entities accounted for using equity method	3,215	4,961
Other	996	1,184
Total non-operating income	6,144	8,712
Non-operating expenses		
Interest expense	599	970
Foreign exchange losses	1,392	2,087
Going public expenses	395	—
Other	637	350
Total non-operating expenses	3,025	3,408
Ordinary income	125,617	119,336
Extraordinary income		
Gain on sales of investment securities	1,859	5,948
Gain on sales of shares of subsidiaries and associates	339	—
Gain on step acquisitions	920	1,815
Other	77	539
Total extraordinary income	3,196	8,303
Extraordinary losses		
Loss on disposal of noncurrent assets	817	1,175
Loss on valuation of investment securities	147	1,122
Loss on sales of shares of subsidiaries and associates	254	308
Impairment loss	481	857
Other	180	918
Total extraordinary losses	1,881	4,383
Income before income taxes	126,932	123,256
Income taxes: Current	32,190	61,900
Income taxes: Deferred	24,886	(3,700)
Total income taxes	57,076	58,199
Net income	69,856	65,057
Net income attributable to non-controlling interests	153	521
Net income attributable to owners of the parent	¥ 69,702	¥ 64,535

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	¥ 69,856	¥ 65,057
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	10,748	(5,160)
Deferred gain (loss) on derivatives under hedge accounting	(787)	(2,082)
Foreign currency translation adjustments	36,225	(9,056)
Remeasurements of defined benefit plans net of tax	(1,008)	517
Share of other comprehensive income in affiliated companies	2,841	(1,677)
Total other comprehensive income	48,019	(17,458)
Comprehensive income	¥ 117,875	¥ 47,598
Total comprehensive income attributable to:		
Owners of the parent	¥ 117,516	¥ 47,078
Non-controlling interests	358	520

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	¥ 3,002	¥17,632	¥503,006	¥(60,815)	¥462,826
Cumulative effects of changes in accounting policies			(950)		(950)
Restated balance	3,002	17,632	502,056	(60,815)	461,876
Changes of items during period					
Issuance of new shares	6,997	3,852			10,850
Cash dividends			(13,774)		(13,774)
Net income attributable to owners of the parent			69,702		69,702
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		65,928		26,554	92,483
Retirement of treasury stock		(33,734)		33,734	—
Change in scope of equity method			326		326
Changes in equity of the parent arising from transactions with non-controlling interests					—
Other changes during the period					
Total changes of items during period	6,997	36,047	56,253	60,284	159,582
Balance at end of current period	¥10,000	¥53,679	¥558,310	¥ (531)	¥621,459

(Millions of yen)

	Fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)							
	Accumulated other comprehensive income							
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total equity
Balance at beginning of current period	¥23,429	¥712	¥58,318	¥(1,929)	¥ 80,530	¥ 321	¥2,943	¥546,621
Cumulative effects of changes in accounting policies					—			(950)
Restated balance	23,429	712	58,318	(1,929)	80,530	321	2,943	546,671
Changes of items during period								
Issuance of new shares								10,850
Cash dividends								(13,774)
Net income attributable to owners of the parent								69,702
Purchase of treasury stock								(4)
Disposal of treasury stock								92,483
Retirement of treasury stock								—
Change in scope of equity method								326
Changes in equity of the parent arising from transactions with non-controlling interests								—
Other changes during the period	10,748	(787)	38,688	(1,010)	47,638	885	379	48,903
Total changes of items during period	10,748	(787)	38,688	(1,010)	47,638	885	379	208,486
Balance at end of current period	¥34,177	¥ (75)	¥97,006	¥(2,939)	¥128,169	¥1,206	¥3,322	¥754,157

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Equity

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)				
	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at beginning of current period	¥10,000	¥53,679	¥558,310	¥(531)	¥621,459
Cumulative effects of changes in accounting policies					—
Restated balance	10,000	53,679	558,310	(531)	621,459
Changes of items during period					
Issuance of new shares					—
Cash dividends			(26,540)		(26,540)
Net income attributable to owners of the parent			64,535		64,535
Purchase of treasury stock					—
Disposal of treasury stock		60		35	95
Retirement of treasury stock					—
Changes in equity of the parent arising from transactions with non-controlling interests		16			16
Other changes during the period					
Total changes of items during period	—	76	37,994	35	38,106
Balance at end of current period	¥10,000	¥53,756	¥596,305	¥(495)	¥659,565

(Millions of yen)

	Fiscal year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)							
	Accumulated other comprehensive income							Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	
Balance at beginning of current period	¥34,177	¥ (75)	¥ 97,006	¥(2,939)	¥128,169	¥1,206	¥3,322	¥754,157
Cumulative effects of changes in accounting policies						—	—	—
Restated balance	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157
Changes of items during period								
Issuance of new shares								—
Cash dividends								(26,540)
Net income attributable to owners of the parent								64,535
Purchase of treasury stock								—
Disposal of treasury stock								95
Retirement of treasury stock								—
Changes in equity of the parent arising from transactions with non-controlling interests								16
Other changes during the period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	(15,263)
Total changes of items during period	(5,160)	(2,082)	(10,731)	517	(17,457)	930	1,262	22,842
Balance at end of current period	¥29,016	¥(2,157)	¥ 86,274	¥(2,421)	¥110,712	¥2,137	¥4,585	¥777,000

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Cash Flows

Recruit Holdings Co., Ltd. and consolidated subsidiaries
Fiscal years ended March 31, 2015 and 2016

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Income before income taxes	¥126,932	¥123,256
Depreciation and amortization	31,023	40,275
Impairment loss	481	857
Amortization of goodwill	37,882	47,942
Retirement benefit expenses	393	946
Increase (decrease) in allowance for doubtful accounts	(1,368)	(1,198)
Increase (decrease) in accrued employees' bonuses	2,095	4,688
Increase (decrease) in provision for workers' compensation liability	250	599
Increase (decrease) in net defined benefit liability	(252)	347
Interest and dividend income	(1,932)	(2,566)
Interest expense	599	970
Foreign exchange (gains) losses	592	(380)
Share of (profit) loss of entities accounted for using equity method	(3,215)	(4,961)
Going public expenses	395	-
Loss on disposal of noncurrent assets	817	1,175
(Gain) loss on sales of investment securities—net	(1,847)	(5,944)
(Gain) loss on sales of shares of subsidiaries and associates	(84)	308
(Gain) loss on valuation of investment securities	147	1,122
(Gain) loss on step acquisitions	(920)	(1,815)
(Increase) decrease in trade receivables	(25,140)	(13,615)
Increase (decrease) in trade payables	24,148	(1,024)
Other—net	1,435	2,304
Subtotal	192,434	193,290
Interest and dividend income received	2,232	2,785
Interest expense paid	(610)	(968)
Income taxes paid	(56,559)	(32,595)
Net cash provided by operating activities	137,497	162,511
Cash flows from investing activities		
Payments into time deposits	(4,126)	(1,108)
Proceeds from withdrawal of time deposits	4,000	1,101
Payments for purchase of property plant and equipment	(6,695)	(13,030)
Payments for purchase of intangible assets	(28,527)	(35,290)
Payments for purchase of investment securities	(7,480)	(6,038)
Proceeds from sales and redemption of investment securities	4,492	18,878
Payments for purchase of shares of subsidiaries and associates	(1,573)	(99)
Proceeds from sales of shares of subsidiaries and associates	703	-
Payments for investments in capital	(1,822)	(2,912)
Collection of investments in capital	-	133
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	(33,520)	(67,131)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	105	306
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(121)	(270)
Payments for purchase of investments in subsidiaries	(1,570)	-
Proceeds from liquidation of subsidiaries	41	218
Payments for transfer of business	(125)	(469)
Proceeds from transfer of business	-	435
Payments of short-term loans receivable	(292)	(125)
Proceeds from collection of short-term loans	10	314
Collection of long-term loans receivable	169	86
Other—net	(4,025)	(4,611)
Net cash used in investing activities	(80,358)	(109,613)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings—net	(2)	(4,049)
Repayments of long-term debt	(26,719)	(22,801)
Payments for issuance of common shares	(395)	-
Proceeds from issuance of common shares	10,850	-
Proceeds from share issuance to non-controlling shareholders	412	111
Proceeds from sales of treasury stock	92,483	-
Dividends paid	(13,670)	(26,422)
Dividends paid to non-controlling interests	(292)	-
Payments for purchase of investments in subsidiaries not resulting in change in scope of consolidation	-	(291)
Other—net	(85)	(94)
Net cash provided by (used in) financing activities	62,580	(53,546)
Foreign currency translation adjustments on cash and cash equivalents	6,324	(2,225)
Net increase (decrease) in cash and cash equivalents	126,044	(2,875)
Cash and cash equivalents at beginning of period	187,153	313,197
Cash and cash equivalents at end of period	¥313,197	¥310,322

COMPANY PROFILE

Company Name:

Recruit Holdings Co., Ltd.

Founded:

March 31, 1960 (incorporated August 26, 1963)

Headquarters:

1-9-2 Marunouchi, Chiyoda-ku, Tokyo 100-6640 Japan

URL:

<http://www.recruit-rgf.com>

Number of Employees:

456 as of March 31, 2016

Number of Group Employees:

38,451 as of March 31, 2016

Number of Consolidated Subsidiaries:

287 as of March 31, 2016

Capital:

10 billion yen (since October 15, 2014)

STOCK INFORMATION

Stock Code:

6098

Stock Exchange Registration:

Tokyo Stock Exchange 1st Section

Business Year:

From April 1 to March 31 of the next year

Base Date:

Dividend Payout: Interim dividend record date: September 30

Year-end dividend record date: March 31

Note: With regard to dividend payout, although the Company has stipulated in its Articles of Incorporation that it is able to distribute an interim dividend, the Company has as of the present a policy to refrain from distributing an interim dividend and to only distribute a year-end dividend once a year.

Number of Share Constituting One Trading Unit:

100 shares

Annual Shareholders' Meeting:

Every year in June

Administrator of Shareholder Registry:

Mitsubishi UFJ Trust and Banking Corporation

Reporting Method:

Electronic public notice (Japanese only)

However, in the event we are unable to issue an electronic public notice due to an accident or other unavoidable reasons, such notices will be published in the Nihon Keizai Shimbun (Nikkei).