

To Our Shareholders,

## **NOTICE OF CONVOCAION OF GENERAL MEETING OF SHAREHOLDERS**

It is our pleasure to extend to you a cordial invitation to attend our General Meeting of Shareholders of SCSK Corporation (hereinafter “We,” “SCSK” or the “Company”) for the financial period ended March 31, 2017, which will be held as set forth below.

**If you are unable to attend the meeting in person, you can exercise your voting rights in writing or electronically (please refer to pages 60 and 61 for more details). Please take the time to examine the Reference Documents for the General Meeting of Shareholders on the following pages and exercise your voting rights no later than 5:30 p.m. on Thursday June 22, 2017.**

With highest regards,

Tooru Tanihara  
President  
SCSK Corporation  
3-2-20 Toyosu, Koto-ku, Tokyo, Japan

**1. Date and time** Friday June 23, 2017 at 10:00 a.m.

**2. Venue** SCSK Meeting Room, 14F, Toyosu Front  
3-2-20 Toyosu, Koto-ku, Tokyo, Japan

**3. Purpose of the Meeting**

**Matters to be reported:**

Report No. 1 Business Report, Consolidated Financial Statements, and Audit  
Reports by the Independent Auditor and the Audit and Supervisory Committee  
regarding the Consolidated Financial Statements for the fiscal year ended March 31,  
2017 (April 1, 2016 to March 31, 2017)

Report No. 2 Non-consolidated Financial Statements for the fiscal year ended March 31, 2017  
(April 1, 2016 to March 31, 2017)

**Matters to be resolved:**

Proposition No. 1 Amendment to the Articles of Incorporation

Proposition No. 2 Election of nine (9) Directors (excluding Directors that are Audit and Supervisory  
Committee Members)

Proposition No. 3 Election of three (3) Directors that are Audit and Supervisory Committee Members

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(Notes)

1. If you attend the Meeting in person, please submit the enclosed voting form to the receptionist.
2. Of the documents that are required to be submitted with this Notice of Convocation, the notes to the consolidated financial statements and the notes to the non-consolidated financial statements, in accordance with laws and regulations and Article 17 of our Articles of Incorporation, are posted on our website (<http://www.scsk.jp>) and do not appear in this Notice of Convocation. Therefore, the consolidated financial statements and the non-consolidated financial statements that appear in this Notice of Convocation are a part of the consolidated financial statements and the non-consolidated financial statements that were audited by the Independent Auditor and by the Audit and Supervisory Committee, when they produced their various audit reports.
3. If any of the items included in the following reference documents for the Meeting, business report, consolidated financial statements or non-consolidated financial statements require amendment up to and including the day before the Meeting, the amended items will be posted on our website.

# Reference Documents for the General Meeting of Shareholders

## Propositions to be Voted Upon and References Relating Thereto

### Proposition No. 1: Amendment to the Articles of Incorporation

1. Reason for the proposition

The Company judged that it was necessary for Directors to provide a management supervision function for business execution as equal members of the Board of Directors. Accordingly, the Company has chosen to eliminate directors with specific titles, which will include abolishing positions such as Chairman and Vice Chairman, in order to give all Directors equal standing. The goals of this move include clarifying the management supervision obligations of each Director and reinforcing the management supervision function of the Board of Directors in order to ensure sound management. Furthermore, this change is necessary to accommodate the appointment of an Outside Director that is independent from business execution as the Chairman of the Board, a provision meant to help increase the objectivity and transparency of decision-making processes.

2. Details of the changes

The details of the changes are as follows.

(Changes are underlined)

| Current Articles of Incorporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Proposed changes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Articles 1 to 15 (Omitted)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Articles 1 to 15 (No change)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Article 16 (Individual Convening and Leading Meetings)<br/>                     The General Meeting of Shareholders is to be convened by the <u>Chairman of the Board of Directors or the President of the Company</u>, and that individual shall also be responsible for leading the meeting. If the <u>Chairman of the Board of Directors and the President of the Company</u> are unable to perform these duties due to an accident or other causes, these duties shall be carried out by another Director, who is to be designated by the Board of Directors.</p> | <p>Article 16 (Individual <u>with Authority to Convene Meetings</u> and Responsibility for Leading Meetings)<br/>                     The General Meeting of Shareholders is to be convened <u>by a Director designated in advance by the Board of Directors, except when otherwise required by laws or regulations</u>, and that individual shall also be responsible for leading the meeting. If the <u>designated Director</u> is unable to perform these duties due to an accident or other causes, these duties shall be carried out by another Director <u>that has been designated in advance</u> by the Board of Directors.</p> |
| Articles 17 to 21 (Omitted)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Articles 17 to 21 (No change)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>Article 22 (Representative Directors and Directors with titles)<br/>                     1. The Board of Directors shall resolve to appoint a Representative Director.<br/>                     2. <u>The Board of Directors may resolve to appoint a Chairman and a President (one person for each position), and several Vice Presidents, Senior Directors and Executive Directors.</u></p>                                                                                                                                                                         | <p>Article 22 (Representative Directors and Directors with titles)<br/>                     The Board of Directors shall resolve to appoint a Representative Director.<br/>                     (Deleted)</p>                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Article 23 (Individual with Authority to Convene Board of Directors Meetings and Responsibility for Leading Meetings)                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Article 23 (Individual with Authority to Convene Board of Directors Meetings and Responsibility for Leading Meetings)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

Meetings of the Board of Directors are to be convened by the Chairman of the Board of Directors, except when otherwise required by laws or regulations, and that individual shall also be responsible for leading meetings. If a Chairman of the Board of Directors has not been appointed or the Chairman of the Board of Directors is unable to perform these duties due to an accident or other causes, these duties shall be carried out by the President. If the President is unable to perform these duties due to an accident or other causes, these duties shall be carried out by another Director based on an order that has been designated in advance by the Board of Directors.

Articles 24 to 37 and Supplementary provision (Omitted)

Meetings of the Board of Directors are to be convened by a Director designated in advance by the Board of Directors, except when otherwise required by laws or regulations, and that individual shall also be responsible for leading meetings. If the designated Director is unable to perform these duties due to an accident or other causes, these duties shall be carried out by another Director based on an order that has been designated in advance by the Board of Directors.

Articles 24 to 37 and Supplementary provision (No change)

**Proposition No. 2: Election of nine (9) Directors (excluding Directors that are Audit and Supervisory Committee Members)**

At the close of this Ordinary General Meeting of Shareholders, the terms of all fifteen (15) current Directors (excluding Directors that are Audit and Supervisory Committee Members, “Directors” shall exclude Directors that are Audit and Supervisory Committee Members for the remainder of this proposition) shall expire.

Accordingly, we hereby request that nine (9) Directors be elected. The number of Directors is to be decreased by six (6) in order to further separate supervisory and execution functions and allow for more flexible decision making.

The candidates for the positions of Director are as follows.

| Candidate No. 1                                                                                                                                                                                                                                                                   | Date of birth                                                                    | Number of Company shares owned                                                            | Special interests with the Company                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Michihiko Kanegae</b><br><Reappointment>                                                                                                                                                                                                                                       | Feb. 10, 1952                                                                    | 400 shares                                                                                | None                                                                                                                                   |
|                                                                                                                                                                                                                                                                                   | Attendance rate of Board of Directors meetings (attendance/no. of meetings held) | No. of years in office as Director (until the end of the General Meeting of Shareholders) |                                                                                                                                        |
|                                                                                                                                                                                                                                                                                   | 100% (10 out of 10 meetings)                                                     | 1 year                                                                                    |                                                                                                                                        |
| <b>Resume, current position and responsibilities</b>                                                                                                                                                                                                                              |                                                                                  |                                                                                           |                                                                                                                                        |
| Apr. 1974                                                                                                                                                                                                                                                                         | Joined Sumitomo Corporation                                                      | Apr. 2013                                                                                 | Representative Director of Sumitomo Corporation, Senior Managing Executive Officer                                                     |
| Apr. 2005                                                                                                                                                                                                                                                                         | Corporate Officer of Sumitomo Corporation                                        |                                                                                           | General Manager, Environment & Infrastructure Business Unit                                                                            |
| Apr. 2009                                                                                                                                                                                                                                                                         | Executive Officer of Sumitomo Corporation                                        |                                                                                           |                                                                                                                                        |
| Apr. 2011                                                                                                                                                                                                                                                                         | Managing Executive Officer of Sumitomo Corporation                               | Apr. 2015                                                                                 | Representative Director of Sumitomo Corporation, Executive Vice President, General Manager, Environment & Infrastructure Business Unit |
| Apr. 2012                                                                                                                                                                                                                                                                         | Managing Executive Officer of Sumitomo Corporation                               |                                                                                           |                                                                                                                                        |
|                                                                                                                                                                                                                                                                                   | General Manager, Infrastructure Business Unit                                    | Apr. 2016                                                                                 | Representative Director of Sumitomo Corporation, Assistant to Chief Operating Officer                                                  |
| Jun. 2012                                                                                                                                                                                                                                                                         | Representative Director of Sumitomo Corporation, Managing Executive Officer      |                                                                                           |                                                                                                                                        |
|                                                                                                                                                                                                                                                                                   | General Manager, Infrastructure Business Unit                                    | Jun. 2016                                                                                 | Vice Chairman of SCSK                                                                                                                  |
|                                                                                                                                                                                                                                                                                   |                                                                                  | Apr. 2017                                                                                 | <b>Director of SCSK</b> (present)                                                                                                      |
| <b>Reason for appointment</b>                                                                                                                                                                                                                                                     |                                                                                  |                                                                                           |                                                                                                                                        |
| Mr. Michihiko Kanegae has a wealth of experience and extensive knowledge as a manager. We consider that his accumulated experience and knowledge qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                  |                                                                                           |                                                                                                                                        |

| Candidate No. 2                                                                                                                                                                                                                                                                                                                                                                                                          | Date of birth                                                                                                                                                                                                                              | Number of Company shares owned                                                            | Special interests with the Company                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tooru Tanihara<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                        | Dec. 24, 1959                                                                                                                                                                                                                              | 2,380 shares                                                                              | None                                                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                                                                                                                                                           | No. of years in office as Director (until the end of the General Meeting of Shareholders) |                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                          | 100% (12 out of 12 meetings)                                                                                                                                                                                                               | 5 years, 9 months                                                                         |                                                                                                                                                                                                                              |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                            |                                                                                           |                                                                                                                                                                                                                              |
| Apr. 1982<br>Jun. 2003<br>Oct. 2005<br>Jun. 2007<br>Mar. 2009                                                                                                                                                                                                                                                                                                                                                            | Joined COMPUTER SERVICE CORPORATION.<br>Executive Officer of CSK CORPORATION<br>Executive Officer of CSK SYSTEMS CORPORATION<br>Representative President of CSK-IT MANAGEMENT CORPORATION<br>Executive Officer of CSK HOLDINGS CORPORATION | Oct. 2010<br>Oct. 2011<br>Apr. 2016<br>Apr. 2017                                          | Senior Managing Executive Officer of CSK CORPORATION<br>Director of SCSK, Senior Managing Executive Officer<br>Representative Director & President of SCSK<br><b>Representative Director and President of SCSK (present)</b> |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                            |                                                                                           |                                                                                                                                                                                                                              |
| Mr. Tooru Tanihara assumed the position of President in FY2016. In this capacity, he is currently playing a leading role in advancing business strategies based on our Medium-Term Management Plan, which sets forth targets for FY2019. We have selected Mr. Tanihara as a Director candidate based on the belief that he will be able to utilize his accumulated experience and knowledge as a manager of the Company. |                                                                                                                                                                                                                                            |                                                                                           |                                                                                                                                                                                                                              |

| Candidate No. 3                                                                                                                                                                                                                                                                                             | Date of birth                                                                                                                                                                        | Number of Company shares owned                                                            | Special interests with the Company                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Daisuke Mikogami<br>< New appointment >                                                                                                                                                                                                                                                                     | Jul. 7, 1959                                                                                                                                                                         | 0 shares                                                                                  | Yes                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                             | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                                                                                                     | No. of years in office as Director (until the end of the General Meeting of Shareholders) |                                                                                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                             | —                                                                                                                                                                                    | —                                                                                         |                                                                                                                                                                                                                                |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                               |                                                                                                                                                                                      |                                                                                           |                                                                                                                                                                                                                                |
| Apr. 1983                                                                                                                                                                                                                                                                                                   | Joined Sumitomo Corporation                                                                                                                                                          | Apr. 2014                                                                                 | Executive Officer of Sumitomo Corporation                                                                                                                                                                                      |
| Apr. 2004                                                                                                                                                                                                                                                                                                   | Concurrent position as General Manager, Network Management Business Division of Sumisho Electronics Co., Ltd.                                                                        |                                                                                           | Assistant to General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit                                                                                                                                 |
| Aug. 2005                                                                                                                                                                                                                                                                                                   | Concurrent position as General Manager, SSE Company Network Management Division of SCSK                                                                                              |                                                                                           | Concurrent position as Director, Executive Vice President of Jupiter Telecommunications Co., Ltd.                                                                                                                              |
| Apr. 2011                                                                                                                                                                                                                                                                                                   | Corporate Officer of Sumitomo Corporation<br>General Manager, Media Division                                                                                                         | Apr. 2017                                                                                 | Managing Executive Officer of Sumitomo Corporation<br>Assistant General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit                                                                              |
| Mar. 2013                                                                                                                                                                                                                                                                                                   | Concurrent position as Director, Vice President of Jupiter Telecommunications Co., Ltd.                                                                                              |                                                                                           | <b>Concurrent position as Director of Jupiter Telecommunications Co., Ltd.</b> (present)                                                                                                                                       |
| Apr. 2013                                                                                                                                                                                                                                                                                                   | Corporate Officer of Sumitomo Corporation<br>Assistant to General Manager, Media Division<br>Concurrent position as Director, Vice President of Jupiter Telecommunications Co., Ltd. | May 2017                                                                                  | <b>Managing Executive Officer of Sumitomo Corporation</b> (present)<br><b>Assistant to General Manager, Media, Network, Lifestyle Related Goods &amp; Services Business Unit</b> (present)<br><b>Advisor of SCSK</b> (present) |
| Oct. 2013                                                                                                                                                                                                                                                                                                   | Executive Vice President of Jupiter Telecommunications Co., Ltd.                                                                                                                     | Jun. 2017                                                                                 | Director of Jupiter Telecommunications Co., Ltd. (retiring)                                                                                                                                                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                      |                                                                                           |                                                                                                                                                                                                                                |
| Mr. Daisuke Mikogami has extensive specialized knowledge of the IT service industry. We believe that the accumulated experience and knowledge accumulated through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                                                                                                                      |                                                                                           |                                                                                                                                                                                                                                |
| Other                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                      |                                                                                           |                                                                                                                                                                                                                                |
| Mr. Daisuke Mikogami is an executive officer of Sumitomo Corporation. SCSK has concluded an office leasing agreement with Sumitomo Corporation. Moreover, a business relationship between the Company and Sumitomo Corporation exists in the areas of data processing services and software development.    |                                                                                                                                                                                      |                                                                                           |                                                                                                                                                                                                                                |

| Candidate No. 4                                                                                                                                                                                                                                                                                                                                                                                    | Date of birth                                                                                 | Number of Company shares owned                                                            | Special interests with the Company                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Tetsuya Fukunaga<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                | Feb. 1, 1960                                                                                  | 9,860 shares                                                                              | None                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                    | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)              | No. of years in office as Director (until the end of the General Meeting of Shareholders) |                                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                    | 100% (12 out of 12 meetings)                                                                  | 12 years                                                                                  |                                                                             |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                      |                                                                                               |                                                                                           |                                                                             |
| Apr. 1983                                                                                                                                                                                                                                                                                                                                                                                          | Joined The Long-Term Credit Bank of Japan, Ltd.                                               | Apr. 2008                                                                                 | Director of SCSK, Managing Executive Officer                                |
| Oct. 1999                                                                                                                                                                                                                                                                                                                                                                                          | Vice President, Corporate & Investment Banking Group, Chase Manhattan Bank                    | Jun. 2008                                                                                 | <b>Concurrent position Outside Director of ARGO GRAPHICS Inc.</b> (present) |
| Jun. 2000                                                                                                                                                                                                                                                                                                                                                                                          | CFO, Lycos Japan Inc.                                                                         | Apr. 2014                                                                                 | Director of SCSK, Senior Managing Executive Officer                         |
| Dec. 2002                                                                                                                                                                                                                                                                                                                                                                                          | Adviser to Sumisho Electronics Co., Ltd.                                                      | Apr. 2017                                                                                 | <b>Director of SCSK</b> (present)                                           |
| Feb. 2003                                                                                                                                                                                                                                                                                                                                                                                          | Director of Sumisho Electronics Co., Ltd., Managing Executive Officer                         |                                                                                           | <b>Executive Officer</b> (present)                                          |
| Apr. 2005                                                                                                                                                                                                                                                                                                                                                                                          | Executive Officer of SCSK<br>Concurrent position as Director of Sumisho Electronics Co., Ltd. |                                                                                           | <b>Chief Financial Officer</b> (present)                                    |
| Jun. 2005                                                                                                                                                                                                                                                                                                                                                                                          | Director of SCSK Executive Officer                                                            |                                                                                           | <b>General Manager (IR, Finance &amp; Risk Management)</b> (present)        |
|                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                               |                                                                                           | <b>General Manager, IR, Finance &amp; Risk Management Group</b> (present)   |
|                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                               |                                                                                           | <b>General Manager</b> (in charge of Accounting) (present)                  |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                             |                                                                                               |                                                                                           |                                                                             |
| Mr. Tetsuya Fukunaga has been in charge of our corporate divisions, including IR, finance and risk management, for many years, and has a wealth of experience and extensive knowledge. We consider that his accumulated experience and knowledge through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                               |                                                                                           |                                                                             |



| Candidate No. 5                                                                                                                                                                                                                                                                                                                                                                                                                          | Date of birth                                                                                                                                                                                                                                                                                                                                   | Number of Company shares owned                                                           | Special interests with the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Masatoshi Endo<br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                                        | Nov. 26, 1957                                                                                                                                                                                                                                                                                                                                   | 1,409 shares                                                                             | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                          | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                                                                                                                                                                                                                                                                | No. of years in office as Director (from the end of the General Meeting of Shareholders) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                          | 100% (12 out of 12 meetings)                                                                                                                                                                                                                                                                                                                    | 3 years                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                 |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Oct. 1980<br>Apr. 2009<br>Mar. 2010<br>Oct. 2011<br>Apr. 2012<br>Apr. 2013<br>Apr. 2014<br>Jun. 2014                                                                                                                                                                                                                                                                                                                                     | Joined COMPUTER SERVICE CORPORATION<br>Executive Officer of CSK SYSTEMS CORPORATION<br>Executive Officer of CSK HOLDINGS CORPORATION<br>Executive Officer of SCSK<br>Senior Executive Officer of SCSK<br>Managing Executive Officer of SCSK<br>Senior Managing Executive Officer of SCSK<br>Director of SCSK, Senior Managing Executive Officer | Apr. 2017                                                                                | <b>Director of SCSK</b> (present)<br><b>Executive Officer</b> (present)<br><b>Chief Project Management Officer</b> (present)<br><b>General Manager (SE+ Center, Development Division, Purchasing and Business Coordination)</b> (present)<br><b>Assistant to General Manager, Manufacturing Systems Business Group (in charge of PMO)</b> (present)<br><b>Assistant to General Manager, Distribution Systems Business Group (in charge of PMO)</b> (present)<br><b>General Manager, Development Center</b> (present) |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                 |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Mr. Masatoshi Endo has been in charge of our corporate divisions, including the SE+ Center, development center, purchasing and business coordination for many years, and has a wealth of experience and extensive knowledge. We consider that his accumulated experience and knowledge through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                                                                                                                                                                                                                                                                                 |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| Candidate No. 6                                                                                                                                                                                                                                                                                                          | Date of birth                                                                                                                                                                                                                                                                                                                                                  | Number of Company shares owned                                                           | Special interests with the Company                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Koji Tamefusa<br><New appointment>                                                                                                                                                                                                                                                                                       | Dec. 25, 1958                                                                                                                                                                                                                                                                                                                                                  | 0 shares                                                                                 | Yes                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                          | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                                                                                                                                                                                                                                                                               | No. of years in office as Director (from the end of the General Meeting of Shareholders) |                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                                                                                                                                                                                                                                                                                          | —                                                                                                                                                                                                                                                                                                                                                              | —                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Apr. 1983<br>Apr. 2012<br>Apr. 2013                                                                                                                                                                                                                                                                                      | Joined Sumitomo Corporation<br>Corporate Officer of Sumitomo Corporation<br>General Manager, New Industry Development & Cross-function Business Unit<br>Corporate Officer of Sumitomo Corporation<br>Assistant General Manager for Europe, Middle East, Africa & CIS<br>General Manager, European Corporate Management Unit, Sumitomo Corporation Europe Group | Apr. 2016<br>Apr. 2017<br>May 2017                                                       | Corporate Officer of Sumitomo Corporation<br>General Manager, Risk Management Department No. 5<br>Executive Officer of Sumitomo Corporation<br>Assistant to CFO<br><b>Executive Officer of Sumitomo Corporation</b> (present)<br><b>Assistant to General Manager of Sumitomo Corporation, Media, Network, Lifestyle Related Goods &amp; Services Business Unit</b> (present)<br><b>Advisor of SCSK</b> (present) |
| Reason for appointment                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Mr. Koji Tamefusa has a breadth of specialized knowledge related to finance, accounting, and risk management. We believe that the experience and knowledge accumulated through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                                                                                                                                                                                                                                                                                                |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Other                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Mr. Koji Tamefusa is an executive officer of Sumitomo Corporation. SCSK has concluded an office leasing agreement with Sumitomo Corporation. Moreover, a business relationship between the Company and Sumitomo Corporation exists in the areas of data processing services and software development.                    |                                                                                                                                                                                                                                                                                                                                                                |                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Candidate No. 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Date of birth                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Number of Company shares owned                                                           | Special interests with the Company |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------|
| <b>Hiroyuki Koike</b><br><Reappointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Sep. 4, 1964                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 0 shares                                                                                 | Yes                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | No. of years in office as Director (from the end of the General Meeting of Shareholders) |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 90% (9 out of 10 meetings)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1 year                                                                                   |                                    |
| <b>Resume, current position and responsibilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| Apr. 1987    Joined Sumitomo Corporation<br>May 2009    North America Corporate Coordination Group of Sumitomo Corporation, North America Group Officer, Sumitomo Corporation of America Assistant to General Manager for the Americas<br>Apr. 2014    General Manager, Mobile & Internet Dept., Network Division; Media, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation                                                                                                                                                                                                     | Apr. 2015    General Manager, IT Solution Dept. Network Division; Media, Network, Lifestyle Related Goods & Services Business Unit, Sumitomo Corporation<br>General Manager, Investment Development Dept.<br><b>Concurrent position as President, SC VENTURE, INC.</b> (present)<br>Concurrent position as Director, SUMITOMO CORPORATION EQUITY ASIA LIMITED<br>Apr. 2016    Corporate Officer of Sumitomo Corporation<br>General Manager, Network Division, Media, Network, Lifestyle Related Goods & Services Business Unit<br>Jun. 2016 <b>Concurrent position as Director of SCSK</b> (present)<br><b>Concurrent position as Director of T-Gaia Corporation</b> (present)<br>Oct. 2016 <b>Corporate Officer of Sumitomo Corporation</b> (present)<br><b>General Manager, ICT Business Division, Media, ICT, Lifestyle Related Goods &amp; Services Business Unit</b> (present) |                                                                                          |                                    |
| <b>Reason for appointment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| Mr. Hiroyuki Koike has extensive specialized knowledge of the IT service industry. We consider that his accumulated experience and knowledge through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate.                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| <b>Other</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |
| 1. Mr. Hiroyuki Koike is an executive officer of Sumitomo Corporation. SCSK has concluded an office leasing agreement with Sumitomo Corporation. Moreover, a business relationship between the Company and Sumitomo Corporation exists in the areas of data processing services and software development.<br>2. SCSK plans to enter into a liability limitation agreement with Mr. Hiroyuki Koike to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. If this proposed resolution is approved, this agreement will be renewed. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                          |                                    |

| Candidate No. 8                                                                                                                                                                                                                                                                                     | Date of birth                                                                                         | Number of Company shares owned                                                           | Special interests with the Company                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Akira Tsuyuguchi<br><New appointment>                                                                                                                                                                                                                                                               | Jun. 22, 1956                                                                                         | 7,600 shares                                                                             | None                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                     | Attendance rate of Board of Directors meetings (attendance/no. of meetings held)                      | No. of years in office as Director (from the end of the General Meeting of Shareholders) |                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                     | —                                                                                                     | —                                                                                        |                                                                                                                                                                            |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                       |                                                                                                       |                                                                                          |                                                                                                                                                                            |
| Apr. 1979                                                                                                                                                                                                                                                                                           | Joined Sumitomo Corporation                                                                           | Apr. 2015                                                                                | Executive Officer of Sumitomo Corporation<br>Assistant to General Manager, Transportation & Construction Systems Business Unit                                             |
| Feb. 2003                                                                                                                                                                                                                                                                                           | Concurrent position as Managing Executive Officer of Sumisho Electronics Co., Ltd.                    |                                                                                          | Concurrent position as Senior Managing Executive Officer of Sumitomo Mitsui Auto Service Company, Ltd.                                                                     |
| Jun. 2004                                                                                                                                                                                                                                                                                           | Concurrent position as Director of Sumisho Electronics Co., Ltd.                                      |                                                                                          | Concurrent position as Director of SMA Support Co., Ltd.                                                                                                                   |
| Aug. 2005                                                                                                                                                                                                                                                                                           | Concurrent position as Executive Officer of SCSK                                                      |                                                                                          |                                                                                                                                                                            |
| Apr. 2006                                                                                                                                                                                                                                                                                           | Corporate Officer of Sumitomo Corporation                                                             |                                                                                          |                                                                                                                                                                            |
| Jun. 2007                                                                                                                                                                                                                                                                                           | Concurrent position as Director of SCSK                                                               |                                                                                          |                                                                                                                                                                            |
| Apr. 2009                                                                                                                                                                                                                                                                                           | Representative Director, Executive Vice President of SCSK                                             | Jun. 2015                                                                                | Concurrent position as Representative Director and Senior Managing Executive Officer of Sumitomo Mitsui Auto Service Company, Ltd.                                         |
| Jun. 2012                                                                                                                                                                                                                                                                                           | Director, Executive Vice President of SCSK                                                            |                                                                                          |                                                                                                                                                                            |
| Apr. 2013                                                                                                                                                                                                                                                                                           | Corporate Officer of Sumitomo Corporation<br>General Manager, Logistics & Insurance Business Division | Apr. 2016                                                                                | Managing Officer of Sumitomo Corporation<br>Assistant to General Manager, Transportation & Construction Systems Business Unit                                              |
| Nov. 2013                                                                                                                                                                                                                                                                                           | Concurrent position as Director of Sumisho Global Logistics Co., Ltd.                                 |                                                                                          | Concurrent position as Representative Director and Senior Managing Executive Officer of Sumitomo Mitsui Auto Service Company, Ltd.                                         |
| Apr. 2014                                                                                                                                                                                                                                                                                           | Executive Officer of Sumitomo Corporation<br>General Manager, Logistics & Insurance Business Division | Jun. 2016                                                                                | <b>President &amp; CEO of Sumitomo Mitsui Auto Service Company, Ltd. (present)</b><br><b>Concurrent position of President &amp; CEO of SMA Support Co., Ltd. (present)</b> |
| Reason for appointment                                                                                                                                                                                                                                                                              |                                                                                                       |                                                                                          |                                                                                                                                                                            |
| Mr. Akira Tsuyuguchi has a breadth of experience and a wealth of knowledge as a manager. We believe that the experience and knowledge accumulated through his work qualifies him to supervise the execution of operations of the Company, and we have thus selected him to be a Director candidate. |                                                                                                       |                                                                                          |                                                                                                                                                                            |
| Other                                                                                                                                                                                                                                                                                               |                                                                                                       |                                                                                          |                                                                                                                                                                            |
| If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Akira Tsuyuguchi to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.                                              |                                                                                                       |                                                                                          |                                                                                                                                                                            |

| Candidate No. 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Date of birth                                                                    | Number of Company shares owned                                                                                                                                                              | Special interests with the Company |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Kiyoto Matsuda<br><New appointment><br><Outside Director><br><Independent officer>                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Sep. 6, 1952                                                                     | 0 shares                                                                                                                                                                                    | None                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Attendance rate of Board of Directors meetings (attendance/no. of meetings held) | No. of years in office as Director (from the end of the General Meeting of Shareholders)                                                                                                    |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | —                                                                                | —                                                                                                                                                                                           |                                    |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                  |                                                                                                                                                                                             |                                    |
| Apr. 1975 Joined The Industrial Bank of Japan, Ltd.<br>Jun. 2000 General Manager, Sales Division VIII of The Industrial Bank of Japan, Ltd.<br>Apr. 2002 Executive Officer of Mizuho Corporate Bank, Ltd.<br>Apr. 2004 Managing Executive Officer of Mizuho Corporate Bank, Ltd.                                                                                                                                                                                                                                                                  |                                                                                  | Apr. 2007 Deputy President of Mizuho Securities Co., Ltd.<br>Apr. 2008 <b>Partner of Unison Capital, Inc.</b> (present)<br>Mar. 2010 <b>Outside Director of SANYO SHOKAI LTD.</b> (present) |                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                  |                                                                                                                                                                                             |                                    |
| Mr. Kiyoto Matsuda has a breadth of experience and a wealth of knowledge regarding corporate management. We believe that the experience and knowledge accumulated through his work qualifies him to help maintain and enhance the functions that supervise the execution of the Company's operations, and we have thus selected him to be an Outside Director candidate.                                                                                                                                                                          |                                                                                  |                                                                                                                                                                                             |                                    |
| Other matters concerning candidate Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                  |                                                                                                                                                                                             |                                    |
| 1. If this proposed resolution is approved, SCSK plans to designate Mr. Kiyoto Matsuda as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notify the Tokyo Stock Exchange, as we are obliged to do by the Exchange.<br>2. If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Kiyoto Matsuda to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. |                                                                                  |                                                                                                                                                                                             |                                    |

### Proposition No. 3: Election of three (3) Directors that are Audit and Supervisory Committee Members

In order to strengthen its audit and supervisory functions, we request that an additional three (3) Directors that also serve as Audit and Supervisory Committee Members be elected.

Advance consent has been received from the Audit and Supervisory Committee with regard to this proposition. The candidates for the positions as Directors that are Audit and Supervisory Committee Members are as follows.

| Candidate No. 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Date of birth                                                                    | Number of Company shares owned                                                                                                                                                                                                 | Special interests with the Company |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Yasunori Anzai<br><New appointment>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Jan. 11, 1959                                                                    | 0 shares                                                                                                                                                                                                                       | Yes                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Attendance rate of Board of Directors meetings (attendance/no. of meetings held) | No. of years in office as an Outside Auditor (from the end of the General Meeting of Shareholders)                                                                                                                             |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | —                                                                                | —                                                                                                                                                                                                                              |                                    |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                  |                                                                                                                                                                                                                                |                                    |
| Apr. 1981 Joined Sumitomo Corporation<br>Jun. 2012 <b>General Manager, Corporate Auditors' Administration Department of Sumitomo Corporation</b> (present)                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                  | May 2017 General Manager, Corporate Auditor's Administration Department of Sumitomo Corporation (retiring)<br>Jun. 2017 Assistant General Manager, Media, Network, Lifestyle Related Goods & Services Business Unit (assuming) |                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                  |                                                                                                                                                                                                                                |                                    |
| Mr. Yasunori Anzai has accumulated significant experience and knowledge through his career to date. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, and we have thus selected him to be a candidate for the position of Director that also serves as an Audit and Supervisory Committee Member.                                                                                                                                                  |                                                                                  |                                                                                                                                                                                                                                |                                    |
| Other                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                  |                                                                                                                                                                                                                                |                                    |
| 1. Mr. Yasunori Anzai is an executive officer of Sumitomo Corporation. SCSK has concluded an office leasing agreement with Sumitomo Corporation. Moreover, a business relationship between the Company and Sumitomo Corporation exists in the areas of data processing services and software development.<br>2. If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Yasunori Anzai to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. |                                                                                  |                                                                                                                                                                                                                                |                                    |

| Candidate No. 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Date of birth                                                                    | Number of Company shares owned                                                                                                                                                                                                                                                      | Special interests with the Company |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Kimitoshi Yabuki<br><New appointment><br><Outside Director><br><Independent officer>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Aug. 22, 1956                                                                    | 0 shares                                                                                                                                                                                                                                                                            | None                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Attendance rate of Board of Directors meetings (attendance/no. of meetings held) | No. of years in office as an Outside Auditor (from the end of the General Meeting of Shareholders)                                                                                                                                                                                  |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | —                                                                                | —                                                                                                                                                                                                                                                                                   |                                    |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                  |                                                                                                                                                                                                                                                                                     |                                    |
| Apr. 1987 Joined Nagashima & Ohno<br>May 1996 <b>Partner of Yabuki Law Offices</b> (present)<br>Apr. 2010 <b>Professor at Graduate School of International Corporate Strategy, Hitotsubashi University</b> (present)                                                                                                                                                                                                                                                                                                                                  |                                                                                  | Jun. 2013 <b>Outside Audit &amp; Supervisory Board Member of Ricoh Company, Ltd.</b> (present)<br>Jul. 2015 <b>Outside Director of Sumitomo Life Insurance Company</b> (present)<br>Jun. 2017 <b>Outside Audit &amp; Supervisory Board Member of Ricoh Company, Ltd.</b> (retiring) |                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                  |                                                                                                                                                                                                                                                                                     |                                    |
| Mr. Kimitoshi Yabuki has specialized knowledge and experience as an attorney. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, and we have thus selected him to be a candidate for the position of Outside Director that also serves as an Audit and Supervisory Committee Member.                                                                                                                                                 |                                                                                  |                                                                                                                                                                                                                                                                                     |                                    |
| Other matters concerning candidate Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                  |                                                                                                                                                                                                                                                                                     |                                    |
| 1. If this proposed resolution is approved, SCSK plans to designate Mr. Kimitoshi Yabuki as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notify the Tokyo Stock Exchange, as we are obliged to do by the Exchange.<br>2. If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Kimitoshi Yabuki to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. |                                                                                  |                                                                                                                                                                                                                                                                                     |                                    |

| Candidate No. 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Date of birth                                                                    | Number of Company shares owned                                                                                                                                                                                                               | Special interests with the Company |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Masaichi Nakamura<br><New appointment><br><Outside Director><br><Independent officer>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Jan. 9, 1957                                                                     | 0 shares                                                                                                                                                                                                                                     | None                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Attendance rate of Board of Directors meetings (attendance/no. of meetings held) | No. of years in office as Outside Director (from the end of the General Meeting of Shareholders)                                                                                                                                             |                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | —                                                                                | —                                                                                                                                                                                                                                            |                                    |
| Resume, current position and responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                  |                                                                                                                                                                                                                                              |                                    |
| Oct. 1983 Joined Tetsuzo Ota & Co<br>May 1999 Employee of Showa Ota & Co<br>Aug. 2008 Executive Director of Ernst & Young ShinNihon LLC                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                  | Jul. 2014 Representative and Vice Director of Ernst & Young ShinNihon LLC<br>Sep. 2016 <b>Representative of Masaichi Nakamura CPA Office</b> (present)<br>Jun. 2017 External Corporate Auditor of Sumitomo Heavy Industries, Ltd. (assuming) |                                    |
| Reason for appointment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                  |                                                                                                                                                                                                                                              |                                    |
| Mr. Masaichi Nakamura has specialized knowledge and experience as a certified public accountant. We believe that the experience and knowledge accumulated through his work qualifies him to audit the execution of duties by Directors from an objective standpoint, and we have thus selected him to be a candidate for the position of Outside Director that also serves as an Audit and Supervisory Committee Member.                                                                                                                                |                                                                                  |                                                                                                                                                                                                                                              |                                    |
| Other matters concerning candidate Outside Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                  |                                                                                                                                                                                                                                              |                                    |
| 1. If this proposed resolution is approved, SCSK plans to designate Mr. Masaichi Nakamura as an independent director that is unlikely to have any conflict of interest with respect to general shareholders and notify the Tokyo Stock Exchange, as we are obliged to do by the Exchange.<br>2. If this proposed resolution is approved, SCSK plans to enter into a liability limitation agreement with Mr. Masaichi Nakamura to limit the amount of his liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act. |                                                                                  |                                                                                                                                                                                                                                              |                                    |

## **Business report for FY2016 (April 1, 2016 to March 31, 2017)**

### **1. Matters Regarding the Current Status of the SCSK Group**

#### **1-1 Progress of Operations and Operating Results**

In the fiscal year ended March 31, 2017, the Japanese economy continued to display a moderate recovery trend. This trend was supported in part by the economic stimulus measures implemented by the Japanese government as well as by the monetary easing measures and interest rate policies instituted by the Bank of Japan.

Specifically, corporate earnings are growing as production activities pick up and we are witnessing improvements in the job market along with increases in the real total compensation of workers. These factors led us to judge that the economy was displaying an overall trend toward recovery.

Our outlook for the economy is that, in the midst of ongoing improvements in the job market and in wages, the recovery trend will continue. However, a persistent sense of uncertainty is plaguing the global political and economic climate. Prominent concerns include the unpredictable state of government affairs under the new administration in the United States, geopolitical risks in the Middle East and East Asia, issues surrounding the United Kingdom's decisions to leave the European Union, and the threat of economic downturn in Asian and other emerging and resource-rich countries. Accordingly, scrutiny is imperative in judging economic trends.

In this environment, the IT services market saw an increase in overall IT investment demand. SCSK witnessed a rise in both conventional replacement demand from corporate customers for productivity and efficiency improvement purposes and strategic IT investment demand for reinforcing strategic businesses or securing a competitive edge.

Strategic IT investment and IT services demand rose in the manufacturing industry and the distribution industry, contributing to solid deal flow in both industries. In the manufacturing industry, such demand was directed toward compatibility with the Internet of Things (IoT), which is anticipated to enter into a full-fledged proliferation period, as well as toward strategic globalization initiatives; verification services for pre-market products, which are growing ever more sophisticated; and business process outsourcing (BPO) services related to products and services. In the distribution industry, this demand was largely associated with investment related to e-commerce, customer relationship management (CRM), and big data analysis for the purposes of enhancing digital marketing initiatives and facilitating omni-channel retailing.

In the financial industry, we are witnessing robust demand for redevelopment of operational systems to boost the competitiveness or heighten the operational efficiency of customers seen primarily among major financial institutions in the banking and insurance sectors. In addition, IT investment demand is growing smoothly, particularly for systems development purposes aimed at boosting competitiveness, examples of which include the application of FinTech, artificial intelligence (AI), or other new IT technologies to cultivate retail businesses or address the emergence of more sophisticated settlement systems.

In addition, demand for various cloud-based IT services has been on the rise in IaaS, PaaS, and other IT infrastructure sectors against a backdrop of a strong appetite among customer companies for investment to boost competitiveness or heighten operational efficiency and a lack of IT employees at these companies. A similar increase was seen in demand for IT services in the operational system field, although here it was limited to certain sectors.

Looking at the Company's operating results for the fiscal year ended March 31, 2017, consolidated net sales increased 1.7% year on year, to ¥329,303 million. This increase came on the back of robust system

development among manufacturing and financial industry customers as well as increases in sales of system maintenance and operation services seen primarily among customers in the manufacturing industry, the distribution industry, and the financial industry. These factors offset a decline in large-scale projects from the previous fiscal year due to an absence of systems development projects for securities companies and system sales projects for communications industry customers.

Operating profit was up 6.1%, to ¥33,714 million. In addition to the boost to income from the higher sales, operating profit benefited from improved development productivity due to measures for heightening operational quality and increasing efficiency. These factors helped absorb a rise in expenses that included higher regulatory system- and operating environment-related costs, such as size-based corporate taxes and retirement benefit expenses, as well as increased business investment-related expenses.

Ordinary profit rose 7.5%, to ¥36,121 million, following the increase in operating profit and the recording of gains on investments. Meanwhile, profit attributable to owners of parent increased 5.6%, to ¥28,458 million, due to the higher operating profit and various tax benefits and gains on investments.





- **Financial Systems Business**

Sales ¥70,529 million      Net sales were relatively unchanged year on year at ¥70,529 million as the impacts of the absence of previously recorded large-scale orders from securities companies were counterbalanced by the strong sales targeting banks and insurance companies. Segment profit, meanwhile, decreased 12.7%, to ¥7,296 million, because projects with particularly high profitability were recorded in the previous fiscal year and because income in the fiscal year ended March 31, 2017, was impacted by the start of new businesses, a drop in profitability, and the presence of unprofitable projects.

Percentage of total: 21.4%
  
- **Business Solutions**

Sales ¥19,289 million      Net sales increased 1.2%, to ¥19,289 million, in reflection of strong enterprise resource planning (ERP) sales. Similarly, segment profit was up 31.0%, to ¥2,087 million, due to increased productivity and the relatively high level of profitability seen among projects undertaken in the fiscal year ended March 31, 2017.

Percentage of total: 5.9%
  
- **Business Services**

Sales ¥42,811 million      Net sales increased 9.0%, to ¥42,811 million, and segment profit rose 16.3%, to ¥3,303 million, thanks to brisk demand for BPO services. This demand was seen in relation to the needs for product support and verification services in the manufacturing industry and for various outsourcing services in the distribution industry.

Percentage of total: 13.0%
  
- **IT Platform Solutions**

Sales ¥75,379 million      Net sales were down 2.3%, to ¥75,379 million, due to the rebound from previously recorded large-scale orders from communications industry customers. However, segment profit increased 13.0%, to ¥7,138 million, due to increases in the margins of certain IT product sales operations.

Percentage of total: 22.9%
  
- **Prepaid Card Business**

Sales ¥3,302 million      Net sales grew 2.6%, to ¥3,302 million, while segment profit increased 23.5%, to ¥278 million, as a result of the strong performance in prepaid card issuance and other related businesses.

Percentage of total: 1.0%
  
- **Others**

Sales ¥766 million      Net sales (facility maintenance and lease income, etc.) decreased 1.0%, to ¥766 million, and segment profit was down 16.9%, to ¥260 million.

Percentage of total: 0.2%

Net sales in the sales segments of Systems Development, System Maintenance and Operation/Services, Packaged Software/Hardware Sales, and Prepaid Card are described below.

| Sales by service type                        | FY2015<br>(48th Period)     |                            | FY2016<br>(49th Period)     |                            | Year-on-year change         |            |
|----------------------------------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-----------------------------|------------|
|                                              | Amount<br>(millions of yen) | Percentage<br>of total (%) | Amount<br>(millions of yen) | Percentage<br>of total (%) | Amount<br>(millions of yen) | Change (%) |
| Systems Development                          | 124,470                     | 38.4                       | 127,051                     | 38.6                       | 2,581                       | 2.1        |
| System Maintenance and<br>Operation/Services | 119,170                     | 36.8                       | 125,802                     | 38.2                       | 6,631                       | 5.6        |
| Packaged Software/Hardware<br>Sales          | 77,087                      | 23.8                       | 73,147                      | 22.2                       | -3,939                      | -5.1       |
| Prepaid Card                                 | 3,217                       | 1.0                        | 3,302                       | 1.0                        | 85                          | 2.6        |
| Total                                        | 323,945                     | 100.0                      | 329,303                     | 100.0                      | 5,358                       | 1.7        |

In Systems Development, despite the absence of previously recorded large-scale orders from securities companies, net sales rose 2.1%, to ¥127,051 million, as a result of solid performance in projects for the manufacturing industry and the financial industry.

In System Maintenance and Operation/Services, as a result of strong performance in BPO services, particularly in the manufacturing and distribution industries, combined with robust demand for various cloud services related to IT infrastructure, net sales increased 5.6%, to ¥125,802 million.

In Packaged Software/Hardware Sales, net sales decreased 5.1%, to ¥73,147 million, due to the rebound from previously recorded large-scale IT network equipment sales orders from communications industry customers.

In Prepaid Card, net sales were up 2.6%, to ¥3,302 million, as a result of the strong performance in prepaid card issuance and other related businesses.

## 1-2 Procurement of Funds

### (1) Fund Procurements

In FY2016, we refinanced a total of ¥15,000 million in bank borrowings and, on December 15, 2016, issued ¥10,000 million worth of straight bonds.

### (2) Capital Investment

Capital investment by the SCSK Group totaled ¥15,335 million in FY2016.

### (3) Acquisition and Disposal of Stocks and Other Equity Holdings, Share Warrants, etc., in Other Companies (Important changes in scope of equity method application)

Effective December 22, 2016, the Company sold a portion of its shareholdings in equity method affiliate ATLED Co., Ltd. As a result, this company was excluded from the scope of equity method application.

## 1-3 Assets, Profits and Losses

### (1) SCSK Group assets, profits and losses

| Category                                                             | FY2013<br>(46th Period) | FY2014<br>(47th Period) | FY2015<br>(48th Period) | FY2016<br>(49th Period) |
|----------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sales (million yen)                                                  | 288,236                 | 297,633                 | 323,945                 | 329,303                 |
| Ordinary income (million yen)                                        | 25,690                  | 30,667                  | 33,610                  | 36,121                  |
| Net income attributable to parent company shareholders (million yen) | 18,387                  | 15,638                  | 26,956                  | 28,458                  |
| Net income per share (yen)                                           | 177.26                  | 150.71                  | 259.72                  | 274.16                  |
| Total assets (million yen)                                           | 317,932                 | 334,290                 | 352,676                 | 389,537                 |
| Net assets (million yen)                                             | 126,159                 | 138,536                 | 151,546                 | 173,674                 |
| Net assets per share (yen)                                           | 1,161.29                | 1,276.37                | 1,401.00                | 1,607.74                |

(Note) The value of net income per share is calculated from the average number of shares during the period under review. The value of net assets per share is calculated from the number of shares issued as of March 31, 2017 (excluding treasury stock).

### (2) SCSK assets, profits and losses

| Category                      | FY2013<br>(46th Period) | FY2014<br>(47th Period) | FY2015<br>(48th Period) | FY2016<br>(49th Period) |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Sales (million yen)           | 228,732                 | 235,929                 | 256,115                 | 258,348                 |
| Ordinary income (million yen) | 19,798                  | 23,711                  | 25,423                  | 31,036                  |
| Net income (million yen)      | 15,416                  | 12,420                  | 22,737                  | 24,866                  |
| Net income per share (yen)    | 148.28                  | 119.43                  | 218.60                  | 239.04                  |
| Total assets (million yen)    | 266,651                 | 280,202                 | 294,152                 | 323,648                 |
| Net assets (million yen)      | 112,177                 | 120,371                 | 135,913                 | 153,080                 |
| Net assets per share (yen)    | 1,077.45                | 1,156.30                | 1,305.71                | 1,470.76                |

(Note) The value of net income per share is calculated from the average number of shares during the period under review. The value of net assets per share is calculated from the number of shares issued as of March 31, 2017 (excluding treasury stock).

## 1-4 Issues to be Addressed

The domestic IT market is anticipated to display a sustained trend toward modest growth. At the same time, there will be a rising need to shift from traditional business models, as represented by labor-intensive, contract-type businesses, to service-oriented business models. Such structural changes are occurring as a result of factors including a diversification of customer needs and a paradigm shift from ownership to usage of systems. In addition, the transition to IoT, FinTech, AI, omni-channel retailing, and other digital technologies is stimulating a shift in the nature of customer investment, from traditional investment aimed at operational efficiency to investment aimed at competitiveness augmentations and business reforms utilizing cutting edge-technologies.

The Company views these market changes as an opportunity for the proactive pursuit of growth. Seeking to function as strategic IT partners to its customers, SCSK will strive to achieve business growth and improve corporate value together with its customers. We announced our Medium-Term Management Plan in April 2015 to guide these efforts. Under this plan, we are advancing the following three core strategies.

(Core strategies)

### 1. Shift to a service-oriented business

We are committed to creating original, high-value-added services that only SCSK can provide and expanding businesses through stable, long-term relationships with customers. In this manner, we will enhance the Company's market competitiveness.

As part of these efforts, we will expand our existing services by utilizing the technologies and intellectual properties SCSK has accumulated to date. These include various SaaS applications, currently being deployed at retailers, pharmacy chains, and other customers within the distribution industry; "USiZE" brand pay-per-use IT infrastructure provision services; and assorted BPO services, most notably contact centers. In addition, we will grow service-oriented businesses, such as those offering SaaS-type services that combine ProActive (our propriety ERP (comprehensive backbone operations systems) package) solutions and USiZE infrastructure.

Initiatives in 2016 included forming a business alliance with Preferred Networks, Inc., and Asian Frontier Co., Ltd., with regard to AI technologies that entails verification tests targeting the non-life insurance industry; launching next-generation contact center services for the distribution industry, where omni-channel needs are particularly high; and creating other new services that utilize SCSK's sophisticated technologies.

Through these initiatives, we aim to expand our future growth potential. To transition toward a high-growth, high-profitability business structure under our Medium-Term Management Plan, we will accelerate efforts to establish new businesses that target customer needs and to reinforce our ability to propose new solutions.

### 2. Promote strategic business that captures the changing times

Effectively using the Company's human resources, technical capabilities, track record, and accumulated know-how, we will focus on growth industries and fields in which we can demonstrate our strengths while prioritizing the allocation of management resources to these areas in order to achieve the strategic expansion of our business while being mindful of the future potential and growth potential of each area.

In the automotive software business, which serves the automotive industry, for example, the development of software for one model requires large amounts of work and technically advanced processes. There has also been a rapid drive to achieve compliance with global standards.

Within this environment, in a move to be the No. 1 vendor and provider of global standard-compatible operating systems and middleware for automotive software development, known as basic software (BSW), we will significantly expand related staff sizes and actively conduct business investments for research and development and business promotion.

Since November 2014, we have been taking part in a strategic business alliance through which our automotive software systems business and six IT companies dealing with automotive embedded software each apply their particular expertise to support the electronic control unit (ECU)\* software development efforts of Japanese automakers and their suppliers, an initiative that is promoting our business related to AUTOSAR (AUTomotive Open System ARchitecture), a global standard automotive software. As one success of this effort, in October 2015 we began providing QINeS-BSW, a domestically produced BSW for automotive applications that features our proprietary, real time, AUTOSAR-compliant OS, and related services.

### 3. Second stage of global expansion

The Company defines the “greater Japanese market” as the market encompassing the IT service demand accompanying the overseas expansion of customers; in other words, all demand for IT services arising from the overseas expansion of Japanese companies that principally conduct business activities in Japan.

The Company has effectively used the experience and know-how it has developed through the provision of IT support for the global expansion of many customers, including the Sumitomo Corporation Group, to implement a global strategy of providing high-quality support based on Japanese standards to the greater Japanese market in order to increase the ratio of sales from its global business. Going forward, we will enhance our overseas capabilities in the strategic business areas set forth in the basic strategies of the Medium-Term Management Plan, such as the automotive software business and businesses aimed at large financial institutions, in order to further expand our global business.

Demand for IT services in global fields is on the rise among large financial institutions developing global operations, and this trend is particularly pronounced in Asia. We intend to enhance our ability to provide flexible responses to such needs by working to increase our organizational presence in this region and also considering—and, if appropriate, entering into or stepping up—collaborative arrangements with domestic financial institutions capable of dependably meeting the needs of our customers and local firms with financial expertise.

As we implement these basic strategies, we will also work to further reinforce our operating base by enhancing operational quality through the promotion of Companywide development standards and the strengthening of our project management capabilities while raising operational efficiency through the efficient utilization of offices and reforms to operational processes. We also seek to win further trust from our customers and shareholders by continuing to develop internal, Groupwide management structures in such areas as internal control, risk management, compliance, and security management.

The Company is moving ahead with efforts to enhance its workplace environment centered around working style reforms and health and productivity management. These efforts are being advanced through unique SCSK initiatives, including the Smart Work Challenge program, a working style reform program that focuses on reducing overtime and encouraging employees to take their paid vacation days, and the *Kenko Waku Mileage* program, through which employees are encouraged to strive toward health-related improvement, with special incentive bonuses for those who attain their goals.

We are also committed to ensuring that we provide a workplace environment that enables all employees to work while exercising their skills and their individuality, regardless of age, gender, disability, or nationality, and we are continually establishing and deploying systems to this end. For example, we have introduced a discretionary work system to allow for working styles and attitude reforms that are not restricted by work hours as well as a flex-time system and a telecommuting system for supporting working styles aligned with employees’ life stages. We also offer full employment up to age 65 and robust childcare and nursing care systems as well as career support programs that help female employees play an active role in the workplace.

These efforts and their results have received a wide range of external recognition. For example, the Company has placed among the top companies in Nikkei Inc.’s surveys of companies that fully exercise their

employees' potential for three consecutive years beginning with 2014. In addition, the Company was presented with the Prime Minister's Award in the FY2015 Awards for Companies in which Women Shine and has continued to be included in the Nadeshiko Brand and Health & Productivity Stock selections, which are jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Furthermore, SCSK received an award in the first Awards for Comfortable and Productive Companies and Workplaces sponsored by the Ministry of Health, Labour and Welfare in the fiscal year ended March 31, 2017.

At SCSK, we are advancing working style reform efforts under the belief that this generates a virtuous cycle. Specifically, the value brought about by each employee that works with enthusiasm leads to the creation of new value for customers and subsequent growth and solid results for SCSK, making it possible to return the Company's profits to its stakeholders. Through these measures, SCSK is aiming to fulfill its corporate mission—"create our future of dreams"—together with its stakeholders.

\* A generic term for an embedded system that controls one or more electrical systems/subsystems within a motor vehicle

### 1-5 Major Businesses (as of March 31, 2017)

Manufacturing Systems Business, Telecommunication Systems Business, Distribution Systems Business, Financial Systems Business, Business Solutions, Business Services, IT Platform Solutions, Prepaid Card Business

### 1-6 Major Branches (as of March 31, 2017)

#### (1) Major SCSK offices

|                       |                                                                                                                                                                                              |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Toyosu Head Office | Koto-ku, Tokyo                                                                                                                                                                               |
| 2. Branch offices     | Minato-ku, Tokyo; Chuo-ku, Tokyo; Tama-shi, Tokyo; Osaka-shi, Osaka; Toyonaka-shi, Osaka; Nagoya-shi, Aichi Prefecture; Fukuoka-shi, Fukuoka Prefecture; Hiroshima-shi, Hiroshima Prefecture |
| 3. Data centers       | Chiyoda-ku, Tokyo; Bunkyo-ku, Tokyo; Koto-ku, Tokyo; Edogawa-ku, Tokyo; Inzai-shi, Chiba Prefecture; Osaka-shi, Osaka; Toyonaka-shi, Osaka; Sanda-shi, Hyogo Prefecture                      |

#### (2) Main offices of important subsidiaries, etc.

The main offices of important subsidiaries are those listed in (3) Status of important subsidiaries in Section 1-7, Information Regarding Status of Parent Company and Important Subsidiaries.

#### (3) Employees

##### 1. SCSK Group employees

| No. of employees | Year-on-year change    |
|------------------|------------------------|
| 11,910 people    | Increase of 141 people |

| Segment                            | No. of employees     |
|------------------------------------|----------------------|
| Manufacturing Systems Business     | 1,817 people         |
| Telecommunication Systems Business | 530 people           |
| Distribution Systems Business      | 1,782 people         |
| Financial Systems Business         | 2,690 people         |
| Business Solutions                 | 879 people           |
| Business Services                  | 2,473 people         |
| IT Platform Solutions              | 843 people           |
| Prepaid Card Business              | 104 people           |
| Others                             | 792 people           |
| <b>Total</b>                       | <b>11,910 people</b> |

(Note) “Others” means the number of people working in management and other departments.

## 2. SCSK employees

| No. of employees | Year-on-year change    | Average age        | Average length of employment |
|------------------|------------------------|--------------------|------------------------------|
| 7,241 people     | Reduction of 20 people | 42 years, 6 months | 17 years, 9 months           |

## 1-7 Information Regarding Status of Parent Company and Important Subsidiaries (as of March 31, 2017)

### (1) Status of Parent Company

Our parent company is Sumitomo Corporation. At the end of the period under review, Sumitomo Corporation held 52,697,000 of the Company’s shares (capital contribution ratio of 48.80%). Sales to the parent company mostly involve software development, data processing, and sales of hardware, software and other products. The parent company supplies us with software and other products.

### (2) Matters Regarding Transactions with the Parent Company

#### ① Provisions for Preventing Transactions that Go Against the Interests of the Company

In principle, transactions with the parent company are to utilize appropriate conditions based on the conditions of standard transactions. For software development, the Company submits price estimates based on market prices and cost ratios, and price negotiations take place with regard to every project, after which appropriate and fair decisions are made based on rational judgments.

#### ② Judgment by Board of Directors and Reasons for Judgment that Transactions Do Not Go Against the Interests of the Company

Based on internal regulations, deliberations with regard to major transactions with the parent company are carried out as necessary at meetings of the Board of Directors, which are attended by the Company’s five Outside Directors. Through these deliberations, it has been decided that such transactions do not go against the interests of the Company.



③ Differences in Opinions between Board of Directors and Outside Directors

Not applicable

(3) Status of Important Subsidiaries

| Company name                       | Location                   | Equity          | Capital contribution ratio (%) | Main business                                                                            |
|------------------------------------|----------------------------|-----------------|--------------------------------|------------------------------------------------------------------------------------------|
| SCSK KYUSHU CORPORATION            | Fukuoka-shi, Fukuoka Pref. | ¥200 million    | 100.00                         | Software development and data processing                                                 |
| SCSK HOKKAIDO CORPORATION          | Sapporo-shi, Hokkaido      | ¥100 million    | 100.00                         | Software development and data processing                                                 |
| SCSK USA Inc.                      | New York State, USA        | US\$11,850,000  | 100.00                         | Software development and data processing                                                 |
| SCSK Europe Ltd.                   | London, UK                 | stg £ 1,400,000 | 100.00                         | Software development and data processing                                                 |
| SCSK Shanghai Ltd.                 | Shanghai, China            | US\$500,000     | 100.00                         | Software development and data processing                                                 |
| SCSK Asia Pacific Pte. Ltd.        | Singapore                  | ¥200 million    | 100.00                         | Software development and data processing                                                 |
| JIEC Co., Ltd.                     | Shinjuku-ku, Tokyo         | ¥674 million    | 69.51                          | Design and building of data systems where fundamental technology is the core competence  |
| WinTechnology Corporation          | Shinjuku-ku, Tokyo         | ¥100 million    | 100.00                         | Consulting in Windows platforms, system design and development, and maintenance services |
| SCSK ServiceWare Corporation       | Koto-ku, Tokyo             | ¥100 million    | 100.00                         | Contact center services and BPO services                                                 |
| VeriServe Corporation              | Shinjuku-ku, Tokyo         | ¥792 million    | 55.59                          | Product verification services and security verification services, etc.                   |
| SCSK PRESCENDO CORPORATION         | Koto-ku, Tokyo             | ¥100 million    | 82.63                          | EC Fulfillment services                                                                  |
| Allied Engineering Corporation     | Koto-ku, Tokyo             | ¥242 million    | 100.00                         | Consulting and Package Software sales and development                                    |
| CSI SOLUTIONS Corporation          | Shinjuku-ku, Tokyo         | ¥210 million    | 100.00                         | System integration, and the sale and maintenance of hardware, etc.                       |
| QUO CARD Co., Ltd.                 | Chuo-ku, Tokyo             | ¥1,810 million  | 100.00                         | Prepaid card business                                                                    |
| SCSK Nearshore Systems Corporation | Koto-ku, Tokyo             | ¥100 million    | 100.00                         | Software development and maintenance services                                            |
| VA Linux Systems Japan K.K.        | Koto-ku, Tokyo             | ¥194 million    | 100.00                         | Software development (Open-source software consulting)                                   |
| SCSK SYSTEM MANAGEMENT CORPORATION | Koto-ku, Tokyo             | ¥100 million    | 100.00                         | Systems operation services                                                               |
| SDC Corporation                    | Koto-ku, Tokyo             | ¥96 million     | 50.10                          | Network building and operation services                                                  |

(Note) We have a total of 20 consolidated subsidiaries, including important subsidiaries listed above.

1-8 Principal Lenders and Loans Payable (as of March 31, 2017)

| Name of lender                      | Loans payable (in millions of yen) |
|-------------------------------------|------------------------------------|
| Sumitomo Mitsui Trust Bank, Ltd.    | 4,500                              |
| Sumitomo Mitsui Banking Corporation | 4,500                              |
| Bank of Tokyo-Mitsubishi UFJ, Ltd.  | 3,500                              |
| Mizuho Bank Co., Ltd.               | 2,500                              |
| Others                              | 10,000                             |
| Total                               | 25,000                             |

1-9 Policy Regarding the Exercise of the Rights of the Board of Directors Pursuant to the Articles of Incorporation (in Accordance with Article 459, Paragraph 1 of the Companies Act) to Distribute Surpluses as Dividends, etc.

In determining dividends, the Company aims to increase returns to shareholders in response to stronger consolidated results. In that process, the Company gives comprehensive consideration to its financial position, earnings trends, dividend payout ratio as well as reserves for future business investment.

The Company pays dividends twice a year from its surplus: an interim dividend and a year-end dividend. The decision on whether to pay dividends lies with the Board of Directors.

The Company regards the acquisition of treasury shares as one means of returning profits to shareholders, and will consider any such acquisitions taking into account share price trends and above issues, and shareholder returns via dividend payments.

## 2. Particulars Regarding the Shares of the Company

### 2-1 Total Number of Shares Authorized

200,000,000 shares

### 2-2 Total Number of Shares Issued

104,034,578 shares

(excluding 3,951,825 shares of treasury stock)

### 2-3 Number of Shareholders on the Last Day of the Fiscal Year

33,126 people

### 2-4 Top 10 Shareholders

| Name of shareholder                                                       | Shares owned | Shareholding ratio |
|---------------------------------------------------------------------------|--------------|--------------------|
|                                                                           | Shares       | %                  |
| Sumitomo Corporation                                                      | 52,697,159   | 50.65              |
| Japan Trustee Services Bank, Ltd. (trust account)                         | 5,969,300    | 5.74               |
| The Master Trust Bank of Japan, Ltd. (trust account)                      | 3,524,000    | 3.39               |
| SCSK Group Employee Stock Ownership Association                           | 2,587,792    | 2.49               |
| BNP PARIBAS SEC SERVICES LUXEMBOURG/JASDEC /ABERDEEN GLOBAL CLIENT ASSETS | 1,399,800    | 1.35               |
| Trust & Custody Services Bank, Ltd. (securities investment trust account) | 1,062,900    | 1.02               |
| Argo Graphics Inc.                                                        | 1,015,500    | 0.98               |
| Japan Trustee Services Bank, Ltd. (trust account 5)                       | 985,900      | 0.95               |
| JPMC OPPENHEIMER JASDEC LENDING ACCOUNT                                   | 969,708      | 0.93               |
| Japan Trustee Services Bank, Ltd. (trust account 2)                       | 719,000      | 0.69               |

(Note)

The Company holds 3,951,825 shares of treasury stock, and this amount is excluded from the calculation of the shareholding ratios of the top10 shareholders listed above. The shareholding ratio is calculated by dividing the number of shares held by shareholder by the number of shares outstanding (shares outstanding = total number of issued shares - treasury stock).

### 3. Important Matters Regarding New Stock Acquisition Rights, etc., of the Company

Matters regarding stock acquisition rights by company officers, etc., as of March 31, 2017

• Overview of stock acquisition rights (share-based remuneration)

| Date of issuance    | Number of new stock acquisition rights | Type and number of shares subject to the new stock acquisition rights | Number of new shares per stock acquisition right | Issuing price    | Amount to be paid for the exercise of each new acquisition right | Exercise period                      |
|---------------------|----------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|------------------|------------------------------------------------------------------|--------------------------------------|
| July 27, 2007 (2nd) | 12 rights                              | 1,200 ordinary shares                                                 | 100 shares                                       | No consideration | ¥1                                                               | From July 28, 2007, to July 26, 2027 |
| July 29, 2008 (4th) | 21 rights                              | 2,100 ordinary shares                                                 | 100 shares                                       | No consideration | ¥1                                                               | From July 30, 2008, to July 28, 2028 |
| July 30, 2009 (6th) | 79 rights                              | 7,900 ordinary shares                                                 | 100 shares                                       | No consideration | ¥1                                                               | From July 31, 2009, to July 29, 2029 |
| July 30, 2010 (8th) | 133 rights                             | 13,300 ordinary shares                                                | 100 shares                                       | No consideration | ¥1                                                               | From July 31, 2010, to July 29, 2030 |

(Note) The amount to be paid for the exercise of each new stock acquisition right shall be the product of the exercise price per share and the number of shares conveyed by each right.

• Numbers of Company officers and holdings of stock acquisition rights (share-based remuneration) by Company officers (by classification)

| Date of issuance    | Directors (excluding Audit and Supervisory Committee Members and Outside Directors) |               | Outside Directors (excluding Audit and Supervisory Committee Members) |               | Directors (Audit and Supervisory Committee Members) |               | Executive officers (excluding Directors) |               |
|---------------------|-------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------|---------------|-----------------------------------------------------|---------------|------------------------------------------|---------------|
|                     | No. of holders                                                                      | No. of rights | No. of holders                                                        | No. of rights | No. of holders                                      | No. of rights | No. of holders                           | No. of rights |
| July 27, 2007 (2nd) | 1 person                                                                            | 6 rights      | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 1 person                                 | 6 rights      |
| July 29, 2008 (4th) | 1 person                                                                            | 13 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 1 person                                 | 8 rights      |
| July 30, 2009 (6th) | 2 people                                                                            | 24 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 5 people                                 | 55 rights     |
| July 30, 2010 (8th) | 2 people                                                                            | 37 rights     | 0 people                                                              | 0 rights      | 0 people                                            | 0 rights      | 6 people                                 | 96 rights     |

## 4. Particulars Regarding the Company's Officers

### 4-1 Directors and Corporate Auditors

| Name               | Position in the Company                                           | Significant concurrently held posts                                                                                                                                                                                       |
|--------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Yoshio Osawa       | Chairman                                                          |                                                                                                                                                                                                                           |
| Michihiko Kanegae  | Vice Chairman                                                     |                                                                                                                                                                                                                           |
| Tooru Tanihara     | *1 President                                                      |                                                                                                                                                                                                                           |
| Hisakazu Suzuki    | *1 Director                                                       |                                                                                                                                                                                                                           |
| Hiroyuki Yamazaki  | *1 Director                                                       |                                                                                                                                                                                                                           |
| Masahiko Suzuki    | Director                                                          |                                                                                                                                                                                                                           |
| Masanori Furunuma  | Director                                                          | Director of JIEC Co., Ltd.                                                                                                                                                                                                |
| Tatsuyasu Kumazaki | Director                                                          | Director of VeriServe Corporation                                                                                                                                                                                         |
| Tetsuya Fukunaga   | Director                                                          | Outside Director of Argo Graphics Inc.                                                                                                                                                                                    |
| Masatoshi Endo     | Director                                                          |                                                                                                                                                                                                                           |
| Tatsujiro Naito    | Director                                                          |                                                                                                                                                                                                                           |
| Katsuya Imoto      | Director                                                          |                                                                                                                                                                                                                           |
| Naoaki Mashimo     | Director                                                          |                                                                                                                                                                                                                           |
| Hiroyuki Koike     | Director                                                          | Corporate Officer of Sumitomo Corporation; General Manager, ICT Division, Media, Network, Lifestyle Related Goods & Services Business Unit; Outside Director of T-Gaia; President of SC VENTURE, INC.                     |
| Iwao Fuchigami     | *2 Director                                                       |                                                                                                                                                                                                                           |
| Yoshiharu Takano   | *2 Director (Audit and Supervisory Committee Members) (full-time) |                                                                                                                                                                                                                           |
| Shigeki Yasunami   | *2 Director (Audit and Supervisory Committee Members) (part time) | Representative of the Yasunami Certified Public Accounting Office                                                                                                                                                         |
| Yuko Yasuda        | *2 Director (Audit and Supervisory Committee Members) (part time) | Outside Director of Showa Shell Sekiyu K. K.                                                                                                                                                                              |
| Shigenobu Aikyo    | *2 Director (Audit and Supervisory Committee Members) (part time) | Outside Director of HASHIMOTO SOGYO HOLDINGS Ltd.; Outside Director of MODEC, Inc.; Outside Director of Sanyo Chemical Industries, Ltd.; Outside Director of DAIHEN Corporation; Outside Director of NICHICON CORPORATION |

- (Notes)
- \*1 = Representative Director
  - \*2 = Outside Director, as defined by laws and regulations
  - Director Mr. Iwao Fuchigami and Directors (Audit and Supervisory Committee Members) Mr. Shigeki Yasunami, Ms. Yuko Yasuda, and Mr. Shigenobu Aikyo are independent officers that are unlikely to have any conflict of interest with respect to general shareholders, an assurance we are obliged to provide by the Tokyo Stock Exchange.
  - Director (Audit and Supervisory Committee Member) Mr. Shigeki Yasunami has the qualification of being a certified public accountant and possesses a high degree of knowledge related to finance and accounting.
  - Effective June 28, 2016, the Company transitioned to the Company with Audit and Supervisory Committee system. Also on this date, Corporate Auditors Mr. Yoshiharu Takano and Mr. Shigeki Yasunami reached the end of their terms and resigned from their positions. Former Corporate Auditors Mr. Yoshiharu Takano and Mr.

Shigeki Yasunami and Director Ms. Yuko Yasuda were appointed as Directors (Audit and Supervisory Committee Members) on the same day.

6. In order to strengthen the audit and supervisory functions of the Audit and Supervisory Committee, Mr. Yoshiharu Takano was appointed as a full-time Audit and Supervisory Committee Member to allow him to collect information from directors that are not Audit and Supervisory Committee Members, share information through participation in important internal meetings, and pursue sufficient coordination with internal auditing divisions.

7. Other than those listed above, there are no relationships between the Company and any entities at which Outside Directors hold significant posts that require disclosure.

8. Officers holding significant concurrent posts not listed above: not applicable

Changes during the current period under review

1. New appointments      Appointed June 28, 2016  
                                          Michihiko Kanegae (Director)  
                                          Katsuya Imoto (Director)  
                                          Naoaki Mashimo (Director)  
                                          Hiroyuki Koike (Director) (part time)  
                                          Shigenobu Aikyo (Director (Audit and  
                                          Supervisory Committee Member)) (part time)
2. Retirements              Retired June 28, 2016  
                                          Nobuhide Nakaido (Director)  
                                          Hiroaki Kamata (Director)  
                                          Shigeo Kurimoto (Director)  
                                          Kimio Fukushima (Director)  
                                          Takahiro Ichino (Director)  
                                          Toshiyuki Kato (Director)  
                                          Yasuaki Matsuda (Corporate Auditor)  
                                          Hideo Ogawa (Corporate Auditor) (part time )

Executive Officers of the Company

The positions and/or areas of responsibility of numerous Executive Directors have been revised, effective April 1, 2017. Shown below are posts/assignments as of March 31, 2017 (before the revision) and April 1, 2017 (current status).

| Current position in company<br>(as of April 1, 2017) | Name              | Areas of responsibility and significant posts concurrently held                                                                                                                                                                                                                       |                                                                                                                                                                      |
|------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                   | As of March 31, 2017                                                                                                                                                                                                                                                                  | As of April 1, 2017 (current)                                                                                                                                        |
| President*1                                          | Tooru Tanihara    |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                      |
| Executive Officer*1,2                                | Hisakazu Suzuki   | Chief Legal Officer, Chief Public Relations Officer                                                                                                                                                                                                                                   | Chief Legal Officer, General Manager (Legal, General Affairs, Corporate Communications & CSR Group), officer in charge (internal audit)                              |
| Executive Officer*1,2                                | Hiroyuki Yamazaki | Chief Strategy Officer, Chief Health Officer, General Manager (Corporate Planning, Human Resources, Business Strategy Center)                                                                                                                                                         | Chief Health Officer, General Manager (Corporate Planning, Information Systems & Business Process Reengineering), officer in charge (human resources)                |
| Executive Officer*1                                  | Masahiko Suzuki   | Chief Technology Officer; General Manager, Business Solutions Group; General Manager (R&D Center); in charge of Manufacturing Systems Business Group and Automotive Systems Business Division; President, Chubu Branch; officer in charge of Telecommunication Systems Business Group | Chief Technology Officer; General Manager, Business Solutions Group; General Manager (R&D Center); President, Chubu Branch; officer in charge of IT Management Group |

| Current position in company | Name               | Areas of responsibility and significant posts concurrently held                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (as of April 1, 2017)       |                    | As of March 31, 2017                                                                                                                                                                              | As of April 1, 2017 (current)                                                                                                                                                                                                                                                                                                            |
| Executive Officer*1         | Masanori Furunuma  | Chief System Development Officer; General Manager, Financial Systems Business Group; Director of JIEC Co., Ltd.                                                                                   | Chief System Development Officer; officer in charge of financial systems; General Manager, Financial Systems Business Group I; officer in charge of Financial Systems Business Group II; Director of JIEC Co., Ltd.                                                                                                                      |
| Executive Officer           | Shozo Hirose       | Deputy General Manager, Financial Systems Business Group                                                                                                                                          | General Manager, Financial Systems Business Group II                                                                                                                                                                                                                                                                                     |
| Executive Officer*1         | Tatsuyasu Kumazaki | General Manager, Business Services Group; Director of VeriServe Corporation                                                                                                                       | General Manager, Business Services Group; Director of VeriServe Corporation                                                                                                                                                                                                                                                              |
| Executive Officer*1         | Tetsuya Fukunaga   | General Manager (Finance & Risk Management Group and in charge of IR); General Manager of Finance & Risk Management Group; officer in charge (accounting); Outside Director of Argo Graphics Inc. | Chief Financial Officer; General Manager (Finance & Risk Management Group and in charge of IR); General Manager of Finance & Risk Management Group; officer in charge (accounting); Outside Director of Argo Graphics Inc.                                                                                                               |
| Executive Officer*1         | Masatoshi Endo     | General Manager (SE+ Center, Development Division, Purchasing and Business Coordination); General Manager, Development Division                                                                   | Chief Project Management Officer; General Manager (SE+ Center, Development Division, Purchasing and Business Coordination); Assistant General Manager, Manufacturing Systems Business Group (in charge of PMO); Assistant General Manager, Distribution Systems Business Group (in charge of PMO); General Manager, Development Division |
| Executive Officer*1         | Tatsujiro Naito    | General Manager, Distribution Systems Business Group; General Manager, Global Systems Business Division; Chief Representative, China & Asia; officer in charge of IT Management Group             | General Manager, Distribution Systems Business Group; officer in charge of Telecommunication Systems Business Group                                                                                                                                                                                                                      |
| Executive Officer*1         | Katsuya Imoto      | General Manager, Manufacturing Systems Business Group; General Manager, Nishinohon Branch                                                                                                         | General Manager, Manufacturing Systems Business Group; General Manager, Nishinohon Branch                                                                                                                                                                                                                                                |
| Executive Officer*1         | Naoaki Mashimo     | General Manager, IT Platform Solutions Group                                                                                                                                                      | General Manager, IT Platform Solutions Group                                                                                                                                                                                                                                                                                             |
| Executive Officer           | Kenji Mukai        | General Manager, Telecommunication Systems Business Group                                                                                                                                         | General Manager, Telecommunication Systems Business Group                                                                                                                                                                                                                                                                                |
| Executive Officer           | Akira Komori       | General Manager (Information Systems Planning and Business Process Reengineering)<br>Deputy General Manager (Human Resources)                                                                     | Assistant to President                                                                                                                                                                                                                                                                                                                   |
| Executive Officer           | Toshiaki Kudo      | Assistant General Manager, Financial Systems Business Group; General Manager of promotion of ITM linkage                                                                                          | General Manager, Financial Systems Business Division V, Financial Systems Business Group II                                                                                                                                                                                                                                              |



| Current position in company | Name             | Areas of responsibility and significant posts concurrently held                                                                                                                                                                                            |                                                                                                                                                                                                                                                 |
|-----------------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (as of April 1, 2017)       |                  | As of March 31, 2017                                                                                                                                                                                                                                       | As of April 1, 2017 (current)                                                                                                                                                                                                                   |
| Executive Officer           | Tetsuya Ueda     | General Manager, IT Management Group; General Manager, IT Architecture Integration Division                                                                                                                                                                | General Manager, IT Management Group; General Manager, Automotive Systems Business Division, Business Solutions Group                                                                                                                           |
| Executive Officer           | Makoto Nakamura  | Assistant General Manager (technology), Financial Systems Business Group; in charge of Automotive Systems Technology, Manufacturing Systems Business Group                                                                                                 | Assistant General Manager (human resources), Financial Systems Business Group I; Assistant General Manager (human resources), Financial Systems Business Group II; officer in charge of Automotive Systems Technology, Business Solutions Group |
| Executive Officer           | Atsushi Watanabe | General Manager, Business Promotion Division, IT Management Group; General Manager, netX Data Center Business Division                                                                                                                                     | Deputy General Manager, IT Management Group; netX Data Center Business Division                                                                                                                                                                 |
| Executive Officer           | Takashi Shinjo   | Officer in charge of promotion of ITM linkage, IT Platform Solutions Group; General Manager, Business Promotion Division; General Manager, IT Products & Services Division                                                                                 | Assistant General Manager, IT Platform Solutions Group; officer in charge of promotion of ITM linkage; General Manager, Business Promotion Division; General Manager, IT Products & Services Division                                           |
| Executive Officer           | Yoshinori Imai   | Assistant General Manager, Financial Systems Business Group; General Manager, Business Promotion Division; Director of JIEC Co., Ltd.                                                                                                                      | General Manager, Business Promotion Division, Financial Systems Group I; Director of JIEC Co., Ltd.                                                                                                                                             |
| Executive Officer           | Yoshimi Jouo     | General Manager, Kyushu IT Platform Solutions Division, IT Platform Solutions Group; General Manager, Sales Department I; General Manager, Sales Department II; President, Kyushu Branch; Representative Director and President of SCSK Kyushu Corporation | General Manager, Kyushu IT Platform Solutions Division, IT Platform Solutions Group; General Manager, Sales Department I; General Manager, Sales Department II; President, Kyushu Branch                                                        |
| Executive Officer           | Noboru Itoh      | General Manager, Distribution Systems Business Division I                                                                                                                                                                                                  | General Manager, Distribution Systems Business Division I                                                                                                                                                                                       |
| Executive Officer           | Shigehiro Seki   | Assistant General Manager (technology), Financial Systems Business Group; General Manager, Banking Systems Department IV                                                                                                                                   | General Manager, Financial Systems Business Division VI, Financial Systems Business Group II                                                                                                                                                    |
| Executive Officer           | Hisanao Takei    | Officer in charge of promotion of ITM linkage, Business Solutions Group; General Manager, Business Promotion Division; General Manager, ProActive Business Solutions Division                                                                              | Officer in charge of promotion of ITM linkage, Business Solutions Group; General Manager, Business Promotion Division                                                                                                                           |
| Executive Officer           | Koichi Naito     | General Manager, IT Management Group, IT Management Services Division; officer in charge of promotion of ITM linkage, Manufacturing Systems Business Group                                                                                                 | General Manager, Business Promotion Division, IT Management Group; officer in charge of promotion of ITM linkage, Manufacturing Systems Business Group                                                                                          |

| Current position in company<br>(as of April 1, 2017) | Name                | Areas of responsibility and significant posts concurrently held                                                                                                                                |                                                                                                                                                                                                        |
|------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                     | As of March 31, 2017                                                                                                                                                                           | As of April 1, 2017 (current)                                                                                                                                                                          |
| Executive Officer                                    | Yasushi Shimizu     | General Manager (accounting)                                                                                                                                                                   | General Manager (accounting);<br>General Manager, Accounting Group                                                                                                                                     |
| Executive Officer                                    | Yoshinori Kawashima | General Manager, Financial Systems Business Division III, Financial Systems Business Group                                                                                                     | Assistant General Manager (Securities), Financial Systems Business Group II                                                                                                                            |
| Executive Officer                                    | Yutaka Arisawa      | General Manager, Business Promotion Division, officer in charge of promotion of ITM linkage, Business Services Group                                                                           | General Manager, Business Promotion Division, officer in charge of promotion of ITM linkage, Business Services Group                                                                                   |
| Executive Officer                                    | Akihiko Harima      | General Manager (Legal, General Affairs, Corporate Communications & CSR); General Manager Legal, General Affairs, Corporate Communications & CSR Group; General Manager, Human Resources Group | General Manager (Human Resources); General Manager, Human Resources Group                                                                                                                              |
| Executive Officer                                    | Shoichi Kondo       | Officer in charge of Automotive Systems Business, Manufacturing Systems Business Group                                                                                                         | Officer in charge of Automotive Systems Business, Business Solutions Group                                                                                                                             |
| Executive Officer                                    | Takaaki Touma       | General Manager, Business Promotion Division, Manufacturing Systems Business Group                                                                                                             | Assistant General Manager, Manufacturing Systems Business Group; General Manager, Manufacturing Systems Business Division                                                                              |
| Executive Officer                                    | Takayuki Okuhara    | General Manager, Corporate Planning Group; General Manager, Business Strategy Center; Director of VeriServe Corporation                                                                        | General Manager, Corporate Planning Group, Director of VeriServe Corporation                                                                                                                           |
| Executive Officer                                    | Yuji Ueno           | General Manager, Engineering Solutions Division, IT Platform Solutions Group                                                                                                                   | General Manager, IT Engineering Division, IT Platform Solutions Group                                                                                                                                  |
| Executive Officer                                    | Tadashi Miyagawa    | Officer in charge of promotion of ITM linkage, Telecommunication Systems Business Group; General Manager, Business Promotion Division                                                          | General Manager, Telecommunications & Public Sector Systems Business Division, Telecommunication Systems Business Group                                                                                |
| Executive Officer                                    | Takaya Yamamoto     | General Manager, Banking Systems Dept. V (Nishinohon), Financial Systems Business Group                                                                                                        | General Manager (Nishinohon), Financial Systems Business Division II, Financial Systems Business Group I; General Manager, Financial Systems Business Division IV, Financial Systems Business Group II |
| Executive Officer                                    | Koji Watanabe       | General Manager, Automotive Systems Business, Manufacturing Systems Business Group, General Manager, Automotive Systems Dept. III                                                              | General Manager, Automotive Systems Business Division, Business Solutions Group; General Manager, Automotive Systems Dept. III                                                                         |

| Current position in company<br>(as of April 1, 2017) | Name                | Areas of responsibility and significant posts concurrently held                                                                                                                    |                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                     | As of March 31, 2017                                                                                                                                                               | As of April 1, 2017 (current)                                                                                                                                                                                                                                                                                               |
| Executive Officer                                    | Toshihiko Mitsuishi | General Manager, Financial Systems Business Division II, Financial Systems Business Group                                                                                          | General Manager, Financial Systems Business Division I, Financial Systems Business Group I; General Manager, AI Business Promotion Office, Business Promotion Division, Financial Systems Business Group I; General Manager, AI Business Promotion Office, Business Promotion Division, Financial Systems Business Group II |
| Executive Officer                                    | Takashi Mizuno      | General Manager, Corporate Systems Division, Business Solutions Group; General Manager, Information Systems Planning and Business Process Reengineering Group                      | General Manager, Information Systems and Business Process Reengineering Group                                                                                                                                                                                                                                               |
| Executive Officer                                    | Kan Takahashi       | General Manager, Financial System Business Division I, Financial Systems Business Group                                                                                            | General Manager, Financial Systems Business Division III, Financial Systems Business Group II                                                                                                                                                                                                                               |
| Executive Officer                                    | Naoki Ike           | General Manager, IT Engineering Division, IT Platform Solutions Group                                                                                                              | General Manager, Engineering Solutions Division, IT Platform Solutions Group                                                                                                                                                                                                                                                |
| Executive Officer                                    | Yukihiko Saito      | General Manager, Solutions Department I, AMO Business Division                                                                                                                     | General Manager, Solutions Department II, AMO Business Division                                                                                                                                                                                                                                                             |
| Executive Officer                                    | Yasuhiko Oka        | General Manager, Accounting Group; Director (Audit and Supervisory Committee Member) of JIEC Co., Ltd.; Director (Audit and Supervisory Committee Member) of VeriServe Corporation | General Manager, Legal, General Affairs, Corporate Communications & CSR Group; Director (Audit and Supervisory Committee Member) of JIEC Co., Ltd.; Director (Audit and Supervisory Committee Member) of VeriServe Corporation                                                                                              |
| Executive Officer                                    | Eri Kawanabe        | Officer in charge of promotion of ITM linkage; General Manager, Business Promotion Division, Distribution Systems Business Group; Deputy General Manager, Human Resources Group    | General Manager, Business Promotion Division, Distribution Systems Business Group; General Manager, Distribution Resource Strategy Officer                                                                                                                                                                                  |
| Executive Officer                                    | Akira Yamano        | General Manager, R&D Center; General Manager, OSS Strategy Planning Department                                                                                                     | General Manager, R&D Center; General Manager, Technical Strategy Planning and Promotion Division; officer in charge of Automotive Systems Technology, Business Solutions Group; General Manager, QINeS Advances Technology Department, Automotive Systems Business Division                                                 |
| Executive Officer                                    | Toshiya Uchida      | General Manager, Distribution Systems Department II, Distribution Systems Business Group                                                                                           | General Manager, Distribution Systems Department III Distribution Systems Business Group                                                                                                                                                                                                                                    |

| Current position in company<br>(as of April 1, 2017) | Name              | Areas of responsibility and significant posts concurrently held                                                                                                                                                                                                    |                                                                                                                                                                                                                          |
|------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                   | As of March 31, 2017                                                                                                                                                                                                                                               | As of April 1, 2017 (current)                                                                                                                                                                                            |
| Executive Officer                                    | Mineo Yokoyama    | General Manager, Nishinohon Industrial Systems Business Division II, Manufacturing Systems Business Group; General Manager, Industrial Systems Department I, Manufacturing Systems Business Group; General Manager, Business Promotion Division, Nishinohon Branch | General Manager, Nishinohon Industrial Systems Business Division II, Manufacturing Systems Business Group; General Manager, Business Promotion Division, Nishinohon Branch                                               |
| Executive Officer                                    | Hiroyuki Komiya   | Deputy General Manager, AMO Business Division II, Business Solutions Group; General Manager, Solutions Department III                                                                                                                                              | Deputy General Manager, AMO Business Division I                                                                                                                                                                          |
| Executive Officer                                    | Hitoshi Kohiyama  | Deputy General Manager, Financial Systems Department II, Financial Systems Business Group                                                                                                                                                                          | Deputy General Manager, Financial Systems Business Division I, Financial Systems Business Group I                                                                                                                        |
| Executive Officer                                    | Kazuhiko Abe      | General Manager, SC Systems Business Division, Distribution Systems Business Group                                                                                                                                                                                 | General Manager, SC Systems Business Division, Distribution Systems Business Group; General Manager, Global Systems Business Division                                                                                    |
| Executive Officer*3                                  | Hiroyuki Miyagawa | —                                                                                                                                                                                                                                                                  | General Manager, Chubu IT Platform Solutions Business, IT Platform Solutions Group; Assistant General Manager, Business Promotion Division                                                                               |
| Executive Officer*3                                  | Shunichi Horie    | —                                                                                                                                                                                                                                                                  | General Manager, Business Promotion Division, Financial Systems Business Group II; Deputy General Manager, Financial Systems Business Division III                                                                       |
| Executive Officer*3                                  | Kenji Toda        | —                                                                                                                                                                                                                                                                  | General Manager, Chubu Industrial Systems Business Division, Manufacturing Systems Business Group; General Manager, Industrial Systems Division I                                                                        |
| Executive Officer*3                                  | Ken Takano        | —                                                                                                                                                                                                                                                                  | General Manager, IT Architecture Integration Division, IT Management Group; General Manager, Administrative Work Coordination Office; officer in charge of promotion of ITM linkage, Distribution Systems Business Group |

- (Notes) 1. \*1 = Serves jointly as Executive Officer and Director  
2. \*2 = Scheduled to resign on June 23, 2017  
3. \*3 = Newly seated as Executive Officer on April 1, 2017  
4. Listed below are Executive Officers who retired as of March 31, 2017.

| Position at retirement     | Name              | Areas of responsibility at retirement                                                                                       |
|----------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Managing Executive Officer | Hideki Tazai      | Assistant General Manager, Business Services Group; President of SCSK ServiceWare Corporation                               |
| Senior Executive Officer   | Atsushi Innami    | Assistant General Manager, Business Solutions Group; Representative Director and President of CSK WinTechnology Corporation |
| Senior Executive Officer   | Senshi Ogawa      | Officer in charge of technology, Automotive Systems Business, Manufacturing Systems Business Group                          |
| Senior Executive Officer   | Teruhisa Hagiwara | Assistant General Manager, Business Services Group                                                                          |

#### 4-2 Total Remuneration, etc., Paid to Company Officers in the Fiscal Year

| Category                                                                                    | No. of payees           | Total amount of remuneration, etc. |
|---------------------------------------------------------------------------------------------|-------------------------|------------------------------------|
| Directors(excluding Audit and Supervisory Committee Members)<br>(of whom Outside Directors) | 22 people<br>(2 people) | ¥706 million<br>(¥10 million)      |
| Directors (Audit and Supervisory Committee Members)<br>(of which Outside Directors)         | 4 people<br>(4 people)  | ¥39 million<br>(¥39 million)       |
| Corporate Auditors<br>(of whom Outside Auditors)                                            | 4 people<br>(3 people)  | ¥15 million<br>(¥9 million)        |
| <b>Total</b>                                                                                | <b>30 people</b>        | <b>¥761 million</b>                |

- (Notes) 1. Remuneration amounts for Directors (Audit and Supervisory Committee Members) are for the period after the transition to the Company with Audit and Supervisory Committee system. Remuneration amounts for Corporate Auditors are for the period prior to the transition to the Company with Audit and Supervisory Committee system.
2. The upper limit on officer remuneration as determined upon resolution at the General Meeting of Shareholders (June 28, 2016) is, on a single business year basis, ¥960 million for Directors (excluding Audit and Supervisory Committee Members and Outside Directors), ¥40 million for Outside Directors (excluding Audit and Supervisory Committee Members), and ¥150 million for Directors (Audit and Supervisory Committee Members).
3. The upper limit on officer remuneration as determined upon resolution at the General Meeting of Shareholders (June 28, 2011) is, on a single business year basis, ¥150 million for Corporate Auditors.
4. No Outside Directors or Outside Auditors received officer remuneration, etc., from the parent company, etc., or from a subsidiary, etc., of the parent company, etc.

#### 4-3 Matters Regarding Significant Posts in Other Corporations Concurrently Held by Executive Officers and Outside Directors or Outside Corporate Auditors, etc.

Significant concurrently held posts are shown within Section 4-1, Directors and Corporate Auditors.

#### 4-4 Main Activities of Each Outside Director or Outside Corporate Auditor

| Category                                               | Name             | Attendance at Board of Directors meetings | Attendance at Board of Corporate Auditors meetings | Attendance at Audit and Supervisory Committee meetings |
|--------------------------------------------------------|------------------|-------------------------------------------|----------------------------------------------------|--------------------------------------------------------|
| Director                                               | Iwao Fuchigami   | 12/12                                     | —                                                  | —                                                      |
| Director (Audit and Supervisory Committee) (full time) | Yoshiharu Takano | 12/12                                     | 6/6                                                | 11/11                                                  |
| Director (Audit and Supervisory Committee) (part time) | Shigeki Yasunami | 12/12                                     | 6/6                                                | 11/11                                                  |
| Director (Audit and Supervisory Committee) (part time) | Yuko Yasuda      | 11/12                                     | —                                                  | 11/11                                                  |
| Director (Audit and Supervisory Committee) (part time) | Shigenobu Aikyo  | 9/10                                      | —                                                  | 10/11                                                  |

#### 4-5 Matters Regarding Liability Limitation Agreements

The Company, based on Article 427, Paragraph 1 of the Companies Act, and Article 29, Paragraph 2 of the Articles of Incorporation, has entered into liability limitation agreements with each Director (excluding Executive Directors, etc.) to limit the amount of their liabilities to the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act.

## 5. Matters Regarding the Independent Auditor

### 5-1 Name

KPMG AZSA LLC

### 5-2 Remuneration, etc., paid to the Independent Auditor

|                                                                                                                                                                   |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1. Audit remuneration and other fees paid to the Independent Auditor by the Company concerning the period under review                                            | ¥170 million |
| 2. Total amount of cash and other financial benefits payable by the Company and its consolidated subsidiaries to the Independent Auditor (inclusive of (1) above) | ¥270 million |

(Notes) 1. The audit agreement between the Company and the Independent Auditor does not differentiate audit remuneration fees based on the Companies Act from audit remuneration fees based on the Financial Instruments and Exchange Law. The amount on Line (1) above thus includes the audit remuneration and other fees based on the Financial Instruments and Exchange Law.

2. The Company has paid the Independent Auditor for services outside those specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (specifically, for services relating to the preparation of comfort letters).

3. Through the holding of the necessary hearings and the provision of the necessary reports and documents by the Independent Auditor or by the directorship, accounting, internal control, or other internal company units, the Audit and Supervisory Committee has checked the work performance of the Internal Auditor in the previous period, the contents of the audit plan for the current period, the general suitability of the audit fee estimate, and other such matters; and, having done so, the Audit and Supervisory Committee provides its consent to Independent Auditor fees, etc., in accordance with Article 399, Paragraph 1 and Paragraph 3 of the Companies Act.

### 5-3 Policy for Determination of Dismissal or Non-reappointment

In the event there is a significant adverse effect on the execution of the Independent Auditor's duties, due to reasons such as an Independent Auditor being suspended from practice by the authorities, and the situation is judged to be irremediable, the Audit and Supervisory Committee's policy is to submit a proposal to the General Meeting of Shareholders recommending that the Independent Auditor in question be dismissed or not be reappointed.

In addition, in the event the Independent Auditor is found to be applicable under any of the situations stipulated in the clauses of Article 340, Section 1 of the Companies Act and the situation is judged to be irremediable, the Audit and Supervisory Committee's policy is to dismiss such Independent Auditor after receiving the consent of all Audit and Supervisory Committee Members.

## 6. Matters Pertaining to Systems for Ensuring the Appropriateness of Operations

### 6-1. Overview of Resolutions to Set Up Systems, etc., Necessary to Ensure the Appropriateness of Operations

We have resolved to establish and implement the following basic policies and systems to ensure that, in the execution of their duties, Directors comply with laws and regulations and with the Articles of Incorporation, and other systems necessary to ensure the appropriateness of the operations of the corporate Group consisting of the Company and its subsidiaries (these systems are hereinafter referred to as the “Internal Control System”).

Furthermore, we are making efforts to establish a superior Internal Control System that conforms to any new requirements by confirming that the current System is functioning properly and continuously revising it.

#### (1) Systems for Ensuring that the Execution of Duties of Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

- As a Company with Audit and Supervisory Committee, we establish policies concerning the maintenance of our Internal Control System and thoroughly entrench compliance with laws and regulations among our officers and employees.
- We continuously appoint Outside Directors to maintain and enhance the supervisory functions of the Board of Directors.
- To enhance the supervisory functions of Directors and the Board of Directors, we have adopted an Executive Officer system that separates the supervisory functions of the Board of Directors and the Directors from the executive functions of the Executive Officers.
- We check whether the Internal Control System is functioning effectively. As an internal auditing system to supervise these checks, we have an Internal Auditing Department that directly reports to the President. We have also established a Risk Management Department to sustain improvements to the Internal Control System and to assist in its operation.
- We have stipulated internal regulations, including regulations concerning compliance with laws and regulations, etc., to make the Code of Conduct clear to our officers and employees. We have established a Compliance Committee, prepared a Compliance Manual, and have distributed copies of it to all levels within the Company to ensure thorough compliance with laws and regulations, etc.
- As part of our efforts to improve our system for compliance with laws and regulations, etc., we have introduced an internal reporting system that serves as a venue through which directors and employees can issue reports directly to the Compliance Committee Chairman, the Audit and Supervisory Committee, or a legal advisor with regard to compliance-related issues. Furthermore, this system ensures that reporters will be protected from being treated in a disadvantageous manner as a result of their issuing a report.

#### (2) Systems for Retaining and Managing Information Pertaining to the Directors’ Execution of their Duties

- We have stipulated document management regulations and other internal regulations covering the preservation and management of information and requests for approval, etc., concerning the execution of the



duties of the Board of Directors and regarding decisions that have been made at important meetings, including meetings of the Board of Directors. We have set up a system to ensure appropriate records administration.

### (3) Rules and Other Systems Pertaining to Risk Management for Losses

- We have set up systems to recognize and assess possible risks in relation to our business. We have prepared, managed and operated regulations, guidelines, etc., to prevent risk in the relevant departments and create mechanisms that can cope with different risks.
- We have prepared for the occurrence of unforeseen circumstances that might have serious effects on the Company, and have prepared emergency regulations to ensure a system that is capable of responding swiftly and appropriately.
- We have established regulations concerning information security management and the protection of personal information. We are ensuring comprehensive management and appropriate protection of confidential information and personal information in our business activities. In addition, through our training and awareness-raising programs, we are spreading the message throughout the Company of the importance of information security and how to ensure that it is done properly.

### (4) Systems for Ensuring the Efficient Execution of Directors' Duties

- We have adopted an Executive Officer system and have clarified the responsibilities and limits of authority of executives, to enable more efficient execution of Directors' duties.
- We have established the Management Committee to act as an advisory body to the President concerning important management matters. We have also set up committees to act as advisory bodies to the President concerning specific management issues.
- We have established an organization system to enable Directors and employees to perform their duties effectively, and have set up systems which use IT to make management decision making more efficient.

### (5) Systems for Ensuring the Appropriateness of Operations by SCSK and the Corporate Group Comprising SCSK, its Subsidiaries and Parent Company

- Under close collaboration among the parent company and subsidiaries, we work to configure a structure capable of ensuring the appropriateness of the operations of the corporate group.
- We have established a Management Philosophy and Code of Conduct, and are promoting the sharing of this management philosophy. Based on our Subsidiary Management Rules, we have also established internal regulations to stipulate which important matters arising in the management of subsidiaries, etc., are subject to management deliberation or otherwise reported to the Company.
- Through such deliberation or reporting, we shall maintain a Groupwide grasp of our managerial situation and, thus informed, shall strive to ensure the appropriateness of our operations and the suitability of our risk management.
- While respecting the autonomy of the subsidiaries and in consideration of their business activities/scale, we shall configure a system that provides a suitable level of operational support at the corporate group level and allows subsidiary Directors, et al., to efficiently execute their duties.
- We have instructed the subsidiaries to set up their own compliance committees so that they too have similar

systems in place to ensure compliance with laws and regulations, etc.

- The Company's Compliance Committee deliberates on matters pertaining to Groupwide compliance (including compliance by subsidiaries). Also, through our internal reporting system we facilitate coordination with subsidiaries by making it possible for direct communications to be issued by Directors, Corporate Auditors, and employees of subsidiaries with the aim of operating the Group in an integrated manner.

(6) Matters Regarding Directors and Employees Assigned to Support the Audit and Supervisory Committee by Request of the Committee

- We have set up the Audit and Supervisory Committee Department to assist the Audit and Supervisory Committee, and we have appointed employees (the "Audit and Supervisory Committee Department staff") to work in this department.

(7) Matters Regarding Independence of Directors and Employees Assigned Under Item (6) from Directors that are Not Audit and Supervisory Committee Members

- The Audit and Supervisory Committee Department shall maintain independence from Directors that are not Audit and Supervisory Committee Members.
- The Audit and Supervisory Committee shall receive advance notice of personnel changes to and reviews of the Audit and Supervisory Committee Department staff. If necessary, the Audit and Supervisory Committee may request that the President revise those changes.

(8) Matters Regarding the Effectiveness of Instructions to the Directors and Employees Assigned Under Item (6)

- Audit and Supervisory Committee Department staff members shall carry out their duties based on instructions from the Audit and Supervisory Committee.

(9) Systems for Directors that are Not Audit and Supervisory Committee Members and Employees to Report to the Audit and Supervisory Committee

- Directors that also serve on the Audit and Supervisory Committee (Audit and Supervisory Committee Members) attend Management Committee meetings and other important meetings.
- Important directors that are not Audit and Supervisory Committee Members (including the President) and employees shall hold periodic meetings with Audit and Supervisory Committee Members in order to promote mutual understanding.
- Of the deliberative/reportable items delineated within the Work Authority and Limitations, those of importance shall be reported to the Audit and Supervisory Committee through Audit and Supervisory Committee Members. Also, with regard to legal matters or to matters likely to have a substantial impact on the entire Company, Directors that are not Audit and Supervisory Committee Members and employees shall promptly provide reports and explanations to the Audit and Supervisory Committee as necessary.
- The Audit and Supervisory Committee also serves as a direct contact point for the internal reporting system.

(10) Systems for Use by Subsidiary Directors, Auditors, Employees, or Others Receiving Information from those Parties in Reporting to the Audit and Supervisory Committee

- Of the deliberative/reportable items delineated within the Subsidiary Management Rules, a number of predetermined matters shall be reported to the Audit and Supervisory Committee through Audit and Supervisory Committee Members.
- Under the shared Groupwide internal reporting system, the Audit and Supervisory Committee also serves as a direct contact point for reports by subsidiary directors, auditors, employees, and others.

(11) Systems for Assuring that Those Who Provide Information under Item (9) or (10) above are Not Treated Disadvantageously as a Result

- The compliance rules of the Company and its subsidiaries clearly state that a person who provides information under Item (9) or (10) will not be treated disadvantageously as a result.

(12) Procedures for the Prepayment/Reimbursement of Expenses Incurred in the Course of Audit and Supervisory Committee Members' Work Duties (Only Applicable to Work Duties as Audit and Supervisory Committee Members) and Treatment of Expenses/Obligations Incurred Through the Execution of Other Applicable Work Duties

- The Company shall honor requests for the prepayment or reimbursement of expenses incurred in the course of an Audit and Supervisory Committee Member's work duties and for the assumption of obligations incurred therein unless it can be shown that said expenses, etc., were not incurred as part of the execution of that Audit and Supervisory Committee Member's work duties.

(13) Other Systems for Ensuring that Auditing will be Carried Out Effectively by the Audit and Supervisory Committee

- Directors of subsidiaries that are not Audit and Supervisory Committee Members shall promote mutual understanding with the Audit and Supervisory Committee Members of the Company and the Auditors of subsidiaries and gather and exchange information with them to ensure that the Audit and Supervisory Committee can carry out its duties appropriately.
- Directors of the Company that are not Audit and Supervisory Committee Members and employees of the Company shall cooperate with the Audit and Supervisory Committee to ensure that its audit activities can be conducted effectively in accordance with the Audit and Supervisory Committee regulations set by the Audit and Supervisory Committee.
- The Internal Auditing Department shall present timely reports to Audit and Supervisory Committee Members about internal audit plans and results. Department personnel shall work closely with the Audit and Supervisory Committee to ensure effective audits by the Audit and Supervisory Committee.

(14) Our Basic Approach to and Current State of Preventing Anti-social Activities

- We have established a concept of not maintaining relationships with anti-social forces or groups as our basic policy to prevent us from ever having relationships with anti-social forces or groups that would threaten civic social order and safety.

- In our Compliance Manual, stipulated as a specific rule is that we are not to maintain relationships with anti-social forces or groups.
- In close collaboration with our Legal Adviser and the police, we are creating an environment in which we can respond promptly to anti-social forces, and we are making efforts to understand trends relating to anti-social forces.
- Our standard Company agreements contain articles that exclude anti-social forces. We conduct in-house training concerning the prevention of improper demands from anti-social forces, as well as other efforts to exclude anti-social forces.

## 6-2. Overview of Systems to Ensure the Appropriateness of Operations

Presented below is an overview of the current situation for systems intended to ensure the appropriateness of operations.

### (1) Compliance system

We have established internal compliance regulations and prepared a Compliance Manual, and our Compliance Committee meets regularly. Also, we conduct continuous training activities for officers and employees, while top-level Company management issues notifications and other communications intended to heighten awareness of compliance matters.

Furthermore, with regard to our system for encouraging internal reporting of potential compliance issues, we have distributed cards to our officers and employees to specify where they should report. We continue to inform people about this system and work to maintain its effectiveness.

### (2) Risk management system

We have established risk management regulations and continually work to monitor and assess risks. Furthermore, with regard to specific risks, we have taken concrete measures at the level of relevant departments.

With regard to unforeseen circumstances that could have a particularly serious impact on the Company, we have prepared a series of regulations for response in emergency situations. Particularly with regard to natural disasters including earthquakes in particular, we have prepared an emergency response manual for distribution to officers and employees. We remain active in this regard by, for example, regularly holding disaster response drills and the like.

In addition, we have established regulations concerning information security and management of personal information. Through this, along with continual training, directives and notifications, we work to inculcate the importance of information security throughout the Company.

### (3) Systems for Ensuring the Efficient Execution of Directors' Duties

We have adopted an Executive Officer system under which we clearly separate monitoring functions and executive functions. In addition, we have established the Management Committee and other committees to act as advisory bodies to the President. Furthermore, to promote the efficiency of decision-making and execution processes, we have installed a system through which various deliberations are

advanced via a work flow system.

#### (4) Subsidiary Management System

Based on the Subsidiary Management Rules, we determine a primary unit in charge at each subsidiary, from there creating and operating a management system covering various subsidiary reporting and deliberative requirements *vis-a-vis* the Company. We also work to maintain and enhance a work system suitable as a group entity, one that includes: seconding of Directors and Corporate Auditors to subsidiaries; operation of managerial committees within subsidiaries; distribution of cards outlining our corporate philosophy and Code of Conduct to subsidiary officers and employees; facilitation of audits by the Company's Audit and Supervisory Committee and Internal Auditing Department; collaboration and information sharing among auditing departments throughout the Group; implementation of the internal reporting system at subsidiaries; etc.

#### (5) Audit System

Audit and Supervisory Committee Members shall attend Management Committee meetings and other important meetings conducted per the regulations and plans formulated by the Audit and Supervisory Committee. Audit and Supervisory Committee Members are also to hold discussions with relevant officers and employees, including top-level managers. We have set up the Audit and Supervisory Committee Department to house the Audit and Supervisory Committee Department staff, which works under the Audit and Supervisory Committee and assists Audit and Supervisory Committee Members in their duties. Reassignments, evaluations, and other matters related to the Audit and Supervisory Committee Department staff shall be reported to the Audit and Supervisory Committee so as to assure a degree of independence from Directors that are not Audit and Supervisory Committee Members. Regular meetings shall be held with the Internal Auditing Department to promote collaboration and auditing efficiency.

(Note) The Company transitioned to the Company with Audit and Supervisory Committee system effective June 28, 2016. With regard to the above descriptions of the Internal Control System, "Audit and Supervisory Committee Members" and the "Audit and Supervisory Committee" refer to "Corporate Auditors" and the "Board of Auditors," respectively, over the period from April 1, 2016, to the date of transition of June 28, 2016. Furthermore, although the above descriptions pertain to the systems and their implementation status as of March 31, 2017, the necessary changes have been made to reflect changes in organization names that went into effect as of April 1, 2017.

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(Note) Values expressed in units of millions of yen have been rounded down to the nearest unit.

# Consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

| Assets                                  |                | Liabilities                                           |                |
|-----------------------------------------|----------------|-------------------------------------------------------|----------------|
| <b>Current assets</b>                   | <b>272,306</b> | <b>Current liabilities</b>                            | <b>183,919</b> |
| Cash and deposits                       | 27,363         | Notes and accounts payable-trade                      | 21,362         |
| Notes and accounts receivable-trade     | 65,764         | Short-term loans payable                              | 10,000         |
| Lease receivables and investment assets | 378            | Current portion of bonds                              | 15,000         |
| Operational investment securities       | 6,056          | Current portion of long-term loans payable            | 10,000         |
| Merchandise and finished goods          | 6,779          | Lease obligations                                     | 988            |
| Work in process                         | 341            | Income taxes payable                                  | 2,262          |
| Raw materials and supplies              | 50             | Provision for bonuses                                 | 6,418          |
| Deferred tax assets                     | 7,602          | Provision for directors' bonuses                      | 195            |
| Deposits paid                           | 98,171         | Provision for loss on construction contracts          | 50             |
| Guarantee deposits                      | 45,359         | Deposits received of prepaid cards                    | 91,828         |
| Other                                   | 14,486         | Other                                                 | 25,814         |
| Allowance for doubtful accounts         | -47            |                                                       |                |
|                                         |                | <b>Non-current liabilities</b>                        | <b>31,943</b>  |
| <b>Noncurrent assets</b>                | <b>117,230</b> | Bonds payable                                         | 20,000         |
| <b>Property, plant and equipment</b>    | <b>68,546</b>  | Long-term loans payable                               | 5,000          |
| Buildings and structures, net           | 34,863         | Lease obligations                                     | 1,667          |
| Tools, furniture and fixtures, net      | 7,759          | Provision for directors' retirement benefits          | 20             |
| Land                                    | 19,821         | Net defined benefit liability                         | 2,359          |
| Leased assets, net                      | 1,580          | Asset retirement obligations                          | 2,278          |
| Construction in progress                | 4,518          | Long-term lease and guarantee deposited               | 532            |
| Other, net                              | 2              | Other                                                 | 84             |
|                                         |                | <b>Total liabilities</b>                              | <b>215,862</b> |
|                                         |                | <b>Net assets</b>                                     |                |
| <b>Intangible assets</b>                | <b>11,825</b>  | <b>Shareholders' equity</b>                           | <b>167,497</b> |
| Goodwill                                | 133            | <b>Capital stock</b>                                  | <b>21,152</b>  |
| Other                                   | 11,691         | <b>Capital surplus</b>                                | <b>3,047</b>   |
|                                         |                | <b>Retained earnings</b>                              | <b>151,722</b> |
| <b>Investments and other assets</b>     | <b>36,857</b>  | <b>Treasury shares</b>                                | <b>-8,425</b>  |
| Investment securities                   | 9,564          | <b>Accumulated other comprehensive income</b>         | <b>-599</b>    |
| Long-term prepaid expenses              | 1,220          | Valuation difference on available-for-sale securities | 2,308          |
| Net defined benefit asset               | 13             | Deferred gains or losses on hedges                    | -5             |
| Lease and guarantee deposits            | 6,889          | Foreign currency translation adjustment               | -73            |
| Deferred tax assets                     | 18,248         | Remeasurements of defined benefit plans               | -2,829         |
| Other                                   | 1,046          | <b>Subscription rights to shares</b>                  | <b>70</b>      |
| Allowance for doubtful accounts         | -124           | <b>Non-controlling interests</b>                      | <b>6,706</b>   |
|                                         |                | <b>Total net assets</b>                               | <b>173,674</b> |
| <b>Total assets</b>                     | <b>389,537</b> | <b>Total liabilities and net assets</b>               | <b>389,537</b> |

## Consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

| Subject                                                       | Amount        |
|---------------------------------------------------------------|---------------|
| Net sales                                                     | 329,303       |
| Cost of sales                                                 | 247,548       |
| <b>Gross profit</b>                                           | <b>81,754</b> |
| Selling, general and administrative expenses                  | 48,040        |
| <b>Operating profit</b>                                       | <b>33,714</b> |
| Non-operating income                                          | 2,729         |
| Interest income                                               | 68            |
| Dividend income                                               | 67            |
| Share of profit of entities accounted for using equity method | 477           |
| Gain on sales of investment securities                        | 375           |
| Hoard profit of prepaid card                                  | 1,564         |
| Other                                                         | 176           |
| Non-operating expenses                                        | 322           |
| Interest expenses                                             | 162           |
| Bond issuance cost                                            | 48            |
| Other                                                         | 111           |
| <b>Ordinary profit</b>                                        | <b>36,121</b> |
| Extraordinary income                                          | 686           |
| Gain on sales of non-current assets                           | 15            |
| Gain on sales of investment securities                        | 671           |
| Extraordinary losses                                          | 980           |
| Loss on retirement of non-current assets                      | 80            |
| Loss on sales of non-current assets                           | 34            |
| Impairment loss                                               | 37            |
| Loss on valuation of investment securities                    | 7             |
| Loss on sales of membership                                   | 0             |
| Loss on valuation of membership                               | 3             |
| Compensation expenses                                         | 816           |
| <b>Profit before income taxes</b>                             | <b>35,827</b> |
| Income taxes-current                                          | 3,875         |
| Income taxes-deferred                                         | 2,679         |
| <b>Profit</b>                                                 | <b>29,273</b> |
| Profit attributable to non-controlling interests              | 814           |
| <b>Profit attributable to owners of parent</b>                | <b>28,458</b> |

## Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                                                                                       | Shareholders' equity |                 |                   |                 |                            |
|-------------------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                                                                       | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| <b>Balance at April 1, 2016</b>                                                                       | <b>21,152</b>        | <b>3,054</b>    | <b>131,886</b>    | <b>-8,444</b>   | <b>147,649</b>             |
| <b>Changes of items during period</b>                                                                 |                      |                 |                   |                 |                            |
| Dividends of surplus                                                                                  |                      |                 | -8,582            |                 | -8,582                     |
| Profit attributable to owners of parent                                                               |                      |                 | 28,458            |                 | 28,458                     |
| Change in ownership interest of parent due to transactions with non-controlling interests             |                      | -0              |                   |                 | -0                         |
| Purchase of treasury shares                                                                           |                      |                 |                   | -10             | -10                        |
| Disposal of treasury shares                                                                           |                      | -6              |                   | 27              | 20                         |
| Change in treasury shares arising from change in equity in entities accounted for using equity method |                      |                 |                   | 2               | 2                          |
| Change of scope of equity method                                                                      |                      |                 | -40               |                 | -40                        |
| Net changes of items other than shareholders' equity                                                  |                      |                 |                   |                 |                            |
| <b>Total changes of items during period</b>                                                           | <b>-</b>             | <b>-7</b>       | <b>19,835</b>     | <b>18</b>       | <b>19,847</b>              |
| <b>Balance at March 31, 2017</b>                                                                      | <b>21,152</b>        | <b>3,047</b>    | <b>151,722</b>    | <b>-8,425</b>   | <b>167,497</b>             |

(Millions of yen)

|                                                                                                       | Accumulated other comprehensive income                |                                    |                                         |                                         |                                              | Subscription rights to shares | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------------------|-------------------------------|---------------------------|------------------|
|                                                                                                       | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total Accumulated other comprehensive income |                               |                           |                  |
| <b>Balance at April 1, 2016</b>                                                                       | <b>1,556</b>                                          | <b>-89</b>                         | <b>169</b>                              | <b>-3,866</b>                           | <b>-2,229</b>                                | <b>88</b>                     | <b>6,038</b>              | <b>151,546</b>   |
| <b>Changes of items during period</b>                                                                 |                                                       |                                    |                                         |                                         |                                              |                               |                           |                  |
| Dividends of surplus                                                                                  |                                                       |                                    |                                         |                                         |                                              |                               |                           | -8,582           |
| Profit attributable to owners of parent                                                               |                                                       |                                    |                                         |                                         |                                              |                               |                           | 28,458           |
| Change in ownership interest of parent due to transactions with non-controlling interests             |                                                       |                                    |                                         |                                         |                                              |                               |                           | -0               |
| Purchase of treasury shares                                                                           |                                                       |                                    |                                         |                                         |                                              |                               |                           | -10              |
| Disposal of treasury shares                                                                           |                                                       |                                    |                                         |                                         |                                              |                               |                           | 20               |
| Change in treasury shares arising from change in equity in entities accounted for using equity method |                                                       |                                    |                                         |                                         |                                              |                               |                           | 2                |
| Change of scope of equity method                                                                      |                                                       |                                    |                                         |                                         |                                              |                               |                           | -40              |
| Net changes of items other than shareholders' equity                                                  | 752                                                   | 84                                 | -243                                    | 1,036                                   | 1,630                                        | -18                           | 668                       | 2,279            |
| <b>Total changes of items during period</b>                                                           | <b>752</b>                                            | <b>84</b>                          | <b>-243</b>                             | <b>1,036</b>                            | <b>1,630</b>                                 | <b>-18</b>                    | <b>668</b>                | <b>22,127</b>    |
| <b>Balance at March 31, 2017</b>                                                                      | <b>2,308</b>                                          | <b>-5</b>                          | <b>-73</b>                              | <b>-2,829</b>                           | <b>-599</b>                                  | <b>70</b>                     | <b>6,706</b>              | <b>173,674</b>   |

Values expressed in units of millions of yen have been rounded off to the nearest unit.



# Non-consolidated Balance Sheet

(As of March 31, 2017)

(Millions of yen)

| Assets                                                                     |                | Liabilities                                                  |                |
|----------------------------------------------------------------------------|----------------|--------------------------------------------------------------|----------------|
| <b>Current assets</b>                                                      | <b>186,979</b> | <b>Current liabilities</b>                                   | <b>140,278</b> |
| Cash and deposits                                                          | 13,915         | Accounts payable-trade                                       | 17,907         |
| Notes                                                                      | 347            | Short-term loans payable                                     | 10,000         |
| Accounts receivable                                                        | 53,253         | Current portion of bonds                                     | 15,000         |
| Lease investment assets                                                    | 377            | Current portion of long-term loans payable                   | 10,000         |
| Merchandise and finished goods                                             | 4,776          | Lease obligations                                            | 964            |
| Work in process                                                            | 180            | Accounts payable                                             | 4,896          |
| Raw materials and supplies                                                 | 41             | Expenses payable                                             | 1,193          |
| Advance payments-trade                                                     | 244            | Income taxes payable                                         | 1,189          |
| Prepaid expenses                                                           | 7,285          | Consumption taxes payable                                    | 2,051          |
| Deferred tax assets                                                        | 6,211          | Advances received                                            | 8,079          |
| Deposits paid                                                              | 97,000         | Deposits received                                            | 64,724         |
| Short-term loans receivable from subsidiaries and associates               | 500            | Provision for bonuses                                        | 4,046          |
| Other                                                                      | 2,873          | Provision for directors' bonuses                             | 174            |
| Allowance for doubtful accounts                                            | -27            | Provision for loss on construction contracts                 | 43             |
|                                                                            |                | Other                                                        | 8              |
| <b>Noncurrent assets</b>                                                   | <b>136,669</b> | <b>Noncurrent liabilities</b>                                | <b>30,290</b>  |
| <b>Property, plant and equipment</b>                                       | <b>67,008</b>  | Bonds payable                                                | 20,000         |
| Buildings                                                                  | 33,712         | Long-term loans payable                                      | 5,000          |
| Structures                                                                 | 309            | Lease obligation                                             | 1,651          |
| Vehicles                                                                   | 0              | Provision for directors' retirement benefits                 | 7              |
| Tools, furniture and fixtures, net                                         | 7,152          | Provision for retirement benefits                            | 314            |
| Land                                                                       | 19,821         | Asset retirement obligations                                 | 1,778          |
| Leased assets, net                                                         | 1,484          | Long-term lease guarantee deposited                          | 1,537          |
| Construction in progress                                                   | 4,527          |                                                              |                |
|                                                                            |                | <b>Total liabilities</b>                                     | <b>170,568</b> |
| <b>Intangible fixed assets</b>                                             | <b>10,485</b>  | <b>Net assets</b>                                            |                |
| Goodwill                                                                   | 114            | <b>Shareholders' equity</b>                                  | <b>150,815</b> |
| Software                                                                   | 10,170         | <b>Capital stock</b>                                         | <b>21,152</b>  |
| Leased assets                                                              | 79             | <b>Capital surplus</b>                                       | <b>1,299</b>   |
| Telephone subscription rights                                              | 117            | Legal capital surplus                                        | 1,299          |
| Right of using facilities                                                  | 2              | <b>Retained earnings</b>                                     | <b>136,363</b> |
| Trademark rights                                                           | 1              | Legal retained earnings                                      | 3,192          |
|                                                                            |                | Other retained earnings                                      | 133,170        |
| <b>Investment and other assets</b>                                         | <b>59,175</b>  | General reserve                                              | 23,310         |
| Investment securities                                                      | 4,231          | Retained earnings brought forward                            | 109,860        |
| Shares of subsidiaries and associates                                      | 31,063         | <b>Treasury shares</b>                                       | <b>-8,000</b>  |
| Investments in other securities of subsidiaries and associates             | 477            | <b>Valuation and translation adjustments</b>                 | <b>2,195</b>   |
| Long-term loans receivable                                                 | 41             | <b>Valuation difference on available-for-sale securities</b> | <b>2,200</b>   |
| Long-term loans receivable from employees                                  | 45             | <b>Deferred gains or losses on hedges</b>                    | <b>-5</b>      |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 33             | <b>Subscription rights to shares</b>                         | <b>70</b>      |
| Long-term prepaid expenses                                                 | 1,108          |                                                              |                |
| Lease and guarantee deposits                                               | 6,038          |                                                              |                |
| Deferred tax assets (non-                                                  | 12,913         |                                                              |                |

|                                              |                |                                         |                |
|----------------------------------------------|----------------|-----------------------------------------|----------------|
| current)                                     |                |                                         |                |
| Membership rights                            | 215            |                                         |                |
| Lease investment assets (non-current)        | 686            |                                         |                |
| Prepaid pension cost                         | 2,428          |                                         |                |
| Other (noncurrent)                           | 9              |                                         |                |
| Allowance for doubtful accounts (noncurrent) | -118           | <b>Total net assets</b>                 | <b>153,080</b> |
| <b>Total assets</b>                          | <b>323,648</b> | <b>Total liabilities and net assets</b> | <b>323,648</b> |

## Non-consolidated Statement of Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

| Subject                                                    | Amount        |
|------------------------------------------------------------|---------------|
| Sales                                                      | 258,348       |
| Cost of sales                                              | 194,760       |
| <b>Gross profit</b>                                        | <b>63,588</b> |
| Selling, general and administrative expenses               | 37,268        |
| <b>Operating income</b>                                    | <b>26,319</b> |
| Non-operating income                                       | 5,086         |
| Interest income                                            | 117           |
| Dividend income                                            | 4,341         |
| Other                                                      | 627           |
| Non-operating expenses                                     | 369           |
| Interest expenses                                          | 142           |
| Interest on bonds                                          | 103           |
| Bond issuance cost                                         | 48            |
| Other                                                      | 74            |
| <b>Ordinary income</b>                                     | <b>31,036</b> |
| Extraordinary income                                       | 727           |
| Gain on sale of non-current assets                         | 15            |
| Gain on sales of investment securities                     | 430           |
| Gain on sales of shares of subsidiaries and associates     | 281           |
| Extraordinary loss                                         | 946           |
| Loss on retirement of non-current assets                   | 56            |
| Loss on sale of non - current assets                       | 34            |
| Impairment loss                                            | 37            |
| Loss on valuation of shares of subsidiaries and associates | 4             |
| Loss on valuation of membership                            | 0             |
| Loss on valuation of membership                            | 3             |
| Compensation expenses                                      | 810           |
| <b>Profit before income taxes</b>                          | <b>30,816</b> |
| Income taxes-current                                       | 624           |
| Income taxes-deferred                                      | 5,325         |
| <b>Profit</b>                                              | <b>24,866</b> |

## Statement of Changes in Shareholders' Equity

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                                      | Shareholders' equity |                       |                       |                         |                 |                                         |                         |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-----------------|-----------------------------------------|-------------------------|
|                                                      | Capital stock        | Capital surplus       |                       | Retained earnings       |                 |                                         | Total retained earnings |
|                                                      |                      | Legal capital surplus | Total capital surplus | Legal retained earnings | General reserve | Other retained earnings brought forward |                         |
| <b>Balance on April 1, 2016</b>                      | <b>21,152</b>        | <b>1,299</b>          | <b>1,299</b>          | <b>2,334</b>            | <b>23,310</b>   | <b>94,441</b>                           | <b>120,085</b>          |
| <b>Changes during the consolidated period</b>        |                      |                       |                       |                         |                 |                                         |                         |
| Dividends of surplus                                 |                      |                       |                       |                         |                 | -8,582                                  | -8,582                  |
| Profit                                               |                      |                       |                       |                         |                 | 24,866                                  | 24,866                  |
| Purchase of treasury shares                          |                      |                       |                       |                         |                 |                                         |                         |
| Disposal of treasury shares                          |                      |                       |                       |                         |                 | -6                                      | -6                      |
| Provision of legal retained earnings                 |                      |                       |                       | 858                     |                 | -858                                    | -                       |
| Net changes of items other than shareholders' equity |                      |                       |                       |                         |                 |                                         |                         |
| <b>Total change during the period</b>                | <b>-</b>             | <b>-</b>              | <b>-</b>              | <b>858</b>              | <b>-</b>        | <b>15,419</b>                           | <b>16,277</b>           |
| <b>Balance on March 31, 2017</b>                     | <b>21,152</b>        | <b>1,299</b>          | <b>1,299</b>          | <b>3,192</b>            | <b>23,310</b>   | <b>109,860</b>                          | <b>136,363</b>          |

(Millions of yen)

|                                                      | Shareholders' equity |                            | Valuation and translation adjustments                 |                                    |                                             | Subscription rights to shares | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|-------------------------------|------------------|
|                                                      | Treasury shares      | Total Shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                               |                  |
| <b>Balance on April 1, 2016</b>                      | <b>-8,017</b>        | <b>134,521</b>             | <b>1,393</b>                                          | <b>-89</b>                         | <b>1,303</b>                                | <b>88</b>                     | <b>135,913</b>   |
| <b>Changes during the consolidated period</b>        |                      |                            |                                                       |                                    |                                             |                               |                  |
| Dividend surplus                                     |                      | -8,582                     |                                                       |                                    |                                             |                               | -8,582           |
| Profit                                               |                      | 24,866                     |                                                       |                                    |                                             |                               | 24,866           |
| Purchase of treasury shares                          | -10                  | -10                        |                                                       |                                    |                                             |                               | -10              |
| Disposal of treasury shares                          | 27                   | 20                         |                                                       |                                    |                                             |                               | 20               |
| Provision of legal retained earnings                 |                      | -                          |                                                       |                                    |                                             |                               | -                |
| Net changes of items other than shareholders' equity |                      |                            | 806                                                   | 84                                 | 891                                         | -18                           | 872              |
| <b>Total change during the consolidated period</b>   | <b>16</b>            | <b>16,294</b>              | <b>806</b>                                            | <b>84</b>                          | <b>891</b>                                  | <b>-18</b>                    | <b>17,166</b>    |
| <b>Balance on March 31, 2017</b>                     | <b>-8,000</b>        | <b>150,815</b>             | <b>2,200</b>                                          | <b>-5</b>                          | <b>2,195</b>                                | <b>70</b>                     | <b>153,080</b>   |

(Note) Values expressed in units of millions of yen have been rounded off to the nearest unit.

## **Independent Auditor's Report**

May 15, 2017

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomoyasu Sugizaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hideaki Takao (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity and notes to the consolidated financial statements of SCSK for the 49th fiscal year from April 1, 2016 to March 31, 2017 in accordance with Article 444, Section 4 of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan, and for the preparation and adoption of such internal controls as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 as the Independent Auditor. We conducted our audit in accordance with auditing standards generally accepted to be

fair and appropriate 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 evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected are based on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, although the objective of the consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 appropriate and sufficient to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan, present fairly, in all material aspects, the financial position and the results of operations of SCSK and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared.

### **Relationships of Interest**

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

## **Independent Auditor's Report**

May 15, 2017

The Board of Directors  
SCSK Corporation

KPMG AZSA LLC

Atsuji Maeno (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Tomoyasu Sugizaki (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hideaki Takao (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity and the related notes, and the supplementary schedules of SCSK for the 49th fiscal year from April 1, 2016 to March 31, 2017 in accordance with Article 436, Section 2, Paragraph 1 of the Companies Act.

### **Management's Responsibility for the Non-consolidated Financial Statements and Others**

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan, and for the preparation and adoption of such internal controls as Management determines is necessary to enable the preparation of non-consolidated financial statements and supplementary schedules that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as the Independent Auditor. We conducted our audit in

accordance with auditing standards generally accepted to be fair and appropriate 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 supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected are based on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to fraud or error. In making these risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate for the circumstances, although the objective of the non-consolidated financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 supplementary schedules.

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

### **Opinion**

In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material aspects, the financial position and the results of operations of SCSK for the period, for which the non-consolidated financial statements and supplementary schedules were prepared, in accordance with corporate accounting standards generally accepted to be fair and appropriate in Japan.

### **Relationships of Interest**

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



## Audit Report

The Audit and Supervisory Committee conducted an audit of the execution of duties of Directors during the 49th fiscal year from April 1, 2016, to March 31, 2017. Details regarding the audit methods and results are provided below.

### 1. Audit Methods and Other Details

The Audit and Supervisory Committee received periodic reports from Directors, employees, or other individuals on resolutions by the Board of Directors related to (b) and (c) of Article 399, Paragraph 13, Item 1 of the Companies Act and on the implementation and operation status of systems based on these resolutions (internal control systems). When necessary, Audit and Supervisory Committee Members requested explanations or voiced opinions regarding these matters. Audits were performed through the following methods.

In regard to internal control systems relating to financial reporting, the Audit and Supervisory Committee received reports on the status of evaluations and audits of these systems from Directors and the Independent Auditor (KPMG AZSA LLC), and explanations were requested as necessary.

① In accordance with the auditing policies formulated by the Audit and Supervisory Committee and the division of duties of Audit and Supervisory Committee Members, the Audit and Supervisory Committee Members coordinate with the Company's internal control divisions as we attend important meetings and receive reports regarding the execution of duties from Directors, employees, and other individuals. When necessary, Audit and Supervisory Committee Members requested explanations regarding those reports. We also inspected documents related to important decisions and examined operations and assets at the Company's head office and major operational establishments. As for subsidiaries, we communicated and exchanged information with the Directors, Corporate Auditors, and other individuals at subsidiaries, receiving business reports from subsidiaries, as necessary.

② In regard to transactions with the parent company, examinations were made in relation to (a) of Article 118, Item 5 of the Ordinance for Enforcement of the Companies Act as well as decisions and reasons for decisions related to (b) of the above article of the same law. The status of deliberations by the Board of Directors and other bodies was considered in this process.

③ Furthermore, the Audit and Supervisory Committee monitored and verified the activities of the Independent Auditor to ensure that it was maintaining an independent standpoint and implementing appropriate audits. In addition, the Audit and Supervisory Committee received reports from the Independent

Auditor regarding the execution of its duties and asked for explanations as necessary. Furthermore, notice was received from the Independent Auditor indicating that a system to ensure the execution of duties is conducted in an appropriate manner (as described in the clauses of the Article 131 of the Rules of Corporate Accounting) has been established in accordance with the Quality Control Standard Regarding Audit (Business Accounting Council, October 28, 2005). Explanations were received as necessary.

Based on the aforementioned methods, the Audit and Supervisory Committee examined the business report and the supplementary schedules for the fiscal year in question along with the financial statements (the balance sheet, the statement of income, the statements of changes in net assets, and the notes to the non-consolidated financial statements) and the supplementary schedules, the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statements of changes in net assets, and the notes to the consolidated financial statements).

## 2. Results of Audit

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

- (a) The business report and the supplementary schedules thereto fairly present the condition of the Company in accordance with Japanese laws and regulations and the Articles of Incorporation of the Company.
- (b) There has been neither unfair conduct nor any material violation of Japanese laws or regulations or of the Articles of Incorporation in the execution of duties of the Directors.
- (c) The content of the resolution by the Board of Directors regarding internal control systems is due and proper. Furthermore, nothing has arisen that requires comment with respect to items for business reporting or the Directors' execution of internal control systems.
- (d) Nothing has arisen that requires comment with regard to provisions for preventing transactions with the parent company from going against the interests of the Company or with regard to decisions or reasons behind decisions by the Board of Directors on whether or not such transactions go against the interests of the Company.

### (2) Results of the audit of the non-consolidated financial statements and supplementary schedules

The Audit and Supervisory Committee considers the methods and results of the audit by the Independent Auditor, KPMG AZSA LLC, to be due and proper.

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

The Audit and Supervisory Committee considers the methods and results of the audit by the Independent Auditor, KPMG AZSA LLC, to be due and proper.

May 15, 2017

Board of Corporate Auditors, SCSK Corporation

Yoshiharu Takano (Seal)

Audit and Supervisory Committee (full time)

Shigeki Yasunami (Seal)

Audit and Supervisory Committee (part time)

Yuko Yasuda (Seal)

Audit and Supervisory Committee (part time)

Shigenobu Aikyo (Seal)

Audit and Supervisory Committee (part time)

Notes: 1. Audit and Supervisory Committee Members Yoshiharu Takano, Shigeki Yasunami, Yuko Yasuda, and Shigenobu Aikyo are Outside Directors as described in Article 2, Item 15 and Article 331, Item 6 of the Companies Act.

2. Following a resolution at the Ordinary General Meeting of Shareholders held on June 28, 2016, the Company transitioned from the previously adopted the Company with Board of Company Auditors system to the Company with Audit and Supervisory Committee system. Audits for the period from April 1 to June 27, 2016, are based on audits conducted by the former Board of Auditors.

# Guidance for Shareholders on How to Exercise Voting Rights Either in Writing or by Electronic Means (the Internet, etc.)

## I. Exercising Voting Rights in Writing

Please indicate your approval or disapproval of each proposal on the enclosed voting form (*Japanese only*) and return it to reach our Registrar of Shareholders no later than 5:30 p.m. on Thursday, June 22, 2017.

## II. Exercising Voting Rights Electronically

### 1. Exercising voting rights via the Internet (Japanese only)

- (1) To exercise your voting rights via the Internet, you must use the following voting service website designated by the Company. Please note that you are also able to access and use this voting service website via a mobile phone.

Voting service website: <http://www.web54.net>

Note:  
The website can be accessed from mobile phones that are equipped with a barcode reader by scanning the QR code® on the right with the mobile phone. Please see your mobile phone's user manual for further details.  
(The QR code is the registered trademark of Denso Wave Incorporated.)



- (2) To exercise your voting rights via the Internet, please indicate whether you approve or disapprove of each proposal by using the code and password for the exercise of voting rights indicated on the enclosed voting form, and by following the instructions shown on the screen.
- (3) Provider access fees, telecommunications fees and any other fee for usage of the website to exercise your voting rights shall be borne by the shareholders.
- (4) To exercise your voting rights via the Internet, you will need to have the following systems:
  - a. Internet access
  - b. Voting via personal computer: Microsoft®Internet Explorer 6.0 or higher as your Internet browser software, and appropriate hardware to use such browser software.
  - c. Voting via mobile phone: A mobile phone with 128-bit SSL encryption. (To ensure the security of your data transmission, the voting website for mobile phones can be accessed only from mobile phones with 128-bit SSL encryption capability. Please note that this voting service is not available for mobile phones that do not support 128-bit SSL encryption. Please also note that while voting via mobile phones with full browser functionality is supported in principle, we cannot guarantee compatibility with all available mobile phone models.)

(Microsoft and Internet Explorer are trademarks or registered trademarks of Microsoft Corporation, registered in the United States, Japan and other countries.)

### 2. Electronic Voting Platform (*English available*)

For management and trust banks or other nominee shareholders (including standing proxies), the Electronic Voting Platform operated by Investor Communications Japan, Inc. (ICJ, Inc.) is available as another online voting method for the meeting, in addition to the method of voting via the Internet as described in 1. above, subject to prior application for use to ICJ, Inc.

### 3. Time limit for exercising voting rights electronically

Although it is acceptable to exercise voting rights electronically until 5:30 p.m. on Thursday June 22,

2017, please exercise your voting rights as early as possible to assist us with compiling the results of the voting.

### III. Treatment of Voting Rights Exercised Repeatedly

1. If you exercise your voting rights both in writing and electronically, we will only accept the exercise of your voting rights electronically as valid.
2. If you exercise your voting rights more than once electronically, we will only accept the last exercise of your voting rights as valid.

Please call the following number if you have any questions relating to this guidance.

For information about the operation of personal computers and mobile phones in the usage of the website to exercise your voting rights:

Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited

Dedicated line (Tel.) 0120-652-031 (9:00 a.m. to 9:00 p.m.)

For other inquiries

For shareholder who have an account with a securities company

Please contact your securities company.

For shareholders who do not have an account with a securities company (Shareholders who have special accounts)

Please contact the Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited

(Tel.) 0120-782-031 (9:00 a.m. to 5:00 p.m. excluding weekends and Japanese public holidays)