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Securities code: 6098
May 30, 2016

To All Shareholders:

Masumi Minegishi
President and
Representative Director
Recruit Holdings Co., Ltd.
8-4-17 Ginza, Chuo-ku,
Tokyo Japan

CONVOCATION NOTICE OF THE 56TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 56th Ordinary General Meeting of Shareholders (hereinafter referred to as the “Meeting”) of Recruit Holdings Co., Ltd. (hereinafter referred to as the “Company”) to be held as indicated below.

If you are unable to attend the Meeting, you can exercise your voting rights either in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” described later and exercise your voting rights by 5:30 p.m., June 20, 2016 (Monday).

Thank you very much for your cooperation.

1. **Date and Time:** June 21, 2016 (Tuesday) at 10:00 a.m.
(Reception for attendees begins at 9:00 a.m.)
2. **Place:** Ballroom PROMINENCE, B1 Floor, ANA InterContinental Tokyo
1-12-33 Akasaka, Minato-ku, Tokyo, Japan
(Please note that this year’s place has changed from last year, so please take care to avoid any misunderstandings regarding where the Meeting is held.)
3. **Meeting Agenda:**
Report matters:
 1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 56th Fiscal Year (April 1, 2015 to March 31, 2016)
 2. The Non-consolidated Financial Statements for the 56th Fiscal Year (April 1, 2015 to March 31, 2016)

Resolution matters:

- First proposal:** Election of Six (6) Board Directors
Second proposal: Election of Two (2) Audit & Supervisory Board Members and One (1) Substitute Audit & Supervisory Board Member
Third proposal: Granting of Retirement Benefits to Retiring Audit & Supervisory Board Member and Final Payment of Retirement Benefits in Conjunction with Abolition of Retirement Benefit Plan for Officers
Fourth proposal: Decision on Amounts and Details of Performance-based Stock Incentive Plan for Board Directors, etc.
4. **Instructions for Exercising Voting Rights**
 - (1) To vote in writing, please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return the Form to the Company by post to reach us by 5:30 p.m. on June 20, 2016 (Monday).
 - (2) To vote via the Internet, please review the “Instructions on Exercise of Voting Rights via the Internet” (Japanese only) and register your approval or disapproval of the proposals by 5:30 p.m. on June 20, 2016 (Monday).
 - (3) If you vote more than once via the Internet, we will treat only the most recent vote as valid.
 - (4) If you vote both in writing and via the Internet, we will treat only the vote submitted via the Internet as valid.

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- ⊙ When attending on the day, please present the enclosed Voting Form to the reception.
 - ⊙ In the case of attendance by proxy, a power of attorney is required in addition to the Voting Form. Please note the proxy must be one other shareholder having voting rights in the Company.
 - ⊙ Of the documents provided by the Convocation Notice of the Ordinary General Meeting of Shareholders, two documents: “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements that are made available on the Company’s website (<http://www.recruit.jp/ir/>) under laws and regulations and Article 15 of the Company’s Articles of Incorporation; are not available in this Convocation Notice.
Consolidated and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditor are comprised of the statements specified in this Convocation Notice and the “Notes to Consolidated Financial Statements” and “Notes to Non-consolidated Financial Statements” posted on the Company’s above-mentioned website.
 - ⊙ Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements will be posted on the Company’s website (URL: <http://www.recruit.jp/ir/>).
 - ⊙ We have provided graphs in the Business Report for your reference.
 - ⊙ **Please note that no gift will be provided for attendees at the Meeting.**

Notice on Dividends of Surplus

Based on a resolution at the General Meeting of Shareholders on June 26, 2014, the Company's Articles of Incorporation provides that the Meeting of the Board of Directors decides on the dividends of surplus, etc.

Under the provision in the Articles of Incorporation, the Meeting of the Board of Directors at its meeting on May 13, 2016, resolved on the payment of year-end dividends for the 56th Fiscal Year (April 1, 2015 to March 31, 2016) as follows.

1. Year-end dividend: 50 yen per share
2. Effective date and date of commencing payment: June 22, 2016 (Wednesday)

For shareholders who have chosen to have dividends sent to bank accounts via direct deposit, or to have dividends allocated to securities company accounts in proportion to the number of shares held in respective accounts, we plan to send "Statements of Payments of Dividends" and "Confirmation of Designated Account for the Payment of Dividends" on June 21, 2016. We request that shareholders check these details at that time.

For any other shareholders not mentioned above, we plan to send "Dividend Receipts" and "Statements of Payments of Dividends" on June 21, 2016. Please receive the dividends at savings counters of nearby Japan Post Bank or post offices within the term for payment (June 22, 2016 to July 29, 2016).

Reference Documents for the General Meeting of Shareholders

First proposal: Election of Six (6) Board Directors

The terms of office will expire for all six (6) Board Directors at the conclusion of the Meeting. Accordingly, the election of the six (6) Board Directors including two (2) External Board Directors is proposed on this occasion. The candidates for Board Directors are as follows:

Candidate No.	Name		Position	Attendance at the Meeting of the Board of Directors during the fiscal year ended March 31, 2016
1	Masumi Minegishi	Reappointment	President and Representative Director	Participated in all 17 Meetings
2	Shogo Ikeuchi	Reappointment	Board Director	Participated in all 17 Meetings
3	Shigeru Kusahara	Reappointment	Board Director	Participated in all 17 Meetings
4	Keiichi Sagawa	Reappointment	Board Director	Participated in all 17 Meetings
5	Shigeo Ohyagi	Reappointment, External, Independent	External Board Director	Participated in 16 of 17 Meetings
6	Yasushi Shingai	Reappointment, External, Independent	External Board Director	Participated in all 17 Meetings

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)		Number of shares of the Company held	
1	Masumi Minegishi (January 24, 1964) <u>Reappointment</u>	April	1987	Joined the Company	320,236 shares
		April	2003	Corporate Executive Officer in charge of Information and Editing Department, IMC Division Company	
		April	2004	Managing Corporate Executive Officer in charge of Important Strategy Control at G-IMC Strategic Business Unit, Housing Division Company and IMC Division Company	
		June	2009	Board Director and Managing Corporate Executive Officer in charge of Business Development, Corporate Planning and Housing	
		April	2010	Board Director and Managing Corporate Executive Officer in charge of Customer Action Platform Strategic Business Unit, Business Development, Corporate Planning and Housing	
		April	2011	Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Strategy Office, IMC, Business Development, Corporate Planning and Human Resources	
		April	2012	President, CEO, and Representative Director (at present)	
[Reasons for being selected as a candidate for Board Director] Mr. Masumi Minegishi has provided appropriate explanations of the resolutions and reports of the Board of Directors and is properly fulfilling his role by taking important management decisions and supervising the execution of duties. Accordingly, the Company believes that he is the right person for the post of Board Director. Also, the Company has judged that the most suitable course of action would be to aim for ongoing growth under Mr. Minegishi's continued leadership as President and Representative Director.					
2	Shogo Ikeuchi (June 6, 1962) <u>Reappointment</u>	April	1988	Joined the Company	327,989 shares
		April	2005	Corporate Executive Officer in charge of Corporate Planning Office and Corporate Strategy Office	
		June	2012	Board Director and Corporate Executive Officer in charge of Asia at Global Headquarters, Corporate Planning and Human Resources Support	
		October	2012	Board Director and Corporate Executive Officer in charge of Global Headquarters, Corporate Planning, R&D and Human Resources	
		April	2013	Board Director and Managing Corporate Executive Officer in charge of Medium- to Long-Term Strategy, International Business, R&D, Corporate Planning and Human Resources	
		April	2014	Board Director and Managing Corporate Executive Officer in charge of International Business and R&D	
		April	2015	Board Director and Managing Corporate Executive Officer in charge of R&D, Corporate Planning and Human Resources	
April	2016	Board Director and Senior Managing Corporate Executive Officer in charge of R&D, Corporate Planning and Human Resources (at present)			
[Reasons for being selected as a candidate for Board Director] Mr. Shogo Ikeuchi is fulfilling an appropriate role by actively making statements at Meetings of the Board of Directors and supervising important management decisions and the execution of duties. Mr. Ikeuchi has also amassed a wealth of experience and knowledge through his duties, primarily in the areas of corporate planning, human resources, international business strategy, and R&D. Therefore, the Company believes that he is the right person for the post of Board Director.					

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)		Number of shares of the Company held	
3	Shigeru Kusahara (December 2, 1964) <u>Reappointment</u>	April	1988	Joined the Company	209,153 shares
		April	2004	Corporate Executive Officer in charge of Human Resources Management Office, Information and Editing Department and Corporate Communication Office	
		June	2006	Board Director and Corporate Executive Officer in charge of Human Resources and Corporate Communication	
		June	2007	Corporate Executive Officer in charge of HR Company	
		April	2013	Managing Corporate Executive Officer in charge of Corporate Planning and Human Resources Management	
		June	2013	Board Director and Managing Corporate Executive Officer in charge of Corporate Planning, Domestic Business and Human Resources	
		April	2014	Board Director and Managing Corporate Executive Officer in charge of Medium- to Long-Term Strategy, Corporate Planning, Human Resources and Domestic Business	
		April	2015	Board Director and Managing Corporate Executive Officer in charge of Business	
		April	2016	Board Director and Senior Managing Corporate Executive Officer in charge of Business (at present)	
[Reasons for being selected as a candidate for Board Director] Mr. Shigeru Kusahara is fulfilling an appropriate role by actively making statements at Meetings of the Board of Directors and supervising important management decisions and the execution of duties. Mr. Kusahara has also amassed a wealth of experience and knowledge through his duties, primarily in the areas of corporate strategy, corporate planning, human resources, legal affairs, internal control, information systems, corporate communication, and labor-management and general affairs. Therefore, the Company believes that he is the right person for the post of Board Director.					
4	Keiichi Sagawa (March 7, 1966) <u>Reappointment</u>	April	1988	Joined the Company	241,300 shares
		April	2006	Corporate Executive Officer in charge of Corporate Strategy Office	
		June	2011	Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance	
		April	2013	Board Director and Managing Corporate Executive Officer in charge of Administration	
		April	2016	Board Director and Senior Managing Corporate Executive Officer in charge of Finance (at present)	
[Reasons for being selected as a candidate for Board Director] Mr. Keiichi Sagawa is fulfilling an appropriate role by actively making statements at Meetings of the Board of Directors and supervising important management decisions and the execution of duties. Mr. Sagawa has also amassed a wealth of experience and knowledge through his duties, primarily in the areas of accounting, finance, legal affairs, corporate communication, and corporate strategy. Therefore, the Company believes that he is the right person for the post of Board Director.					

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
5	Shigeo Ohyagi (May 17, 1947) Reappointment External Independent	<p>March 1971 Joined TEIJIN LIMITED</p> <p>February 1992 Director of Pharmaceutical Marketing & Planning Department, ditto</p> <p>June 1999 Corporate Officer, Tokyo Branch Chief, ditto</p> <p>June 2001 Executive Officer, Deputy General Manager of Pharmaceutical Marketing Division, ditto</p> <p>June 2002 Teijin Group Senior Executive Officer, General Manager of Pharmaceutical Business Unit, ditto</p> <p>June 2005 Managing Director, CIO and General Manager of Medical and Pharmaceutical Business Group, ditto, and President and Representative Director of Teijin Pharma Limited</p> <p>June 2006 Senior Managing Director, CIO and General Manager of Medical and Pharmaceutical Business Group, ditto, and President and Representative Director of Teijin Pharma Limited</p> <p>June 2008 President, Representative Director and CEO, ditto</p> <p>June 2010 President and CEO, Representative Director of the Board, ditto</p> <p>April 2014 Chairman of the Board, ditto (at present)</p> <p>June 2014 Outside Audit & Supervisory Board Member, JFE Holdings, Inc. (at present) External Board Director, Recruit Holdings Co., Ltd. (at present)</p> <p>April 2016 Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives) (at present)</p> <p>(Significant concurrent positions) Chairman of the Board, TEIJIN LIMITED Outside Audit & Supervisory Board Member, JFE Holdings, Inc. Vice Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives)</p>	1,539 shares
<p>[Reasons for being selected as a candidate for External Board Director] Mr. Shigeo Ohyagi makes statements from a practical perspective as an External Board Director, based on his deep insight cultivated through management of a global manufacturing company. Accordingly, the Company has judged that he is fulfilling an appropriate role by providing advice about overall management and supervising the execution of duties. Therefore, the Company believes that he is the right person for the post of External Board Director.</p>			
6	Yasushi Shingai (January 11, 1956) Reappointment External Independent	<p>April 1980 Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)</p> <p>July 2001 Vice President of Financial Planning Division, ditto</p> <p>June 2004 Senior Vice President, Head of Finance Group and Vice President of Financial Planning Division, ditto</p> <p>July 2004 Senior Vice President and Chief Financial Officer, ditto</p> <p>June 2005 Member of the Board, Senior Vice President and Chief Financial Officer, ditto</p> <p>June 2006 Member of the Board, ditto, and Executive Vice President of JT International S.A.</p> <p>June 2011 Member of the Board and Senior Vice President in charge of International Tobacco Business, ditto</p> <p>June 2011 Representative Director and Executive Deputy President, ditto (at present)</p> <p>June 2014 External Board Director, Recruit Holdings Co., Ltd. (at present)</p> <p>(Significant concurrent position) Representative Director and Executive Deputy President, Japan Tobacco Inc.</p>	0 shares
<p>[Reasons for being selected as a candidate for External Board Director] Mr. Yasushi Shingai makes statements from a practical perspective as an External Board Director, based on his deep insight cultivated through the acquisition of foreign corporations, etc. Accordingly, the Company has judged that he is fulfilling an appropriate role by providing advice about overall management and supervising the execution of duties. Therefore, the Company believes that he is the right person for the post of External Board Director.</p>			

- (Notes)
1. There are no conflicts of interest between each candidate and the Company.
 2. The above number of shares held by each candidate was as of March 31, 2016, including a stake in an association of Recruit Group executive shareholders.
 3. Messrs. Shigeo Ohyagi and Yasushi Shingai are candidates for External Board Directors.
 4. Messrs. Shigeo Ohyagi and Yasushi Shingai will end their second year as the Company's External Board Directors at the conclusion of this Meeting.
 5. The Company has entered into agreements with Messrs. Shigeo Ohyagi and Yasushi Shingai to limit their liability to compensate damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities for damages under the

agreements is the minimum liability amount provided by applicable laws and regulations. If their reelections are approved, the Company will retain the agreements with them.

6. The Company has reported Messrs. Shigeo Ohyagi and Yasushi Shingai as independent directors as specified by the Tokyo Stock Exchange. If they are reelected as proposed, the Company will retain them as independent directors.

Second proposal: Election of Two (2) Audit & Supervisory Board Members and One (1) Substitute Audit & Supervisory Board Member

As Messrs. Koichi Shima and Hideshi Takeuchi are to resign as Audit & Supervisory Board Members at the conclusion of the Meeting, we ask you to elect two (2) Audit & Supervisory Board Members.

We also ask you to elect a Substitute Audit & Supervisory Board Member in preparation for the case in which the number of Audit & Supervisory Board Members would slip below the statutory minimum. Up until the time the elected Substitute Audit & Supervisory Board Member assumes the post, the Meeting of the Board of Directors shall be allowed to resolve to cancel the validity of the Substitute Audit & Supervisory Board Member election with the consent from the Audit & Supervisory Board.

The Audit & Supervisory Board consented to the proposal of this resolution.

The candidates for Audit & Supervisory Board Members and Substitute Audit & Supervisory Board Member are as follows:

<Candidates for Audit & Supervisory Board Members>

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)		Number of shares of the Company held
1	Yukiko Nagashima (April 4, 1961) <u>New Appointment</u>	April 1985	Joined the Company	88,813 shares
		April 2006	Corporate Executive Officer in charge of Bridal Company	
January 2008	President and Representative Director, Recruit Staffing Co., Ltd.			
April 2016	Advisor, Recruit Holdings Co., Ltd. (at present)			
[Reasons for being selected as a candidate for Audit & Supervisory Board Member] Ms. Yukiko Nagashima has been involved in the management of the Company for many years, holding positions including that of Corporate Executive Officer. In that time, she has amassed a wealth of experience and knowledge through her duties, primarily in human resources, the bridal business and the staffing business operations. Therefore, the Company believes that Ms. Nagashima is the right person to serve as an Audit & Supervisory Board Member.				
2	Yasuaki Nishiura (March 28, 1952) <u>New Appointment</u> <u>External</u> <u>Independent</u>	November 1975	Joined Tohmatsu Awoki & Co. (current Deloitte Touche Tohmatsu LLC)	0 shares
		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	
[Reasons for being selected as a candidate for External Audit & Supervisory Board Member] Mr. Yasuaki Nishiura has accounting knowledge cultivated as a Certified Public Accountant of the U.S. and 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, the Company has judged that he will fulfill an appropriate role in the supervision of the Company's overall management. Therefore, the Company believes that Mr. Nishiura is the right person to serve as an External Audit & Supervisory Board Member. For this reason, the Company has concluded that Mr. Nishiura, though having never been involved in corporate management, would appropriately serve as External Audit & Supervisory Board Member.				

- (Notes)
- Both are candidates for new Audit & Supervisory Board Members.
 - There is no conflict of interest between the candidates and the Company.
 - The above number of shares held by each candidate was as of March 31, 2016, including a stake in an association of Recruit Group executive shareholders.
 - The officially registered name of Ms. Yukiko Nagashima is Yukiko Watanabe.
 - Mr. Yasuaki Nishiura is a candidate for External Audit & Supervisory Board Member.
 - If Ms. Yukiko Nagashima and Mr. Yasuaki Nishiura are approved as Audit & Supervisory Board Member and External Audit & Supervisory Board Member, respectively, the Company plans to enter into an agreement with Ms. Yukiko Nagashima and Mr. Yasuaki Nishiura to the effect that the liability to compensate damages under Article 423, Paragraph 1 of the Companies Act is limited. The maximum amount of liability for damages under the agreement is the minimum liability amount provided by applicable laws and regulations.
 - If Mr. Yasuaki Nishiura is elected as proposed, the Company will appoint him as an independent officer as specified by the Tokyo Stock Exchange.

<Candidate for Substitute Audit & Supervisory Board Member>

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)	Number of shares of the Company held
3	Asa Shinkawa (February 17, 1965)	April 1991 Registered at Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada (current Nishimura & Asahi)	0 shares
	Candidate for Substitute External Audit & Supervisory Board Member	April 1997 Assigned to Arnold & Porter, Washington, D.C. January 1998 Registered as Attorney in New York State, USA January 2001 Partner, Nishimura & Partners (current Nishimura & Asahi) (at present) (Significant concurrent positions) Partner, Nishimura & Asahi	
[Reasons for being selected as a candidate for Substitute External Audit & Supervisory Board Member] Ms. Asa Shinkawa has developed expertise as a lawyer for many years and is very familiar with corporate management, and the Company has judged that, through her abundant experience, she would appropriately supervise the management of the Company, and so nominates her as a candidate. For this reason, the Company has concluded that Ms. Shinkawa, though having never been involved in corporate management, would appropriately serve as External Audit & Supervisory Board Member.			

- (Notes)
1. There is no conflict of interest between Ms. Asa Shinkawa and the Company.
 2. Ms. Asa Shinkawa is a candidate for Substitute Audit & Supervisory Board Member.
 3. If Ms. Asa Shinkawa is elected as External Audit & Supervisory Board Member, the Company plans to enter into an agreement with Ms. Asa Shinkawa to the effect that the liability to compensate damages under Article 423, Paragraph 1 of the Companies Act is limited. The maximum amount of liability for damages under the agreement is the minimum liability amount provided by applicable laws and regulations.

(Reference) The Independence of Directors/Auditors

When selecting independent directors/auditors, the Company's policy is, in principle, to select candidates who meet not only the independence criteria prescribed by financial instruments exchanges, but all the following criteria as well:

- (a) If the candidate or the corporation for which the candidate executes business is a shareholder of the Company, the share of voting rights held is no more than 10%.
- (b) In transactions during the most recent fiscal year, sales to the candidate or the corporation to which the candidate belongs amounted to less than 1% of the Company's consolidated net sales.

Third proposal: Granting of Retirement Benefits to Retiring Audit & Supervisory Board Member and Final Payment of Retirement Benefits in Conjunction with Abolition of Retirement Benefit Plan for Officers

Mr. Koichi Shima will resign as Audit & Supervisory Board Member at the conclusion of the Meeting. The Company would like to pay him a reasonable amount of retirement benefits to reward his services during his terms in accordance with the Company's internal rules.

It is also proposed that the determination as to the specific amount, timing and method of payment be left to the decision of the Audit & Supervisory Board.

The Company resolved at the Meeting of the Board of Directors held on November 25, 2015, to abolish the Retirement Benefits Plan for Officers as part of a revision of the officer remuneration system upon the conclusion of the Meeting of Shareholders. Accordingly, in order to reward four Board Directors, Messrs. Masumi Minegishi, Shogo Ikeuchi, Shigeru Kusahara and Keiichi Sagawa, who are planned for reelection if the First proposal is approved, and Audit & Supervisory Board Member, Mr. Akihito Fujiwara, who is currently in office, for their services during their terms up to the conclusion of the Meeting, the Company would like to pay them a reasonable amount of retirement benefits in accordance with the Company's internal rules. The Company requests that this payment be made at the time of the respective retirement of each Board Director and Audit & Supervisory Board Member, and that the determination as to the specific amount and method of payment be left to the discretion of the Board of Directors and the Audit & Supervisory Board, respectively.

Below are the career summaries of the retiring Audit & Supervisory Board Member, as well as the Board Directors and Audit & Supervisory Board Member subject to the payment of final retirement benefits.

<Retiring Audit & Supervisory Board Member>

Name	Career summary		
Koichi Shima	June	2010	Audit & Supervisory Board Member (at present)

<Board Directors and Audit & Supervisory Board Member subject to the payment of final retirement benefits>

Name	Career summary		
Masumi Minegishi	June	2009	Board Director
	April	2012	Representative Director (at present)
Shogo Ikeuchi	June	2012	Board Director (at present)
Shigeru Kusahara	June	2006	Board Director
	June	2007	Retired as Board Director
	June	2013	Board Director (at present)
Keiichi Sagawa	June	2011	Board Director (at present)
Akihito Fujiwara	June	2014	Audit & Supervisory Board Member (at present)

Fourth proposal: Decision on Amounts and Details of Performance-based Stock Incentive Plan for Board Directors, etc.

Since the 54th Fiscal Year, the Company has granted Incentive stock options as performance-based compensation to Board Directors (excluding External Board Directors; the same shall apply hereinafter in this proposal) and Corporate Executive Officers on the condition of achievement of annual performance targets. However, this time, with a revision to the officer remuneration system, the Company requests the approval of the introduction of the performance-based stock incentive plan (hereinafter referred to as “the Scheme”) in which the Company’s shares and cash conversion equivalent to the Company’s shares (hereinafter referred to as “Company shares, etc.”) are granted or paid (hereinafter referred to as “Grant, etc.”) to Board Directors, Corporate Executive Officers and Corporate Professional Officers (hereinafter collectively referred to as “Board Directors, etc.”) depending on the level of attainment of performance targets.

The Scheme aims at further clarifying the linkage between compensation for Board Directors, etc. and the stock value of the Company to promote motivation in contributing to the enhancement of medium- to long-term performance and improvement of corporate value. Accordingly, the Company believes the introduction of the Scheme justifiable.

This proposal is made based on the results of deliberations by the Remuneration Committee concerning the introduction of the Scheme.

This proposal proposes to provide stock remuneration to Board Directors, etc. separately from a Board Director’s maximum compensation amount (within 50 million yen per month, excluding the employee salaries of Board Directors who serve concurrently as employees) as approved at the 31st Ordinary General Meeting of Shareholders held on June 26, 1991.

The number of Board Directors subject to the Scheme will be four (4) if the “Election of Six (6) Board Directors” in the First Proposal is approved as proposed. As stated above, the Scheme targets both Corporate Executive Officers and Corporate Professional Officers (at present, the Scheme would cover 15 Corporate Executive Officers and 2 Corporate Professional Officers who do not serve concurrently as Board Directors) and the remuneration based on the Scheme includes remuneration for both Corporate Executive Officers and Corporate Professional Officers. Given the possibility that these Corporate Executive Officers and Corporate Professional Officers might be newly appointed as Board Directors during the Target period (as defined in (2) below; the same applies below.), the Company proposes the amounts and details of the entire remuneration under the Scheme as those for Board Directors, etc.

On the condition that the introduction of the Scheme is approved in the Meeting, the current Incentive stock option scheme will be abolished, and any new stock options will not be granted hereafter.

The amount and contents, etc. of compensation under the Scheme

(1) Outline of the Scheme

The Scheme is a share compensation system under which the Company’s shares are acquired through a trust using compensations for Board Directors, etc. contributed by the Company, and the Company’s shares, etc. are delivered to the Company’s Board Directors, etc. through the trust. (The details are as described in (2) onwards.)

(a) Persons eligible to receive the Grant, etc. of the Company’s shares, etc. subject to this proposal	<ul style="list-style-type: none"> Board Directors (excluding External Board Directors), Corporate Executive Officers and Corporate Professional Officers
(b) Impact of the Company’s shares subject to this proposal on the total number of shares issued	
Maximum amount of fund contributed by the Company (as described in (2) below.)	<ul style="list-style-type: none"> The maximum total amount in each Target period will be ¥2.5 billion. Each fiscal year, the company will establish a trust with a trust period of three years (including an extension of the trust period as described in (2) below.). The number of such trusts that may be established in any one fiscal year is one. If a trust has been established in each fiscal year, the maximum number of trusts existing concurrently will be three.
Maximum number of the Company’s shares, etc. to be delivered as the Grant, etc. to the Board Directors, etc. and the method of acquisition of the Company’s shares (as described in (3) below.)	<ul style="list-style-type: none"> The maximum total number of shares in each Target period will be 740,600 shares. The proportion of the total number of shares issued (less the number of treasury stock at March 31, 2016) will be approximately 0.1%. The Company’s shares will not be diluted, as it is intended to obtain the shares from the stock market.
(c) Details of performance target conditions (as described in (3) below.)	<ul style="list-style-type: none"> The number of shares to be delivered as the Grant, etc. will fluctuate (within the range of 0% to 150%), depending on the level of attainment of the company performance target indicator (adjusted EPS or EBITDA for the existing segments, etc.).
(d) Timing for the Grant, etc. of the shares, etc. to Board Directors, etc. (as described in (4) below.)	<ul style="list-style-type: none"> At the time of their retirement in principle

(2) Maximum amount of fund contributed by the Company

The Company shall establish a trust (hereinafter referred to as the “Trust”) with a trust period of three years (including an extension of the trust period as described in Paragraph 4 of this Section (2). The same applies below.) covering a period of three consecutive fiscal years starting from the fiscal year in which the trust was established (hereinafter referred to as the “Target period”), contributing money to the Trust as remuneration to Board Directors, etc. up to a maximum of ¥2.5 billion in total in each Target period, with Board Directors, etc. who meet the beneficiary requirements (including the requirement to hold office as Board Directors, etc. on the day preceding the first day of the Target period) as its beneficiaries. The Trust will follow the instruction of the trust administrator and will acquire the Company’s shares from the stock market using the money entrusted to it.

Specifically, at first, the three fiscal years from the fiscal year ending March 31, 2017 until the fiscal year ending March 31, 2019 shall be the Target period; the Company shall contribute a maximum of ¥2.5 billion in total in trust money to the first Trust established and, during the Target period, shall grant points to Board Directors, etc. (as described in (3) below) and deliver the Company’s shares, etc. as the Grant, etc.

The Company may continue to pay Board Directors, etc. remuneration based on the Scheme in each fiscal year after the fiscal year ending March 31, 2017 by establishing a new Trust with a trust period of three years. In that event, the three fiscal years from the establishment of each new Trust shall be the Target period and the Company shall contribute a maximum of ¥2.5 billion in total in the first fiscal year of the Target period in question; during the Target period in question, the Company shall grant points to Board Directors, etc. and deliver the Company’s shares, etc. as the Grant, etc.

At the expiry of the trust period, the Company may continuously operate the Trust by means of amendments to the trust agreement or additional contributions to the Trust, instead of establishing a new Trust. In that event, the trust period of the Trust shall be extended only by the same period as the initial trust period and the three fiscal years from the extension of the trust period shall be the Target period. For the Target period in question, the Company shall make an additional contribution of up to ¥2.5 billion in total, shall continue to grant points to Board Directors, etc. during the extended trust period, and shall continue to deliver the Company’s shares, etc. as the Grant, etc. during the extended trust period. Provided, however, if, at the time of such additional contributions, there remain the Company’s shares (excluding the Company’s shares corresponding to the points granted to the Board Directors, etc. but not yet delivered as a Grant, etc.) and money (hereinafter referred to as “Residual shares, etc.”) in the trust assets on the last day of the trust period prior to the extension, the total amount of Residual shares, etc. and additional trust money contributed shall be no more than ¥2.5 billion.

If amendments to the trust agreement or additional contributions to the Trust are not carried out at the expiry of the trust period, and if Board Directors, etc. who may meet the beneficiary requirements remain in office, although no points shall be granted to them after the expiry, the trust period of the Trust may be extended for a period of up to ten years until the retirement of such Board Directors, etc. and the completion of Grant, etc. of the Company’s shares, etc. to such Board Directors, etc.

The number of such trusts that may be established in any one fiscal year is one; if a trust has been established in each fiscal year, the maximum number of trusts existing concurrently will be three.

(3) Calculation method and maximum number of the Company’s shares granted to Board Directors, etc.

The Company shall grant points to each of the Board Directors, etc. when establishing the Trust according to their individual rank and the level of attainment of performance targets. The number of the Company’s shares, etc. to be granted to Board Directors, etc. under the Scheme shall be determined as one share per one point. In the event of an increase or decrease in the number of the Company’s shares held in the Trust due to a share split, an allotment of shares without contribution or a share consolidation, etc., the Company will make an adjustment to the number of the Company’s shares, etc. delivered as the Grant, etc. for each point in accordance with the ratio of such increase or decrease.

The number of points granted to those who remain in office as Board Directors, etc. on March 31 each year shall be calculated by the following calculation formula.

(Formula to calculate points)

Amount of stock remuneration ÷ Average acquisition unit price of the Company’s shares held in the Trust (If the trust period is extended through amendments to the trust agreement or additional contributions to the Trust, this shall be the average acquisition unit price of the Company’s shares acquired by the Trust after such extension of the trust period.)

* Digits after decimal point shall be rounded down.

* Amount of stock remuneration shall, in principle, be calculated by multiplying the standard amount based on the individual rank of Board Directors, etc. by performance-linked factors, and determined by the Board of Directors based on deliberations and recommendations by the Remuneration Committee chaired by an External Board Director.

The performance-linked factor is determined in consideration of the level of attainment of the performance target indicator in the performance assessment year which is the fiscal year immediately preceding the establishment or extension of the Trust.

* EBITDA for the existing segments shall be adopted as a performance target indicator in the fiscal years up to and including the fiscal year ending March 31, 2018. In regard to the amount of stock remuneration for the performance assessment year ending March 31, 2019, the level of attainment of the adjusted EPS performance

target set during the fiscal year ending March 31, 2017 shall also be considered in determining the level of payment. The performance-linked factor shall be within the range of 0% to 150%.

- * EBITDA for the existing segments:
EBITDA (operating income + depreciation and amortization + amortization of goodwill) for the existing segments, excluding results of the subsidiaries to be consolidated as a result of acquisition of their shares, etc.
- * Adjusted EPS:
Adjusted net income *1 / (number of shares issued at the end of the period - number of treasury stock at the end of the period)
 - *1 Adjusted net income: Net income attributable to owners of the parent ± adjustment items *2 (excluding non-controlling interests) ± tax reconciliation regarding the adjustment items
 - *2 Adjustment items: amortization of goodwill and intangible assets arising due to business combinations ± extraordinary income/losses
- * As a performance target indicator for the Scheme, the Company will use figures which reflect the increase or decrease of EBITDA caused by sales of businesses carried out during the period. Furthermore, in such a case, the Company will not change the levels for adjusted EPS established in the fiscal year ending March 31, 2017.

The maximum total number of the Company's shares, etc. to be delivered as the Grant, etc. to Board Directors, etc. from the Trust shall be 740,600 shares in each Target period. The maximum total number of the Company's shares, etc. to be delivered as the Grant, etc. is determined based on the maximum total trust money as described above in (2) with reference to the current stock price, among other factors.

(4) Timing for the Grant, etc. of the shares to Board Directors, etc.

Board Directors, etc. meeting the beneficiary requirements shall receive the Grant, etc. of the Company's shares, etc. based on the accumulated number of points calculated according to (3) above (hereinafter referred to as "Accumulated number of points") at the time of their retirement, in principle. In such instance, Board Directors, etc. are granted 50% of the Company's shares corresponding to the Accumulated number of points (fractional shares are omitted), while the remaining Company's shares corresponding to the points are converted to money within the Trust and paid to Board Directors, etc. in money. If Board Directors, etc. do not have securities transaction accounts that can handle Japanese shares, all the Accumulated number of points are converted to money within the Trust and paid to such Board Directors, etc. in money.

Board Directors, etc., who were recruited based on the standards of markets with significantly different employment practice and laws and regulations, may receive the Grant, etc. of the Company's shares, etc. corresponding to the points after the date of grant during his/her term of office.

In the event of an extension of the trust period as described in Paragraph 5 of (2) below, and if the person covered under the Scheme remains to hold office as Board Directors, etc. at the expiry of the extension period, the Trust shall terminate at that point, and the person shall receive the Grant, etc. of the Company's shares, etc. during his/her term of office.

In the event of death of Board Directors, etc. during his/her term of office, the Company's shares corresponding to the number of points accumulated up to the death shall be converted to money and paid to his/her heirs from the Trust.

(5) Voting rights for the Company's shares held in the Trust

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(6) Other details of the Scheme

Other details concerning the Scheme shall be specified at a Meeting of the Board of Directors when establishing the Trust, when amending the trust agreement, and when making additional contributions to the Trust.

(Reference)

For the details of the Scheme, please refer to our notice, "Notification of Introduction of the Performance-based Stock Incentive Plan for Board Directors," which was released on May 13, 2016.

Notice released on May 13, 2016

"Notification of Introduction of the Performance-based Stock Incentive Plan for Board Directors" (Excerpts)

1. Introduction of the Scheme

(1) In our long-term vision, the Company group (the "Group") aims to become the top provider in the Personnel segment globally by 2020, and to become the corporate group operating the No. 1 matching platform globally in all of our business domains, including the Marketing segment, by 2030. With a view to realizing the long-term vision, the Company will introduce the Scheme, which is a performance-based stock incentive plan utilizing trust, as a long-term incentive plan for officer remuneration. The Scheme aims at further clarifying the linkage between compensation for Board Directors, etc. and the stock value of the Company to promote motivation in contributing to the enhancement of medium to long-term performance and improvement of corporate value.

- (2) The Scheme adopts the structure used for the Board Incentive Plan Trust (hereinafter the “BIP Trust”) which is an executive incentive plan based on the Performance Share Plan and Restricted Stock Plan of the United States. The BIP Trust is also a stock-based officer remuneration plan that offers Board Directors, etc. grant or payment (hereinafter the “Grant, etc.”) of the Company’s shares and money equivalent to the converted value of such shares (hereinafter the “Company’s shares, etc.”) according to their individual rank and the level of attainment of performance targets.
- (3) Following the introduction of the Scheme, the existing incentive stock option plan shall be discontinued, and stock options under the existing plan shall no longer be newly granted, subject to the approval of the proposal regarding the Scheme at the Meeting.

2. Policies for officer remuneration

(1) Management policies

The Group has established the Group Management Philosophy, which sets “Creation of New Value,” “Contributions to Society,” and “Respect for All Individuals” as “The Recruit Way,” in addition to “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” as our “Mission.” Under the aforementioned management philosophy, the Group is engaged in various business activities mainly in the areas of the Marketing Media segment, the HR Media segment and the Staffing segment, with the aim to be a company that supports positive activities of individual people through creating and providing as many as possible the No. 1 matching services that connect industries and people. Through these business activities, the Group will strive to maximize shareholder value and corporate value. Further, the Group seeks to enhance growth potential and efficiency in each segment to attain sustainable profit growth, and in this context, it has adopted EBITDA and adjusted EPS (*) as main management indices.

- (*) Adjusted EPS: $\text{Adjusted net income} *1 / (\text{number of shares issued at the end of the period} - \text{number of treasury stock at the end of the period})$
- *1 Adjusted net income: $\text{Net income attributable to owners of the parent} \pm \text{adjustment items} *2$ (excluding non-controlling interests) \pm tax reconciliation regarding the adjustment items
- *2 Adjustment items: $\text{amortization of goodwill and intangible assets arising due to business combinations} \pm \text{extraordinary income/losses}$

(2) Basic policies for officer remuneration

The Company has established the Evaluation Committee and the Remuneration Committee as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of officer remuneration. These two Committees deliberate and make reports in response to consultation on matters including remuneration system for Board Directors, etc. of the Company and its calculation methods.

The officer remuneration system of the Company is operated under the above-mentioned basic policies with a view to realizing the aforementioned management policies.

- (i) Maintain a sufficient remuneration standard that can attract and retain superior management talents on a global scale
- (ii) Establish a highly performance-based remuneration plan that motivates officers to attain performance targets
- (iii) Set remuneration linked to medium to long-term corporate value
- (iv) Enhance objectivity and transparency in the remuneration determining process

(3) Framework of the remuneration standard

The remuneration standard for Board Directors, etc. is determined with reference to the officer remuneration standards at major corporations as its benchmark based on external database services. The remuneration for Board Directors, etc. fluctuates every year since it is calculated by incorporating the corporate and individual performance to the predetermined standard remuneration.

(4) Composition of remuneration

The remuneration for Board Directors, etc. consists of fixed remuneration (cash remuneration), short-term incentive plan (cash remuneration) based on individual assessments for each fiscal year, and the Scheme, namely long-term incentive plan (stock remuneration) based on attainment of the consolidated performance targets for each fiscal year. EBITDA for the existing segments (*) shall be adopted as a performance target indicator for the long-term incentive plan in the period up to the fiscal year ending March 31, 2019. For the fiscal year ending March 31, 2019, the level of attainment of the adjusted EPS performance target set during the fiscal year ending March 31, 2017 shall also be considered in determining the level of payment. The performance-linked factor for the long-term incentive plan shall be within the range of 0% to 150%. Meanwhile, remuneration for External Board Directors shall solely consist of fixed remuneration.

Composition ratios of performance-based remuneration and stock-based remuneration that constitutes the

remuneration for Board Directors, etc. are designed to provide sound incentives in order to achieve sustainable growth. Specifically, approximate ratio of short-term incentive plan against fixed remuneration is set at around 50% and that of long-term incentive plan against fixed remuneration is set within the range of 50% to 200%.

(*) EBITDA for the existing segments:

EBITDA (operating income + depreciation and amortization + amortization of goodwill) for the existing segments, excluding results of the subsidiaries to be consolidated as a result of acquisition of their shares, etc.

As a performance target indicator for the long-term incentive plan, the Company will use figures which reflect the increase or decrease of EBITDA caused by sales of businesses carried out during the period. Furthermore, in such a case, the Company will not change the levels for adjusted EPS established in the fiscal year ending March 31, 2017.

(5) Governance

The Company has established the Evaluation Committee and the Remuneration Committee chaired by an External Board Director as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of remunerations for Board Directors, etc.

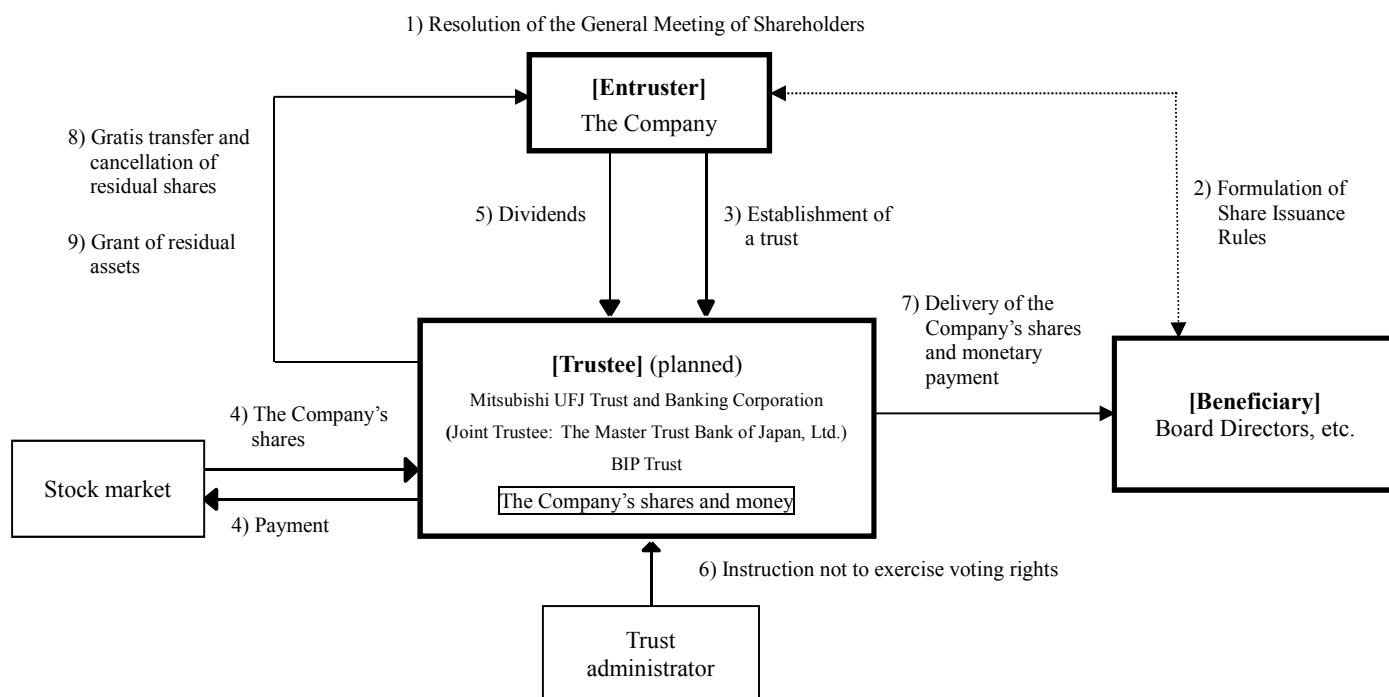
External Board Directors are selected based on the independence criteria prescribed by the Tokyo Stock Exchange, as well as individual insight and capabilities in fulfilling duties and responsibilities as an External Board Director, regardless of gender, age and nationality.

In addition, the Company appoints external compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise on officer remuneration systems. With their support, the Company reviews its remuneration standard and remuneration systems in light of external data, economic environment, industry trend and business conditions, among others.

(6) Disclosure policies

Details of the officer remuneration system of the Company are promptly disclosed to its shareholders through the securities report, Reference Documents for the General Meeting of Shareholders, Business Report, Corporate Governance Report and the Company's website, which will be prepared and disclosed in accordance with various laws and regulations.

3. Framework of the Scheme



- 1) The Company obtains resolution for approval on officer remuneration at the General Meeting of Shareholders with respect to the introduction of the Scheme.
- 2) The Company establishes the Share Issuance Rules concerning officer remuneration at the Board of Directors meeting with respect to the introduction of the Scheme.
- 3) The Company establishes a trust (the Trust) with Board Directors, etc. who meet the beneficiary requirements as its beneficiary by entrusting money to the trustee within the limit as approved by the resolution of the General Meeting of Shareholders in 1).
- 4) The Trust follows the instruction of the trust administrator and acquires the Company's shares from the stock market using the money contributed in 3).
- 5) The Company's shares held in the Trust are entitled to receive dividends in the same manner as other Company's shares.
- 6) No voting rights shall be exercised on the Company's shares held in the Trust during the trust period.
- 7) During the trust period, a certain number of points are granted to Board Directors, etc. according to their individual rank and the level of attainment of performance targets. The Grant, etc. of the Company's shares, etc. corresponding to the number of points are offered to Board Directors, etc. who meet certain beneficiary requirements, in principle, at the time of their retirement.
- 8) If there are residual shares at the expiry of the trust period, the Company will either continuously use the Trust for the Scheme, or as another incentive plan similar to the Scheme, by making amendments to the trust agreement and additionally contributing to the Trust by the resolution of the Board of Directors, or transfer the residual shares from the Trust to the Company without compensation, acquire them without compensation, and cancel them by the resolution of the Board of Directors.
- 9) At the termination of the Trust, residual assets remaining after the distribution to the beneficiaries will be attributable to the Company within the amount of reserve for trust expenses after deducting share acquisition fund from trust money. Any portion in excess of reserve for trust expenses will be donated to organizations with no interest in the Company.

(Appendix)

Business Report

(April 1, 2015 - March 31, 2016)

1. Overview of the Group

(1) Business for the Fiscal Year ended March 31, 2016

1) Business progress and results

During the year ended March 31, 2016, the Japanese economy was on a moderate recovery track with the employment situation being stabilized at a high level. This was despite the impact from the global economy such as the economic slowdown in China and the fall in crude oil prices.

Under this environment, the Group continued to strengthen operations in Japan as well as driving forward with global expansion. In the Marketing Media segment, the Group made efforts to improve user convenience through such means as strengthening our client base and expanding our reservation services through the utilization of digital technologies, mainly in the dining and beauty businesses. In the HR Media segment, the Group focused on further strengthening the competitiveness of the Domestic Recruiting operations where the employment situation is stabilized at a high level, while in the Overseas Recruiting operations, it took initiative in order to increase the number of users and clients, mainly through efforts to promote brand awareness. In the Staffing segment, the Group promoted efficient business operations, and made efforts to expand its area of operations through such means as M&As.

As a result, net sales amounted to ¥1,588.6 billion (a year-on-year increase of 22.2%). Concerning profits, operating income was ¥114.0 billion (a year-on-year decrease of 6.9%), ordinary income was ¥119.3 billion (a year-on-year decrease of 5.0%), and net income attributable to owners of the parent amounted to ¥64.5 billion (a year-on-year decrease of 7.4%) due primarily to increases in certain operating expenses such as depreciation and amortization as well as amortization of goodwill.

EBITDA (operating income + depreciation and amortization + amortization of goodwill) amounted to ¥202.2 billion (a year-on-year increase of 5.7%), and net income before amortization of goodwill (net income attributable to owners of the parent + amortization of goodwill) was ¥112.4 billion (a year-on-year increase of 4.5%).

Net sales and EBITDA in the existing businesses excluding financial results of the subsidiaries newly included in the scope of consolidation due to M&As, etc. amounted to ¥1,422.7 billion (a year-on-year increase of 9.4%) and ¥203.3 billion (a year-on-year increase of 6.3%), respectively.

The Group aggressively seeks to strengthen and expand its business bases utilizing M&As and other means. In this context, it has adopted EBITDA as a performance index, since it enables the Group and the users of its financial information to make a comparison with other companies without being affected by the differences between accounting standards in various countries.

Overview of major segments is as follows.

i. Marketing Media segment

In the year ended March 31, 2016, the Marketing Media segment recorded net sales of ¥349.3 billion (a year-on-year increase of 4.8%). Segment income (segment EBITDA) was ¥93.2 billion (a year-on-year decrease of 3.1%) mainly due to the impact of including the business results of two subsidiaries: Quandoo GmbH, Germany, an online restaurant reservation service provider that operates mainly in Europe; and Hotspring Ventures Limited, an online beauty reservation service provider that operates in Europe, both of which were included from the year ended March 31, 2016.

Overview of main operations is as follows.

a. Life Event operations

In the housing and real estate business, 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.

In the bridal business, despite a declining trend in the number of marrying couples in Japan due to low childbirth rates, net sales remained stable mainly due to increased needs for attracting customers of major wedding venue operator clients especially in major urban areas.

As a result, net sales in the Life Event operations were ¥179.0 billion (a year-on-year increase of 0.8%). The breakdown of net sales by major businesses was ¥88.0 billion (a year-on-year increase of 4.9%) in the housing and real estate business and ¥53.6 billion (a year-on-year decrease of 0.0%) in the bridal business.

b. Lifestyle operations

In the travel business, net sales were favorable as a result of a rise in room rates as well as an increase in the total number of guest nights purchased for the Group's services.

In the dining business, net sales were favorable due to an increase in the number of clients as a result of factors including enhanced contact with clients featuring the "Air Series" and continued strong growth in numbers of online reservations.

In the beauty business, net sales were favorable due to expanded business with existing clients and acquisition of new clients as a result of factors including efforts to improve the usability of "SALON BOARD" and the steady increase of online reservations at a continuous pace.

As a result, net sales in the Lifestyle operations were ¥167.2 billion (a year-on-year increase of 7.6%). The breakdown of net sales by major businesses was ¥60.8 billion (a year-on-year increase of 13.8%) in the travel business, ¥36.3 billion (a year-on-year increase of 6.0%) in the dining business and ¥46.1 billion (a year-on-year increase of 15.4%) in the beauty business.

ii. HR Media segment

In the year ended March 31, 2016, the HR Media segment recorded net sales of ¥359.2 billion (a year-on-year increase of 18.7%) and segment income (segment EBITDA) of ¥88.0 billion (a year-on-year increase of 12.8%).

Overview of main operations is as follows.

a. Domestic Recruiting operations

In the Domestic Recruiting operations, the employment environment continues to be robust reflecting the continued high-level ratio of available jobs to job applicants and the increased number of recruitment advertisements. Under this environment, the Group carried out measures such as attracting users and reinforcing the sales operations. As a result, net sales were favorable mainly in the job advertisements for mid-career recruitment and part-time and temporary workers.

As a result, net sales in the Domestic Recruiting operations were ¥255.9 billion (a year-on-year increase of 6.7%).

b. Overseas Recruiting operations

In the Overseas Recruiting operations, the number of users increased steadily due mainly to efforts to promote brand awareness of "Indeed.com" not only in the United States, which is currently the center of the business, but in other countries as well. In addition, net sales were favorable due mainly to continued growth in utilization of the Group's services by small- and medium-sized clients in the United States.

As a result, net sales in the Overseas Recruiting operations were ¥84.3 billion (a year-on-year increase of 83.1%).

iii. Staffing segment

In the year ended March 31, 2016, the Staffing segment recorded net sales of ¥890.0 billion (a year-on-year increase of 31.8%) and segment income (segment EBITDA) of ¥49.6 billion (a year-on-year increase of 21.9%).

Overview of main operations is as follows.

a. Domestic Staffing operations

In the Domestic Staffing operations, the staffing market continues to enjoy a moderate expansion trend as evidenced by the continued increase in the number of active agency workers.

Under this environment, net sales 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 in the Domestic Staffing operations were ¥414.1 billion (a year-on-year increase of 6.3%).

b. Overseas Staffing operations

In Overseas Staffing operations, the staffing markets in North America, Europe and Australia, where the Group mainly operates its businesses, continue to enjoy a moderate expansion trend.

Under this environment, net sales were favorable, reflecting the impact of yen depreciation and other factors, while business results of Peoplebank Holdings Pty Ltd and Chandler Macleod Group Limited, both of which operate its business in Australia, etc. and Atterro, Inc., which operates its business in the United States, newly contributed to business results of the segment from the year ended March 31, 2016.

As a result, net sales in the Overseas Staffing operations were ¥475.8 billion (a year-on-year increase of 66.6%).

iv. Other segment

During the year ended March 31, 2016, net sales of the Other segment amounted to ¥5.1 billion (a year-on-year increase of 156.4%). Segment income (segment EBITDA) was ¥(11.8) billion (¥(11.2) billion for the year ended March 31, 2015) due to factors including the strengthening of initiatives related to “RECRUIT ID.”

2) Capital investments

The total amount of capital investment for the year ended March 31, 2016 was ¥48.2 billion, not including consumption tax, etc. (of which ¥12.9 billion was for property, plant and equipment and ¥35.3 billion was for intangible assets). This was used primarily for assets (software) associated with the development and renewal of products.

i. Marketing Media segment

For the year ended March 31, 2016, capital investments of ¥22.7 billion were made primarily for the expansion and upgrade of products and operation systems.

There were no significant disposals or sales of facilities.

ii. HR Media segment

For the year ended March 31, 2016, capital investments of ¥14.5 billion were made primarily for the expansion and upgrade of products and operation systems, and the expansion, opening and relocation of offices.

There were no significant disposals or sales of facilities.

iii. Staffing segment

For the year ended March 31, 2016, capital investments of ¥2.9 billion were made primarily for the expansion and upgrade of operation systems.

There were no significant disposals or sales of facilities.

iv. Other segment

For the year ended March 31, 2016, capital investments of ¥6.6 billion were made primarily for the expansion and upgrade of products and operation systems.

There were no significant disposals or sales of facilities.

v. Corporate

For the year ended March 31, 2016, capital investments of ¥1.4 billion were made primarily for the expansion and upgrade of operation systems.

There were no significant disposals or sales of facilities.

3) Financing

Not applicable.

4) Significant business combination, etc.

The Group acquired all the shares of Chandler Macleod Group Limited as of April 16, 2015.

(2) Trends in Assets and Income

Item	53rd Fiscal Year Year ended March 31, 2013	54th Fiscal Year Year ended March 31, 2014	55th Fiscal Year Year ended March 31, 2015	56th Fiscal Year Year ended March 31, 2016 (current consolidated fiscal year)
Net sales (Millions of yen)	1,049,224	1,191,567	1,299,930	1,588,623
Ordinary income (Millions of yen)	128,165	122,050	125,617	119,336
Net income attributable to owners of the parent (Millions of yen)	71,800	65,421	69,702	64,535
Net income per share (Yen)	143.45	126.64	127.79	114.28
Total assets (Millions of yen)	808,522	860,381	1,100,782	1,150,681
Equity (Millions of yen)	419,247	546,621	754,157	777,000
Equity per share (Yen)	832.27	1,025.59	1,327.49	1,363.96

- (Notes)
1. Net income per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.
 2. The Company implemented a 10-for-1 stock split on July 31, 2014. Net income per share and equity per share are computed assuming the stock split was implemented at the beginning of the 53rd Fiscal Year.
 3. The Company has applied the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and other related pronouncements, and changed “net income” to “net income attributable to owners of the parent” from the year ended March 31, 2016.

(3) Significant Subsidiaries

Segment	Company	Common stock	Ratio of voting rights held by the Company	Major business
Marketing Media segment				
	Recruit Sumai Company Ltd.	¥150 million	100.0%	Publishes information magazines and operates information sites in the housing business
	Recruit Marketing Partners Co., Ltd.	¥150 million	100.0%	Publishes information magazines and operates information sites in the bridal, education and automobile businesses, etc.
	Recruit Lifestyle Co., Ltd.	¥150 million	100.0%	Publishes information magazines and operates information sites in the travel, dining and beauty businesses, etc.
HR Media segment				
	Recruit Career Co., Ltd.	¥643 million	100.0%	Provide services for recruitment advertisement and employment placement for professionals
	Recruit Jobs Co., Ltd.	¥150 million	100.0%	Provide mainly part-time and temporary job advertisement service
	Indeed, Inc.	US\$10	100.0%	Operates job information search site overseas.
Staffing segment				
	Recruit Staffing Co., Ltd.	¥939 million	100.0%	Provide staffing services mainly for administrative jobs in Japan
	STAFF SERVICE HOLDINGS CO., LTD.	¥500 million	100.0%	Provides staffing services mainly for administrative and manufacturing jobs in Japan
	STAFFMARK HOLDINGS, INC.	US\$13 thousand	100.0%	Provides staffing services mainly for light works in the U.S.
	Advantage Resourcing America, Inc.	US\$117,501 thousand	100.0%	Provides comprehensive staffing services in the U.S.
	Advantage Resourcing Europe B.V.	£32,299 thousand	100.0%	Provides staffing services and outsourcing services in Europe
	Chandler Macleod Group Limited	AUS\$191,490	100.0%	Provides comprehensive staffing services in Australia.
Administrative function				
	Recruit Administration Co., Ltd.	¥100 million	100.0%	Provides services including accounting, human resources, general affairs, legal affairs and information security to the Group
Production, advertising and distribution function				
	Recruit Communications Co., Ltd.	¥100 million	100.0%	Provides services including user-attracting solutions, web marketing, media production, distribution, advertising, and user support to the Group
IT and marketing technology development function				
	Recruit Technologies Co., Ltd.	¥100 million	100.0%	Provides services including IT and Internet marketing technologies to the Group

(4) Issues to be Addressed

The Group defines its Mission; “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” and “Creation of new value,” “Contribution to society,” and “Respect for all individuals” as The Recruit Way in our group management philosophy.

Under this management philosophy, we endeavor to become a company that supports positive actions of each individual by producing as many “No. 1 Matching Services” as possible that connects the industry and people, and conduct business operations focusing mainly on Marketing Media, HR Media and Staffing business.

We will work on maximizing shareholder and corporate value through these business activities.

The Group will carry out various growth investments, including M&As, ever more flexibly and aggressively to maximize profit growth over the long-term. In line with this, we will also focus on increasing shareholder value, and have therefore set a new management target—a high single-digit compound annual growth rate for “adjusted EPS”^{*1} over the three years ending March 31, 2019.

In addition, in seeking to achieve our management target, we will set a single-year growth rate of “EBITDA of existing businesses” for each fiscal year, taking into account an appropriate balance of investments and earnings growth.

- *1 Adjusted EPS (Adjusted net income per share): $\text{adjusted net income}^{*2} / (\text{number of shares issued at the end of the period} - \text{number of treasury stock at the end of the period})$
- *2 Adjusted net income: $\text{net income attributable to owners of the parent} \pm \text{adjustment items}^{*3}$ (excluding non-controlling interests) \pm tax reconciliation regarding the adjustment items
- *3 Adjustment items: amortization of goodwill and intangible assets arising due to business combinations \pm extraordinary income/losses

With regard to issues to be addressed and management strategy of the Group, our domestic business is committed to stable and sustainable growth by strengthening existing businesses and advancing the development of new businesses and services. Our overseas business, which continues to expand through the utilization of M&As, will continue to improve the profitability of acquired subsidiaries. At Indeed, Inc. where continued high growth is notable, the Group aims to expand the scope of its business and realize long-term profit growth through further active investment for growth.

The Group’s business environment has significantly changed mainly due to the rapid spread of the Internet and smartphones as well as new entries of competitors into the Group’s business domains. In order to realize long-term growth in this environment, we will proactively work to train managerial personnel from a long-term perspective, train IT personnel to create and realize new added value, and strengthen the governance system which is the foundation for accelerating our growth strategy.

We would like to ask our shareholders to provide the continued support and guidance.

(5) Description of Main Business (as of March 31, 2016)

The descriptions of the Group's main business, the position of the Company or major subsidiaries and associates in the relevant businesses, and the relationship with the segments are as follows.

Name of segment	Operation	Major companies	Major business	Major service
Marketing Media segment	Life Event	The Company Recruit Sumai Company Ltd. Recruit Marketing Partners Co., Ltd.	Provide information related to housing rentals, purchases, construction, and renovation services etc. that meet various housing needs	“SUUMO” Magazine and website providing information on buying, selling, renting, and renovation of homes; and service counter providing in-person consultation on purchasing newly build condominiums and custom homes
			Provide bridal information services, higher education information services for high school students, automobile-related information services, and online advertising services, etc.	“Zexy” Magazine, website, and consultation service counter providing comprehensive information on bridal from preparation to marriage life
				“Rikunabi Shingaku Book” “Rikunabi Shingaku” Free magazine and website providing information that support high school students in choosing their future educational path
	Lifestyle	The Company Recruit Lifestyle Co., Ltd.	Provide services to support the activities of users in everyday consumption, such as travel, dining, and beauty	“Car Sensor” Magazine and website providing information on purchasing or replacing pre-owned automobiles
				“Jalan” Information magazine and website for searching and booking that provide information on travel accommodations, tours and tourism mainly for domestic travel
				“Hot Pepper Gourmet” Magazine and website for searching and booking that provide information on restaurants and discount coupons
			“Hot Pepper Beauty” Magazine and website for searching and booking that provide information on hair salons as well as relaxation and beauty salons	

Name of segment	Operation	Major companies	Major business	Major service
HR Media segment	Domestic Recruiting	The Company Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	Provide recruitment advertisement, employment placement and assessment services in the regular employee recruitment Provide various recruitment-related information including temporary jobs, part-time jobs, staffing, and full-time jobs etc.	“Rikunabi” Job search websites for new graduates
				“Rikunabi NEXT” Job portal site for mid-career jobseekers
				“RECRUIT AGENT” Employment placement service for jobseekers
	Overseas Recruiting	Indeed, Inc.	Operates job information search site overseas	“Indeed.com” Job aggregator search engine website
Staffing segment	Domestic Staffing	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.	Provide staffing services in Japan	-
	Overseas Staffing	STAFFMARK HOLDINGS, INC. Advantage Resourcing America, Inc. Advantage Resourcing Europe B.V. Chandler Macleod Group Limited	Provide staffing services in North America, Europe and Australia, etc.	-
Other segment		NIJIBOX Co.,Ltd.	Conducts planning, operation, outsourcing, etc. of digital content services	-

(6) Main Offices (as of March 31, 2016)

1) The Company

Company name	Location
Recruit Holdings Co., Ltd.	Chiyoda-ku, Tokyo

2) Subsidiaries

Segment	Company name	Location
Marketing Media segment		
	Recruit Sumai Company Ltd.	Chiyoda-ku, Tokyo
	Recruit Marketing Partners Co., Ltd.	Chiyoda-ku, Tokyo
	Recruit Lifestyle Co., Ltd.	Chiyoda-ku, Tokyo
HR Media segment		
	Recruit Career Co., Ltd.	Chiyoda-ku, Tokyo
	Recruit Jobs Co., Ltd.	Chuo-ku, Tokyo
	Indeed, Inc.	Texas, U.S.
Staffing segment		
	Recruit Staffing Co., Ltd.	Chuo-ku, Tokyo
	STAFF SERVICE HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo
	STAFFMARK HOLDINGS, INC.	Ohio, U.S.
	Advantage Resourcing America, Inc.	Massachusetts, U.S.
	Advantage Resourcing Europe B.V.	Basingstoke, England
	Chandler Macleod Group Limited	New South Wales, Australia
Administrative function		
	Recruit Administration Co., Ltd.	Chiyoda-ku, Tokyo
Production, advertising and distribution function		
	Recruit Communications Co., Ltd.	Chuo-ku, Tokyo
IT and marketing technology development function		
	Recruit Technologies Co., Ltd.	Chiyoda-ku, Tokyo

(7) Employees (as of March 31, 2016)

Number of employees	Year-on-year change
38,451	+6,610

(8) Main Lenders (as of March 31, 2016)

Lenders	Amount borrowed
Mizuho Bank, Ltd.	¥5,000 million
Sumitomo Mitsui Banking Corporation	¥5,000 million
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥5,000 million

2. Status of Shares (as of March 31, 2016)

(1) Total Number of Shares Authorized to be Issued	2,000,000,000
(2) Total Number of Shares Issued	565,320,010
(3) Number of Shareholders	50,074
(4) Major Shareholders	

Shareholder name	Contribution to the Company	
	Number of shares	Shareholding ratio (Note)
TOPPAN PRINTING CO., LTD.	37,700,000	6.67%
Dai Nippon Printing Co., Ltd.	35,700,000	6.32%
DENTSU INC.	30,000,000	5.31%
The Recruit Group Employees Shareholding Association	23,031,760	4.07%
NTT DATA Corporation	15,500,000	2.74%
JP MORGAN CHASE BANK 380055	14,040,934	2.48%
Japan Trustee Services Bank, Ltd. (Trust Account)	13,183,100	2.33%
Mizuho Bank, Ltd.	12,000,000	2.12%
Sumitomo Mitsui Banking Corporation	12,000,000	2.12%
MITSUI & CO., LTD.	12,000,000	2.12%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,000,000	2.12%

(Note) The Company's treasury stock (584,200 shares) is excluded in the calculation of the shareholding ratio.

3. Status of Stock Acquisition Rights

(1) Status of Stock Acquisition Rights as of March 31, 2016

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 20, 2013 and of the Meeting of the Board of Directors held on July 31, 2013

- Number of stock acquisition rights 318
- Type and number of shares subject to stock acquisition rights
Common stock: 318,000 shares (1,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights ¥1
- Period during which stock acquisition rights may be exercised
September 1, 2013 to August 31, 2033
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Professional Officer of the Company
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Number of holders
Board Director (excluding External Board Director)	100	Common stock: 100,000 shares	4
Corporate Executive Officer	218	Common stock: 218,000 shares	12

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 26, 2014 and of the Meeting of the Board of Directors held on November 13, 2014

- Number of stock acquisition rights 279
- Type and number of shares subject to stock acquisition rights
Common stock: 279,000 shares (1,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights ¥1
- Period during which stock acquisition rights may be exercised
December 27, 2014 to December 26, 2034
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Professional Officer of the Company
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Professional Officer, their heir may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Number of holders
Board Director (excluding External Board Director)	113	Common stock: 113,000 shares	4
Corporate Executive Officer	166	Common stock: 166,000 shares	12

Stock acquisition rights issued based on the resolutions of the Meeting of the Board of Directors held on August 10, 2015

- Number of stock acquisition rights 3,098
- Type and number of shares subject to stock acquisition rights
Common stock: 309,800 shares (100 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights ¥1
- Period during which stock acquisition rights may be exercised
September 26, 2015 to September 25, 2035
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Professional Officer of the Company (if the person allotted with stock acquisition rights had already lost all of the positions on the date of the allotment of stock acquisition rights, said person can exercise these rights within one year from the day following the date of allotment of stock acquisition rights).
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Professional Officer, their heir may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors, Corporate Executive Officers and Corporate Professional Officers of the Company

	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Number of holders
Board Director (excluding External Board Director)	1,230	Common stock: 123,000 shares	4
Corporate Executive Officer	1,817	Common stock: 181,700 shares	15
Corporate Professional Officer	51	Common stock: 5,100 shares	1

(2) Status of Stock Acquisition Rights granted in the Current Fiscal Year

Stock acquisition rights issued based on the resolutions of the Meeting of the Board of Directors held on August 10, 2015

- Number of stock acquisition rights 3,226
- Type and number of shares subject to stock acquisition rights
Common stock: 322,600 shares (100 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights ¥1
- Period during which stock acquisition rights may be exercised
September 26, 2015 to September 25, 2035
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Professional Officer of the Company (if the person allotted with stock acquisition rights had already lost all of the positions on the date of the allotment of stock acquisition rights, said person can exercise these rights within one year from the day following the date of allotment of stock acquisition rights).
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Professional Officer, their heir may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors, Corporate Executive Officers and Corporate Professional Officers of the Company

	Number of stock acquisition rights	Type and number of shares subject to stock acquisition rights	Number of holders
Board Director (excluding External Board Director)	1,230	Common stock: 123,000 shares	4
Corporate Executive Officer (Note)	1,945	Common stock: 194,500 shares	16
Corporate Professional Officer	51	Common stock: 5,100 shares	1

(Note) The stock acquisition rights granted to one person who had already resigned from the position of Corporate Executive Officer on the day of the allotment of stock acquisition rights (number of stock acquisition rights: 128; type and number of shares subject to stock acquisition rights: 12,800 shares of common stock) are included in the section above for Corporate Executive Officer since they were granted as an incentive stock option as a performance-based compensation for the year ended March 31, 2015.

4. Company Officers

(1) Board Directors and Audit & Supervisory Board Members (as of March 31, 2016)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Masumi Minegishi	CEO
Board Director	Shogo Ikeuchi	R&D, Corporate Planning, Human Resources
Board Director	Shigeru Kusahara	Business
Board Director	Keiichi Sagawa	Administration
Board Director	Shigeo Ohyagi	Chairman of the Board of TEIJIN LIMITED, Outside Audit & Supervisory Board Member of JFE Holdings, Inc., Outside Board Director of Sharp Corporation
Board Director	Yasushi Shingai	Executive Deputy President, Representative Director, Assistant to CEO of JAPAN TOBACCO INC.
Audit & Supervisory Board Member (standing)	Koichi Shima	
Audit & Supervisory Board Member (standing)	Akihito Fujiwara	
Audit & Supervisory Board Member	Hiroki Inoue	Managing Partner of Nagashima Ohno & Tsunematsu
Audit & Supervisory Board Member	Hideshi Takeuchi	Outside Audit & Supervisory Board Member of The Higo Bank, Ltd.

- (Notes)
- Mr. Shigeo Ohyagi and Mr. Yasushi Shingai are External Board Directors.
 - Mr. Hiroki Inoue and Mr. Hideshi Takeuchi are External Audit & Supervisory Board Members.
 - The Company designated External Board Directors Mr. Shigeo Ohyagi and Mr. Yasushi Shingai as well as External Audit & Supervisory Board Member Mr. Hideshi Takeuchi as Independent Directors/Audit & Supervisory Board Member specified by the Tokyo Stock Exchange and registered them with the said Exchange.
 - Audit & Supervisory Board Member Mr. Koichi Shima has extensive knowledge of finance and accounting based on his experience as Corporate Executive Officer in charge of finance and accounting of the Company.
 - Audit & Supervisory Board Member Mr. Hideshi Takeuchi has extensive knowledge of finance and accounting based on his experience as General Manager of the Corporate Accounting Dept. of Mitsubishi Corporation, as well as Executive Vice President & Group CEO, Industrial Finance, Logistics & Development Group of the said company.
 - Audit & Supervisory Board Member Mr. Naoto Nakamura retired from office due to resignation at the conclusion of the 55th Ordinary General Meeting of Shareholders held on June 17, 2015. At the same meeting, Mr. Hiroki Inoue was newly appointed as Audit & Supervisory Board Member and he subsequently assumed the said post.
 - The Company has entered into an agreement to limit the liability to compensate for damages under Article 423, Paragraph 1 of the 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.
 - Changes in the responsibilities of the Board Directors after March 31, 2016 are as follows.

Name	New	Old	Date of change
Shigeru Kusahara	Administration	Business	April 1, 2016
Keiichi Sagawa	Finance	Administration	April 1, 2016

(2) Remuneration of Board Directors and Audit & Supervisory Board Members

Six Board Directors ¥737 million (including two External Board Directors: ¥28 million)

Five Audit & Supervisory Board Members ¥73 million (including three External Audit & Supervisory Board Members: ¥22 million)

- (Notes)1. The above remuneration amounts include the amount recorded as expenses during the current fiscal year relating to stock acquisition rights granted as stock options.
2. The above remuneration amounts include provision for directors' retirement benefits recognized in the current fiscal year.
3. In addition to the above remuneration amounts, ¥96 million was paid as directors' retirement benefits to one retiring Board Director, pursuant to the resolution of the Ordinary General Meeting of Shareholders held on June 17, 2015.

(3) External Officers

1) Shigeo Ohyagi, Board Director

- i. Relationship between the Company and companies in which External Officers hold concurrent positions
- There are business relationships involving the Staffing segment, etc. between the Company and TEIJIN LIMITED, of which Shigeo Ohyagi serves as Chairman of the Board; however, the value of transactions is low, and there are no matters of significance.
- There are business relationships involving the Staffing segment, etc. between the Company and Sharp Corporation, of which Shigeo Ohyagi serves as Outside Director; however, the value of transactions is low, and there are no matters of significance.
- There are no business relationships between the Company and JFE Holdings, Inc., of which Shigeo Ohyagi serves as Outside Audit & Supervisory Board Member.
- ii. Relationship with special interest entities including major customers and suppliers
- Not applicable.
- iii. Major activities during the current fiscal year
- Status of attendance and status of remarks made at the Meeting of the Board of Directors
- Participated in 16 of the 17 Meetings of the Board of Directors held during the current fiscal year. With his experience as Representative Director and President as well as Chairman of the Board of TEIJIN LIMITED, he makes statements from a practical perspective as an External Director, based on his deep insight cultivated through management of the global manufacturing company.

2) Yasushi Shingai, Board Director

- i. Relationship between the Company and companies in which External Officers hold concurrent positions
- There are business relationships involving the HR Media segment between the Company and JAPAN TOBACCO INC., of which Yasushi Shingai serves as, Executive Deputy President, Representative Director, Assistant to CEO; however, the value of transactions is low, and there are no matters of significance.
- ii. Relationship with special interest entities including major customers and suppliers
- Not applicable.
- iii. Major activities during the current fiscal year
- Status of attendance and status of remarks made at the Meeting of the Board of Directors
- Participated in all 17 Meetings of the Board of Directors held during the current fiscal year. With his experience as Executive Deputy President, Representative Director, Assistant to CEO of JAPAN TOBACCO INC., he makes statements from a practical perspective as an External Board Director, based on his deep insight cultivated through the acquisition of foreign corporations, etc.

- 3) Hiroki Inoue, Audit & Supervisory Board Member
- i. Relationship between the Company and companies in which External Officers hold concurrent positions
There are no business relationships between the Company and Nagashima Ohno & Tsunematsu, of which Hiroki Inoue serves as Managing Partner.
 - ii. Relationship with special interest entities including major customers and suppliers
Not applicable.
 - iii. Major activities during the current fiscal year
 - a. Status of attendance and status of remarks made at the Meeting of the Board of Directors
Participated in all 14 Meetings of the Board of Directors held since he assumed office. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.
 - b. Status of attendance and status of remarks made at the Meeting of the Audit & Supervisory Board
Participated in all 14 Meetings of the Audit & Supervisory Board held since he assumed office. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.
- 4) Hideshi Takeuchi, Audit & Supervisory Board Member
- i. Relationship between the Company and companies in which External Officers hold concurrent positions
There are business relationships involving the HR Media segment etc. between the Company and the Higo Bank, Ltd., of which Hideshi Takeuchi serves as Outside Audit & Supervisory Board Member; however, the value of transactions is low, and there are no matters of significance.
 - ii. Relationship with special interest entities including major customers and suppliers
Not applicable.
 - iii. Major activities during the current fiscal year
 - a. Status of attendance and status of remarks made at the Meeting of the Board of Directors
Participated in 14 of the 17 Meetings of the Board of Directors held during the current fiscal year. With his experience as Executive Vice President of Mitsubishi Corporation, he makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight cultivated through extensive international experience and business management.
 - b. Status of attendance and status of remarks made at the Meeting of the Audit & Supervisory Board
Participated in 15 of the 18 Meetings of the Audit & Supervisory Board held during the current fiscal year. With his experience as Executive Vice President of Mitsubishi Corporation, he makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight cultivated through extensive international experience and business management.

5. Independent Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration to the Independent Auditor for the Year Ended March 31, 2016

- 1) Amount of remuneration to the Independent Auditor for the current fiscal year
¥342 million
- 2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries
¥424 million

- (Notes)
1. The audit engagement entered into by the Company and the Independent Auditor does not clearly distinguish the amount of remuneration, etc. for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act. Therefore, 1) above shows the total amount of such remuneration.
 2. The Audit & Supervisory Board verified the contents of the audit plan which included the auditing time, change in the amount of audit remuneration, as well as the audit plan and its performance results in previous years, and as a result of careful review on the adequacy of the amount of remuneration, has approved the amount of remuneration, etc. to be paid to the Independent Auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act.
 3. Advantage Resourcing Europe B.V., Chandler Macleod Group Limited and RGF STAFFING MELBOURNE TWO PTY LTD, consolidated subsidiaries of the Company, undergoes audit by Ernst & Young, which is a member of the same network as Ernst & Young ShinNihon LLC.

(3) Description of Non-audit Business

Non-audit services for which the Company pays remuneration to the Independent Auditor mainly comprise advisory services related to International Financial Reporting Standards (IFRS).

(4) Policy regarding Determination of Dismissal or Non-reappointment of Independent Auditor

In the case that the Independent Auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board of the Company shall dismiss the Independent Auditor upon consent of all Audit & Supervisory Board Members.

In cases other than above, where the conduct of a proper audit is deemed difficult due to factors such as the occurrence of an event damaging the eligibility and independence of the Independent Auditor, the Audit & Supervisory Board of the Company shall propose the dismissal or non-reappointment of the Independent Auditor to the General Meeting of Shareholders.

(5) Disposition of Business Suspension Imposed on the Independent Auditor in the Past Two Years

Summary of disposition, etc. issued by the Financial Services Agency on December 22, 2015

- 1) Party subject to the disposition
Ernst & Young ShinNihon LLC
- 2) Description of the disposition
 - Suspension of business concerning the conclusion of new engagement contracts: three months (from January 1, 2016 to March 31, 2016)
 - Order for business improvement (improvement of the business management system)
- 3) Reasons of the disposition
 - Since the seven certified public accountants of the audit firm had, in negligence of due care, attested the financial statements of TOSHIBA CORPORATION for the years ended March 31, 2010, 2012 and 2013 containing material misstatements as if they contained no material misstatements.
 - The audit firm's operations were found to be significantly inappropriate.

6. Systems to Ensure the Properness of Operations and Operational Status of the Systems

(1) Basic Policy for Internal Control System

Systems to ensure the properness of operations of the Company and its subsidiaries (hereinafter referred to as the “Group”) were resolved at the Meeting of the Board of Directors held on April 28, 2015. A description of the systems is as follows.

1) Systems to Ensure that Board Directors and Employees of the Company and Board Directors, etc. and Employees of its Subsidiaries Comply with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties

- i. A Board of Directors including External Board Directors shall be established at the Company to carry out important decision-making for the Group.
- ii. An Audit & Supervisory Board including External Audit & Supervisory Board Members shall be established at the Company. Each Audit & Supervisory Board Member of the Company shall audit the execution of duties by its Board Directors by attending Meetings of the Board of Directors and other important meetings and investigating the status of execution of business, etc., based on the audit standards established by the Audit & Supervisory Board.
- iii. A Nomination Committee, Evaluation Committee, and Remuneration Committee chaired by External Board Directors shall be established at the Company to conduct deliberations on the nomination, appointment, evaluation and remuneration of the Board Directors and Corporate Executive Officers.
- iv. The “Recruit Group Code of Ethics” shall be established and disseminated to all officers and employees, etc. of the Group.
- v. While respecting the spirit of autonomy and independence of the subsidiaries, the “Recruit Group Policies” shall be established as common policies for the Group on matters such as decision-making, risk management and compliance, in order to realize unified Group management
- vi. Concerning important matters stipulated under the “Recruit Group Policies,” prior confirmation and/or subsequent reports to relevant departments of the Company are mandatory.
- vii. The Group shall create a system to block all relationships, including business relationships, with anti-social forces.
- viii. The Company’s Board of Directors shall establish a department in charge of internal controls after appointing Internal Control Officer for the entire Group, and shall strive to gain an understanding of the development status of and identify problems with internal controls of the Group.
- ix. President and Representative Director of each subsidiary shall establish an Internal Control System within the respective subsidiary.
- x. The Company’s department in charge of internal controls, in collaboration with subsidiaries, shall promote efforts to ensure the properness of operations across the Group.
- xi. The Company shall dispatch the Audit & Supervisory Board Members or Board Directors in charge of audits to its subsidiaries to conduct audits of the execution of duties by their Board Directors.
- xii. Internal Audit Department shall be established within the Company, under direct control of the President and Representative Director, & CEO, and shall conduct audits of the Group’s officers’ and employees’ compliance with laws and regulations, as well as the Articles of Incorporation and/or company policies.
- xiii. A system including whistle-blowing system and workplace harassment hotline, etc. shall be created to swiftly transmit information to the department in charge of internal controls of the Company and its subsidiaries, if an officer or employee of the Group discovers a problem related to internal controls. The department in charge of internal controls that receives the report shall investigate the matter, decide on response measures in consultation with the departments involved within the Group, and implement the measures.
- xiv. Education and awareness-raising activities regarding compliance shall be carried out for officers and employees of the Group.
- xv. Actions in violation of internal controls within the Group shall be strictly dealt with.

2) Systems Concerning Retention and Management of Information on the Execution of Duties by Board Directors of the Company

- i. “Documents and Contracts Management Policy” shall be established, based on which documents related to the execution of duties by Board Directors such as minutes of the General Meeting of Shareholders, Meetings of Board of Directors, and the Business Strategy Meetings shall be retained together with related materials.
- ii. The length of time and department responsible for retention of the documents stipulated in the previous paragraph shall be as prescribed in the “Documents and Contracts Management Policy.” Documents shall be retained in a way that allows them to be viewed upon request by Board Directors and/or Audit & Supervisory Board Members of the Company.

3) Internal Policies and Other Systems Concerning Risks of Loss of the Company and its Subsidiaries

- i. The “Recruit Group Risk Management Policy” and “Recruit Group Risk Escalation Rules” shall be established to provide systematic risk management for the Group.
- ii. The Company’s Board of Directors shall determine the risks to be addressed as priorities by the Group, and the person responsible for and the policy of countermeasures, following deliberation by the Risk Management Committee chaired by the Board Director responsible for Risk Management Department of the Company.
- iii. If a serious incident occurs that will affect the entire Group, a crisis management task force shall be set up to deal with the situation.

4) Systems to Ensure the Efficient Execution of Duties by Board Directors of the Company and Board Directors, etc. of its Subsidiaries

- i. The Company’s Board of Directors or the Business Strategy Meeting shall set targets for the Group that are shared by all officers and employees etc., and shall make these targets widely known, while setting specific targets to be achieved by each division of the Group in order to achieve these targets. The Company’s Corporate Executive Officers in charge of each division shall decide on and carry out efficient methods to achieve these targets.
- ii. The Company’s Board of Directors shall regularly review the status of achievement of targets, and, by promoting improvements such as eliminating or reducing factors that impede efficiency, shall increase the certainty of achieving targets and realize operational efficiency for the entire Group.
- iii. A Business Strategy Meeting shall be set up as an advisory body to the CEO of the Company, and shall carry out discussions on necessary matters regarding management of the entire Group.
- iv. In addition, expert committees such as the Management Advisory Committee, CSR Committee, and Recruit Group Investment Committee shall be set up as advisory bodies to the Company’s Board of Directors and the Business Strategy Meeting.

5) Systems to Ensure the Reliability of Financial Reporting

The Group shall establish the “Recruit Group J-SOX General Policy,” and create an Internal Control System for financial reporting based on the internal control reporting system stipulated under the Financial Instruments and Exchange Act.

6) Systems Concerning Report to the Company Relating to Execution of Duties of Board Directors, etc. of its Subsidiaries

- i. The Company shall establish divisions within the Company to control each subsidiary. Based on the requirements from controlling divisions, Board Directors, etc. of the subsidiaries shall regularly report their business results and implementation status of business strategy to their respective controlling divisions.
- ii. A meeting consisting of Board Directors and Corporate Executive Officers of the Company and President and Representative Director, etc. of major subsidiaries shall be held on a regular basis for the purpose of discussing the Group’s management policies as well as sharing management information.

7) Matters Concerning Placement of Employees to Serve as Assistants to Audit & Supervisory Board Member(s) for the Execution of their Audit Duties

The Company shall appoint an “Assistant to support the Company’s Audit & Supervisory Board Members” in their duties and make an official announcement of the appointment.

8) Matters Relating to Ensuring the Independence of Employees Described in the Preceding Item from Board Directors of the Company and the Effectiveness of Instructions Given to the Employees

Assistants supporting the Company's Audit & Supervisory Board Members shall only follow directions given by the Audit & Supervisory Board Members in their supporting duties. With regard to appointment, transfer, evaluation and disciplinary action of these assistants, the opinions of the Company's Audit & Supervisory Board shall be respected.

9) Systems Concerning Reports to Audit & Supervisory Board Members of the Company

- i. Officers, employees and Independent Auditors of the Group shall report to each company's Audit & Supervisory Board Members on the matters stipulated below. A system shall be put in place to allow for reporting in a timely manner by means of meetings, interviews, telephone, email, etc.
 - Material matters regarding managerial situations of business
 - Matters which may potentially cause significant loss to the Group
 - Material matters regarding the status of internal auditing and risk management
 - Material violations of laws and regulations and the Articles of Incorporation
 - Any other material matters regarding internal controls
- ii. The Company's Internal Audit Department and the subsidiaries' Audit & Supervisory Board Members or Board Directors in charge of audits shall regularly report issues concerning internal controls of the Group to the Company's Audit & Supervisory Board Members.

10) Systems to Ensure that Individuals Reporting on Matters Described in the Preceding Item Are Not Unfavorably Treated on the Grounds of Doing So

The Company shall establish company policies, etc. under which any individual who has reported to Audit & Supervisory Board Members or Board Directors in charge of audits of the respective Group companies, department in charge of internal controls or Internal Audit Department on matters described in the preceding item is not subject to unfavorable treatment such as dismissal or unjustified transfer, etc., by the Company or its subsidiaries, on the grounds of their reporting on such matters.

11) Matters Relating to Policies Concerning Procedures for Making Advance Payments or Reimbursements of the Expenses Incurred in Connection with the Execution of Duties by the Company's Audit & Supervisory Board Members and Treatments of Other Expenses or Obligations Associated with the Execution of Duties by These Members

The Company shall bear the costs for the budget requested in advance by Audit & Supervisory Board members as the expenses necessary to execute their duties. Also, the Company's Audit & Supervisory Board may claim a payment of the expenses incurred urgently or unexpectedly from the Company, and the Company shall bear such costs.

12) Other Systems to Ensure the Effectiveness of Audits by Audit & Supervisory Board Members

The Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company shall hold regular meetings to exchange opinions with the President and Representative Director of the Company and with the Independent Auditors respectively.

(2) Overview of Operational Status of Internal Control System

The Company and its subsidiaries (hereinafter referred to as the “Group”) makes efforts to develop the internal control system based on the abovementioned resolution by having the Internal Audit Department carry out inspections.

A description of the main points of the operational status in the current fiscal year is as follows.

1) Initiatives Relating to Compliance

- We are striving to ensure thorough understanding of the “Recruit Group Code of Ethics” through posting it on the intranet and distributing pocket-sized cards.
- In addition to the “Recruit Group Code of Ethics,” we are providing compliance training to officers and employees, etc. based on Group-wide policies on information management, prevention of insider trading, among others, so as to make them widely known.
- We have created hotlines for whistle-blowing and other consultation both in and outside the Company, and are taking initiatives to make them thoroughly known to officers and employees, etc. through posting them on the intranet and posters, etc. In addition, the “Recruit Group Internal Control General Principle” stipulates that individuals who made a report through the hotline are not subject to unfavorable treatment by the Company on the grounds of their reporting. The status of whistle-blowing and consultations was reported regularly to the Board of Directors.
- Internal audits were performed by the Internal Audit Department, which is under the direct control of the President and Representative Director, & CEO. The Internal Audit Department performed audits of each division of the Company and its subsidiaries, in accordance with the annual plan approved by the Board of Directors, and reported to the President and Representative Director as well as the Board of Directors.

2) Initiatives Relating to Risk Management

- We strive to achieve widespread understanding of the “Recruit Group Risk Management Policy,” which defines the objectives, systems and methods of managing risk in the Group, and the “Recruit Group Risk Escalation Rules,” whose purpose is to immediately report and share information in the event of a crisis, by posting them on the intranet, among other measures.
- Based on information collected from the Company’s administrative division and subsidiaries, matters concerning risks identified and its countermeasure were discussed at the Risk Management Committee, after which the Board of Directors determined the risks that required focused efforts. The progress of countermeasures was confirmed by the same process.

3) Initiatives Relating to Appropriateness and Efficiency of Execution of Duties

- During the current fiscal year, the Meeting of the Board of Directors of the Company, which was held 17 times, resolved on matters for which it held exclusive right to decide on as stipulated in laws and regulations and the Articles of Incorporation, and also made decisions on the management philosophy, corporate governance system, and execution of business that may have a major impact on consolidated results as well as the Group’s reputation
- During the current fiscal year, the Business Strategy Meeting, an advisory body to the CEO of the Company, was held 48 times. The meeting acted as a platform to ascertain the status of business execution by each business division, and deliberate on important matters delegated by the Board of Directors, thereby enabling a flexible decision-making process to be applied by the CEO of the Company.
- The Recruit Group Investment Committee, which is chaired by the Corporate Executive Officer responsible for finance of the Company, met as needed to review M&As and other investments by the Group, and provided written opinions to the designated body responsible for making decisions for each investment amount.

4) Management of Subsidiaries and Associates

- Based on the “Recruit Group Roles and Responsibilities Policy” and the “Recruit Group Group Companies Management Policy,” etc., the Company approved on and/or received after-the-fact reports from subsidiaries concerning important matters related to subsidiaries.
- The Group’s monthly business results were reported to the Board of Directors, and confirmation and deliberation were carried out on matters including the progress toward reaching the Group’s management targets, management tasks and countermeasures.

5) System for Audit by Audit & Supervisory Board Members

- Reporting and information disclosure to Audit & Supervisory Board Members were made at important Company meetings by ensuring opportunities for Audit & Supervisory Board Members to attend these meetings.
- Audit & Supervisory Board Members strive to increase the efficiency of their audits primarily by holding regular meetings with subsidiaries' Audit & Supervisory Board Members or their Board Directors in charge of audits, the Company's Internal Audit Department, Independent Auditors and others to share information, as well as by receiving reports by Corporate Executive Officers of the Company on business results, the status of business operations, development of internal controls, etc.
- The President and Representative Director and Audit & Supervisory Board Members held regular meetings to exchange opinions.
- The Company has appointed three assistants to support Audit & Supervisory Board Members in their duties. The Company ensures their independence from the Board Directors, which includes respecting the opinions of the Audit & Supervisory Board with regard to appointment, transfer, evaluation and disciplinary action of these employees.

7. Policy for Determination of Cash Dividends, etc.

The Company believes that placing priority on the implementation of strategic investments to attain sustainable profit growth and improve corporate value will in turn contribute to profits shared with our shareholders. In addition, we recognize returning profits to our shareholders as one of our key management policies and have the principle of paying consistent and sustainable dividends. In line with this, our basic policy is to return profits, comprehensively taking into account trends of business results and ensuring sufficient internal reserves, which are necessary for investment in future growth, and the reinforcement of our financial base.

In addition, we set a consolidated payout ratio of approximately 25% of net income before amortization of goodwill (Note).

In accordance with this basic policy, we have decided to pay a dividend of ¥50 per share for the 56th Fiscal Year.

We will improve corporate value by allocating internal reserves to strategic investments for growth.

As for cash dividends, the Company sets a basic policy of paying a year-end dividend once a year.

Matters stipulated by Article 459, Paragraph 1 of the Companies Act, including cash dividends, are resolved not by General Meetings of Shareholders, but rather by Meetings of the Board of Directors, unless otherwise provided by laws and regulations.

(Note) Net income before amortization of goodwill is calculated by adding amortization of goodwill to net income attributable to owners of the parent.

Cash dividends with the record date in the 56th Fiscal Year are as follows.

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
May 13, 2016 Resolution by the Board of Directors	28,236	50

Consolidated Balance Sheets

(As of March 31, 2016)

(Millions of yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	589,739	Current liabilities	281,997
Cash and deposits	257,741	Notes and accounts payable - trade	60,104
Notes and accounts receivable - trade	222,288	Current portion of long-term debt	15,000
Securities	53,176	Accrued expenses	85,354
Deferred tax assets	23,264	Income taxes payable	40,050
Other current assets	37,524	Accrued employees' bonuses	24,728
Allowance for doubtful accounts	(4,256)	Other current liabilities	56,758
Noncurrent assets	560,942	Long-term liabilities	91,683
Property, plant and equipment	32,432	Deferred tax liabilities	49,693
Buildings and structures	9,767	Workers' compensation liability	8,671
Land	7,743	Net defined benefit liability	28,750
Other	14,921	Other long-term liabilities	4,568
Intangible assets	361,594	Total liabilities	373,680
Goodwill	213,051	Equity	
Software	70,938	Shareholders' equity	659,565
Other	77,604	Common stock	10,000
Investments and other assets	166,914	Capital surplus	53,756
Investment securities	120,854	Retained earnings	596,305
Net defined benefit asset	3	Treasury stock	(495)
Deferred tax assets	11,757	Accumulated other comprehensive income	110,712
Other assets	34,588	Unrealized gain (loss) on available-for-sale securities	29,016
Allowance for doubtful accounts	(288)	Deferred gain (loss) on derivatives under hedge accounting	(2,157)
		Foreign currency translation adjustments	86,274
		Remeasurements of defined benefit plans	(2,421)
		Stock acquisition rights	2,137
		Non-controlling interests	4,585
		Total equity	777,000
Total assets	1,150,681	Total liabilities and equity	1,150,681

Consolidated Statements of Income

(April 1, 2015 to March 31, 2016)

(Millions of yen)

Description	Amount	
Net sales		1,588,623
Cost of sales		832,330
Gross profit		756,293
Selling, general and administrative expenses		642,260
Operating income		114,032
Non-operating income		8,712
Interest income	605	
Dividend income	1,960	
Share of profit of entities accounted for using equity method	4,961	
Other	1,184	
Non-operating expenses		3,408
Interest expense	970	
Foreign exchange losses	2,087	
Other	350	
Ordinary income		119,336
Extraordinary income		8,303
Gains on sales of investment securities	5,948	
Gain on step acquisitions	1,815	
Other	539	
Extraordinary losses		4,383
Loss on disposal of noncurrent assets	1,175	
Loss on valuation of investment securities	1,122	
Loss on sales of shares of subsidiaries and associates	308	
Impairment loss	857	
Other	918	
Income before income taxes		123,256
Income taxes: Current		61,900
Income taxes: Deferred		(3,700)
Net income		65,057
Net income attributable to non-controlling interests		521
Net income attributable to owners of the parent		64,535

Consolidated Statements of Changes in Equity

(April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	53,679	558,310	(531)	621,459
Changes of items during period					
Cash dividends			(26,540)		(26,540)
Net income attributable to owners of the parent			64,535		64,535
Disposal of treasury stock		60		35	95
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

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	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			
Balance at beginning of current period	34,177	(75)	97,006	(2,939)	128,169	1,206	3,322	754,157
Changes of items during period								
Cash dividends								(26,540)
Net income attributable to owners of the parent								64,535
Disposal of treasury stock								95
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

Balance Sheets
(As of March 31, 2016)

(Millions of yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	432,399	Current liabilities	529,596
Cash and deposits	211,377	Electronically recorded obligations - operating	5,986
Notes receivable - trade	838	Accounts payable - trade	8,652
Accounts receivable - trade	103,255	Short-term borrowings	408,526
Securities	53,000	Accounts payable - other	5,483
Merchandise	67	Accrued expenses	63,870
Work in process	198	Income taxes payable	23,909
Supplies	815	Advances received	3,988
Advanced payments - trade	475	Deposits received	599
Prepaid expenses	3,007	Other current liabilities	8,578
Deferred tax assets	7,969	Long-term liabilities	36,589
Short-term loans receivable	37,273	Deferred tax liabilities	34,275
Other current assets	14,873	Other long-term liabilities	2,313
Allowance for doubtful accounts	(753)		
Noncurrent assets	696,537		
Property, plant and equipment	20,508	Total liabilities	566,185
Buildings	5,262		
Structures	25	Equity	
Machinery and equipment	1	Shareholders' equity	533,901
Vehicles	0	Common stock	10,000
Tools, furniture and fixtures	7,566	Capital surplus	31,857
Land	7,651	Legal capital surplus	6,716
Intangible assets	58,823	Other capital surplus	25,140
Goodwill	604	Retained earnings	492,598
Trademark rights	151	Legal retained earnings	750
Software	57,832	Other retained earnings	491,848
Other	235	General reserve	408,655
Investments and other assets	617,205	Retained earnings brought forward	83,192
Investment securities	74,296	Treasury stock	(554)
Shares of subsidiaries and associates	488,453	Valuation and translation adjustments	26,712
Investments in other securities of subsidiaries and associates	29,635	Unrealized gain (loss) on available-for-sale securities	28,874
Investments in capital	3,909	Deferred gain (loss) on derivatives under hedge accounting	(2,162)
Investments in capital of subsidiaries and associates	5,313	Stock acquisition rights	2,137
Long-term loans receivable	100		
Claims provable in bankruptcy, claims provable in rehabilitation and other	141		
Long-term prepaid expenses	2,141		
Other assets	13,367		
Allowance for doubtful accounts	(153)		
Total assets	1,128,936	Total equity	562,751
		Total liabilities and equity	1,128,936

Statements of Income
(April 1, 2015 to March 31, 2016)

(Millions of yen)

Description	Amount	
Net sales		538,417
Cost of sales		57,468
Gross profit		480,948
Selling, general and administrative expenses		405,063
Sales commission	189,929	
Advertising expenses	58,253	
Business commissions	56,510	
Other	100,370	
Operating income		75,884
Non-operating income		3,467
Interest income	1,002	
Dividend income	1,859	
Other	605	
Non-operating expenses		2,500
Interest expense	1,381	
Foreign exchange losses	995	
Other	124	
Ordinary income		76,850
Extraordinary income		5,890
Gain on sales of investment securities	5,520	
Other	369	
Extraordinary losses		2,217
Loss on sales of noncurrent assets	40	
Loss on disposal of noncurrent assets	923	
Loss on sales of shares of subsidiaries and associates	371	
Loss on valuation of shares of subsidiaries and associates	149	
Impairment loss	652	
Other	78	
Income before income taxes		80,524
Income taxes: Current		23,139
Income taxes: Deferred		2,428
Net income		54,956

Statements of Changes in Equity

(April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Legal retained earnings	Retained earnings			Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of current period	10,000	6,716	25,084	31,801	750	367,830	95,602	464,183	(594)	505,390
Changes of items during period										
Cash dividends				-			(26,540)	(26,540)		(26,540)
Provision of general reserve				-		40,825	(40,825)	-		-
Net income				-			54,956	54,956		54,956
Disposal of treasury stock			55	55				-	39	95
Other changes during the period										
Total changes of items during period	-	-	55	55	-	40,825	(12,410)	28,415	39	28,511
Balance at end of current period	10,000	6,716	25,140	31,857	750	408,655	83,192	492,598	(554)	533,901

	Valuation and translation adjustments			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total valuation and translation adjustments		
Balance at beginning of current period	33,468	(75)	33,392	1,206	539,990
Changes of items during period					
Cash dividends					(26,540)
Provision of general reserve					-
Net income					54,956
Disposal of treasury stock					95
Other changes during the period	(4,593)	(2,087)	(6,680)	930	(5,750)
Total changes of items during period	(4,593)	(2,087)	(6,680)	930	22,761
Balance at end of current period	28,874	(2,162)	26,712	2,137	562,751

Independent Auditor's Report
(Translation)

May 12, 2016

The Board of Directors of
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Hiroyuki Yamasaki
Certified Public Accountant
Designated and Engagement Partner

Hitoshi Matsuoka
Certified Public Accountant
Designated and Engagement Partner

Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the Consolidated Financial Statements, which comprise the Consolidated Balance Sheets, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and the Notes to Consolidated Financial Statements of Recruit Holdings Co., Ltd. (the "Company") for the year from April 1, 2015 to March 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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

Opinion

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which comprise the Company and its consolidated subsidiaries, for the year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditor's Report
(Translation)

May 12, 2016

The Board of Directors of
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Hiroyuki Yamasaki
Certified Public Accountant
Designated and Engagement Partner

Hitoshi Matsuoka
Certified Public Accountant
Designated and Engagement Partner

Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the Non-consolidated Financial Statements, which comprise the Balance Sheets, the Statements of Income, the Statements of Changes in Equity, the Notes to Non-consolidated Financial Statements, and the related supplementary schedules of Recruit Holdings Co., Ltd. (the "Company") for the 56th Fiscal Year from April 1, 2015 to March 31, 2016.

Management's Responsibility for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Non-consolidated Financial Statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Non-consolidated Financial Statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Non-consolidated Financial Statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Non-consolidated Financial Statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Non-consolidated Financial Statements and the related supplementary schedules.

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

Opinion

In our opinion, the Non-consolidated Financial Statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit & Supervisory Board's Audit Report

Audit Report

The Audit & Supervisory Board received and discussed the audit report concerning the execution of duties of the Board Directors during the 56th Fiscal Year from April 1, 2015 through March 31, 2016, which was prepared by each Audit & Supervisory Board Member, and, based on those audit reports, prepared this Audit Report as follows:

1. Procedures and details of the audits conducted by the Audit & Supervisory Board Members and Audit & Supervisory Board
 - (1) The Audit & Supervisory Board established the audit policies, division of duties, and other relevant matters, and received a report from each Audit & Supervisory Board Member regarding the performance of audits and results thereof, as well as reports from the Board Directors other relevant personnel, and the Independent Auditor regarding the execution of their duties, and requested explanations as necessary and received responses.
 - (2) Based on the audit standards determined by the Audit & Supervisory Board, and in accordance with the audit policies and the division of duties, each Audit & Supervisory Board Member, while endeavoring to communicate with Board Directors, internal audit staff, and other employees, collecting information and maintaining and improving the audit environment, conducted the audit based on the following procedures.
 - 1) Each Audit & Supervisory Board member attended the Board of Directors' meeting and other important meetings to receive reports on the status of execution of their duties from Board Directors and employees, requested explanations as necessary, inspected the important approval documents, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices. In addition, each Audit & Supervisory Board Member communicated and shared information with the Board Directors and Audit & Supervisory Board Members of the subsidiaries and received their business reports as necessary.
 - 2) With respect to details of the resolution by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Board Directors stated in the Business Report complies with laws and regulations and the Articles of Incorporation and other systems prescribed by Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of the corporate group comprising the Stock Company and its subsidiaries, as well as the system established based on such resolution (hereinafter collectively, "Internal Control System"), each Audit & Supervisory Board Member periodically received reports from Board Directors and employees on the development and operation of the Internal Control System, requested explanations as necessary, and expressed his or her opinions.
 - 3) The Audit & Supervisory Board Members monitored and verified that the Independent Auditor maintains its independence and conducts the audits appropriately, as well as received reports on the status of the execution of duties from the Independent Auditor, requested explanations as necessary and received responses. In addition, we were informed by the Independent Auditor that it had arranged the "System for Ensuring Properness in Execution of Duties" (matters stipulated in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), requested explanations as necessary and received responses.

Based on the procedures mentioned above, we reviewed the Business Report and the related supplementary schedules, the Non-consolidated Financial Statements, which comprise the Balance Sheets, Statements of Income, Statements of Changes in Equity, Notes to the Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements, which comprise the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Equity, and Notes to the Consolidated Financial Statements for the year ended March 31, 2016.

2. Results of Audit

- (1) Results of the audit of Business Report, etc.

We acknowledge that:

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the execution of duties by Board Directors, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company; and
- 3) The resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters or findings to be brought up regarding details stated in the Business Report and the execution of duties by Board Directors in relation to such internal control system.

(2) Results of the audit of Non-consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of the audit of Consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 12, 2016

Audit & Supervisory Board of Recruit Holdings Co., Ltd.

Audit & Supervisory Board Member (standing)	Koichi Shima
Audit & Supervisory Board Member (standing)	Akihito Fujiwara
External Audit & Supervisory Board Member	Hiroki Inoue
External Audit & Supervisory Board Member	Hideshi Takeuchi