Securities Code: 2121
June 5, 2015

To Shareholders:

Hiroki Morita, President and Representative Director
mixi, Inc.
Sumitomo Fudosan Shibuya First Tower
1-2-20 Higashi, Shibuya-ku, Tokyo

CONVOCATION NOTICE FOR THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 16th Ordinary General Meeting of Shareholders of mixi, Inc. (the "Company"). The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. If you elect to exercise your voting rights in writing, please review the reference material for the meeting of shareholders below and send back the enclosed voting rights exercise form to the Company expressing your approval or disapproval of the agenda items by 7:00 p.m. on Wednesday, June 24, 2015.

Particulars

1. Date and time: Thursday, June 25, 2015, at 10:00 a.m.
2. Place: 2nd floor, Hall of Belle Salle Shibuya First, Sumitomo Fudosan Shibuya First Tower, 1-2-20 Higashi, Shibuya-ku, Tokyo

   (Please be aware that the venue is different from the previous venue. Please see the map to the venue for the meeting of shareholders attached at the end of this notice.)
3. Agenda items:

   Items to be reported:
   1. The business report, consolidated financial statements and results of audits of the consolidated financial statements by the independent auditors and the audit and supervisory board for the 16th fiscal year (from April 1, 2014 to March 31, 2015)
   2. The non-consolidated financial statements for the 16th fiscal year (from April 1, 2014 to March 31, 2015)

   Items to be resolved:

   Agenda Item No. 1: Partial amendment to the Articles of Incorporation

   Agenda Item No. 2: Election of seven directors

   Agenda Item No. 3: Election of one audit and supervisory board member

Agenda Item No. 4:	Election of one substitute audit and supervisory board member
Agenda Item No. 5:	Revision of the amount of remunerations for directors

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For those attending, please present the enclosed voting rights exercise form at the reception desk on arrival at the meeting.

Any change in the reference material for the meeting of shareholders, business report and consolidated and non-consolidated financial statements will be reported on the Company’s website (http://www/mixi.co.jp/).
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(Provided Documents)

Business Report

(from April 1, 2014 to March 31, 2015)

1. Matters concerning corporate group's current status

(1) Course and results of the business

In the consolidated fiscal year ended March 31, 2015, the Japanese economy experienced weakening yen and rising stock prices under the government's economic policies and the Bank of Japan's monetary policies and witnessed partial recovery in consumer spending and business performance of companies, and the economic trend had recovered gradually.

Regarding Internet-related industries, according to a survey by MM Research Institute, Ltd., the number of smartphone subscriptions at the end of December 2014 was 65.44 million, which constituted the majority (52.3%) of all mobile phone subscriptions, and the number of smartphone subscriptions is expected to continue increasing in the future.

In the midst of such an economic environment, the Company's net sales for the consolidated fiscal year ended March 31, 2015 were 112,918 million yen (an increase of 828.9% compared to the previous consolidated fiscal year). In addition, the Company's operating income was 52,686 million yen (an increase of 10,871.5% compared to the previous consolidated fiscal year), the ordinary income was 52,706 million yen (an increase of 19,877.3% compared to the previous consolidated fiscal year) and the net income for the consolidated fiscal year ended March 31, 2015 was 32,966 million yen (there was a net loss of 227 million yen in the previous consolidated fiscal year).

The status of each segment is as follows.

Net Sales by Business Segment

Business Segment	15th Fiscal Year		16th Fiscal Year		YoY Comparison (%)
	Net Sales (millions of yen)	Composition Ratio (%)	Net Sales (millions of yen)	Composition Ratio (%)	
Entertainment Business	3,374	27.8	102,251	90.6	2,929.8
Media Platform Business	8,781	72.2	10,666	9.4	21.5
Total	12,155	100.0	112,918	100.0	828.9

Change of the reportable segments and change in the method for measuring profits or expenses of the reportable segments

The names of, and categorization method for, the reportable segments have been changed since the end of the consolidated fiscal year ended March 31, 2015.

In addition, starting from the consolidated fiscal year, the method for measuring profits of the business segments has been changed to operating income-based amounts (EBITDA), which does not take into account the amount of depreciation and amortization of goodwill.

The year-on-year comparison and analysis below are based on the categories after the change.

(i) Entertainment business

The features of the smartphone native game “Monster Strike” are that it is easy to play and entertaining for everyone and it can be played through face-to-face cooperation with friends (multi-play), and the number of players has steadily grown. Television commercials have been aired since March 2014 in Japan, and the Company promoted the game in foreign countries as well (Taiwan, North America, South Korea, China, Hong Kong and Macau). Consequently, the number of players exceeded 25 million worldwide in March 2015. Regarding earnings, net sales and profits are steadily increasing as the number of players increases.

As a result, the entertainment business’s net sales were 102,251 million yen (an increase of 2,929.8% compared to the previous consolidated fiscal year) and the segment profit was 53,174 million yen (an increase of 4,524.8% compared to the previous consolidated fiscal year).

(ii) Media platform business

Regarding the social networking service “mixi,” the Company has worked to connect people with common hobbies and interests through “mixi” and invigorate the service by means such as making available some information, such as community news, on the Internet and strengthening accessibility to the contents. Regarding earnings, although net sales are decreasing due to factors such as changes in the device environment for browser games, the Company is working on, amongst other activities, strengthening the use of ad products by using advertising networks.

As a result, the media platform business’s net sales were 10,666 million yen (an increase of 21.5% compared to the previous consolidated fiscal year) and the segment profit was 2,116 million yen (an increase of 16.5% compared to the previous consolidated fiscal year).

(2) Status of capital expenditures

The total of capital expenditures spent during the consolidated fiscal year ended March 31, 2015 was 239 million yen (an increase of 110.1% compared to the previous consolidated fiscal year). The main component of the capital expenditures was 174 million yen spent for acquiring computers, servers and the like.

(3) Status of financing activities

Regarding financing activities during the consolidated fiscal year ended March 31, 2015, the Company borrowed 13,348 million yen in total from three banks for fund-raising for share acquisition.

(4) Status of business transfer, absorption-type company split or incorporation-type company split

Not applicable

(5) Status of acquiring other companies’ businesses

Not applicable

(6) Status of assuming rights and obligations related to other corporations' businesses through an absorption-type merger or absorption-type company split

Not applicable

(7) Status of acquiring or disposing of other companies' shares, other equities or subscription rights to shares

Company Name	Number of Shares Acquired	Ratio of the Company's Voting Rights	Acquisition Amount	Acquisition Date
Hunza, Inc.	10,850 shares	100.0%	11,573 million yen	March 31, 2015
MUSE & Co., Ltd.	1,923 shares	6.3%	99 million yen	December 16, 2014
	28,620 shares	93.7%	1,762 million yen	March 31, 2015

(8) Change in the status of assets and income and loss

(i) Change in the status of the corporate group's assets and income and loss

Category		13th Fiscal Year (ended March 2012)	14th Fiscal Year (ended March 2013)	15th Fiscal Year (ended March 2014)	16th Fiscal Year (the consolidated fiscal year) (ended March 2015)
Net Sales	(millions of yen)	13,334	12,632	12,155	112,918
Ordinary Income	(millions of yen)	2,107	2,629	263	52,706
Net Income (Net Loss)	(millions of yen)	749	1,654	(227)	32,966
Net Income (Net Loss) per Share	(yen)	10.00	22.17	(3.04)	409.62
Total Assets	(millions of yen)	19,649	20,083	26,492	104,178
Net Assets	(millions of yen)	14,722	16,291	22,427	53,570
Net Assets per Share	(yen)	196.80	217.32	278.45	664.39

Notes:

1. The net income or net loss per share was computed by using the weighted-average number of shares outstanding for the period.
2. The net assets per share were computed by using the total number of shares outstanding as at the end of the fiscal year.
3. On April 1, 2013 and July 1, 2014, the Company effected 1:100 and 1:5 stock splits, respectively. The net income or net loss per share and the net assets per share were calculated assuming the stock splits were conducted at the beginning of the 13th fiscal year.

(ii) Change in the status of the Company's assets and income and loss

Category		13th Fiscal Year (ended March 2012)	14th Fiscal Year (ended March 2013)	15th Fiscal Year (ended March 2014)	16th Fiscal Year (the fiscal year) (ended March 2015)
Net Sales	(millions of yen)	12,381	11,563	9,666	106,990
Ordinary Income	(millions of yen)	1,626	2,212	596	52,169
Net Income (Net Loss)	(millions of yen)	217	1,159	(7)	32,919
Net Income (Net Loss) per Share	(yen)	2.90	15.53	(0.10)	409.04
Total Assets	(millions of yen)	19,062	19,233	25,048	101,181
Net Assets	(millions of yen)	14,571	15,608	21,827	52,775
Net Assets per Share	(yen)	194.78	208.17	271.04	654.59

Notes:

1. The net income or net loss per share was computed by using the weighted-average number of shares outstanding for the period.
2. The net assets per share were computed by using the total number of shares outstanding as at the end of the fiscal year.
3. On April 1, 2013 and July 1, 2014, the Company effected 1:100 and 1:5 stock splits, respectively. The net income or net loss per share and the net assets per share were calculated assuming the stock splits were conducted at the beginning of the 13th fiscal year.

(9) Status of important subsidiaries

Company Name	Capital Stock	Ratio of the Company's Voting Rights	Main Business
mixi recruitment, Inc.	10 million yen	100.0%	Online recruitment advertising business
Diverse, Inc.	100 million yen	100.0%	Marriage support business
Hunza, Inc.	33 million yen	100.0%	Online ticket marketplace business
MUSE & Co., Ltd.	418 million yen	100.0%	E-commerce business

Notes:

1. Because the Company newly acquired shares of Hunza, Inc. and MUSE & Co., Ltd., those companies are included in the Company's consolidated financial statements from the consolidated fiscal year ended March 31, 2015.
2. The Company has 12 consolidated subsidiaries including the four important subsidiaries above.

(10) Issues to be addressed

The basic strategy of the Company's group is to keep creating new values in the world amid the rapidly changing external environment including changes in the device environment, such as the rapid popularization of smartphones and the diversification of online communication methods.

In order to keep creating new values, the Company will promote the creation of new game titles and the creation of new businesses through means such as openly collecting ideas from employees, and will also engage in active investments, such as the acquisition of external businesses. In addition, the Company will aim to maximize profitability of some of the businesses by actively promoting them not only in Japan but also overseas.

(11) Main businesses (as at March 31, 2015)

Business Segment	Details of Business
Entertainment Business	Providing smartphone native games and other games
Media Platform Business	Operating business to consumer services and consumer to consumer services that utilize the Internet and investing in companies that operate those services

(12) Main offices (as at March 31, 2015)

The Company	Head office	Shibuya-ku, Tokyo
Subsidiaries	mixi recruitment, Inc.	Shibuya-ku, Tokyo
	Diverse, Inc.	Shibuya-ku, Tokyo
	Hunza, Inc.	Shibuya-ku, Tokyo
	MUSE & Co., Ltd.	Chiyoda-ku, Tokyo

(13) Status of employees (as at March 31, 2015)

(i) Status of the corporate group's employees

Number of Employees	Increase or Decrease from the Previous Consolidated Fiscal Year
467	increase of 77

Note: Officers, part-time employees and temporary employees are not included in the number of employees above.

(ii) Status of the Company's employees

Number of Employees	Increase or Decrease from the Previous Fiscal Year	Average Age	Average Length of Service
339	increase of 54	31.9 years old	3.5 years

Note: Officers, part-time employees and temporary employees are not included in the number of employees above.

(14) Main lenders (as at March 31, 2015)

Lender	Outstanding Loan Balance
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,500 million yen
Sumitomo Mitsui Banking Corporation	924 million yen
Mizuho Bank, Ltd.	924 million yen

(15) Other important matters related to the corporate group's current status

Not applicable

2. Matters concerning the Company's shares (as at March 31, 2015)

(1) Total number of authorized shares — 264,000,000 shares

(2) Total number of issued shares — 83,203,000 shares (including 2,592,500 shares of treasury stock)

(3) Number of shareholders — 35,245 shareholders

(4) Principal shareholders (top ten shareholders)

Name of Shareholder	Number of Shares (shares)	Percentage of Shareholding (%)
Kenji Kasahara	39,178,000	48.60
Daisuke Gomi	2,550,000	3.16
MSCO Customer Securities	2,435,394	3.02
J.P. Morgan Clearing Corp-Clearing	1,448,790	1.79
Morgan Stanley & Co. LLC	1,354,164	1.67
Northern Trust Global Services Limited, Luxembourg re Clients Non-treaty Account	1,237,600	1.53
BNY GCM Client Account JPRD AC ISG (FE-AC)	896,840	1.11
Matsui Securities Co., Ltd.	856,900	1.06
Chase Manhattan Bank GTS Clients Account Escrow	766,583	0.95
Japan Trustee Services Bank, Ltd. (Trust Account)	663,300	0.82

Note: The percentages of shareholding were calculated by excluding the 2,592,500 shares of treasury stock and are rounded down to the nearest one-hundredth of one percent.

(5) Other important matters related to shares

Due to the 1:5 stock split effected on July 1, 2014, the total number of issued shares increased by 66,562,400 shares to 83,203,000 shares and the total number of authorized shares increased from 52,800,000 shares to 264,000,000 shares.

3. Matters concerning the Company's subscription rights to shares, etc.

(1) Status of subscription rights to shares, etc. held by the Company's officers as at the last day of the fiscal year

	12th Series of Subscription Rights to Shares
Issue Date	February 15, 2013
Category and Number of Grantees	One director (excluding outside directors)
Number of Subscription Rights to Shares	6 subscription rights to shares
Type and Number of the Underlying Shares	3,000 shares of common stock*3
Issue Price	Issued without consideration
Exercise Price per Share upon Exercising Subscription Rights to Shares	403 yen*3 *4
Exercise Period	From February 15, 2015 to February 14, 2018
Conditions for Exercising Subscription Rights to Shares	*5

Notes:

1. The Company does not grant any subscription rights to share to outside directors or audit and supervisory board members.
2. The subscription rights to shares held by the director were granted when the director was an employee of the Company.
3. The Company effected a 1:100 stock split on April 1, 2013, in accordance with the resolution of the board of directors meeting held on February 21, 2013, and effected a 1:5 stock split on July 1, 2014, in accordance with the resolution of the board of directors meeting held on May 14, 2014. The number of underlying shares and the exercise price per share upon exercising the subscription rights to shares in the table above are adjusted for those stock splits.
4. The exercise price per share upon exercising the subscription rights to shares is adjusted for the issuance of new shares by way of public offering resolved at the board of directors meeting held on February 28, 2014.
5. If a grantee of subscription rights to shares waives its subscription rights to shares, the grantee may not exercise the subscription rights to shares. Other conditions will be set forth in the "Subscription Agreement for All Subscription Rights to Shares" executed between the Company and a person to whom the Company has allotted subscription rights to shares.

(2) Status of subscription rights to shares, etc. granted to the Company's employees during the fiscal year

Not applicable

4. Matters concerning the Company's officers

(1) Names of, and other information regarding, directors and audit and supervisory board members (as at March 31, 2015)

Position in Company	Name	Responsibilities and Significant Concurrent Posts
President and Representative Director	Hiroki Morita	Executive Producer of Monster Strike Studio
Director	Yasuhiro Ogino	Executive General Manager of the Administrative Headquarter
Director	Shuhei Nishio	Executive General Manager of the Life Event Business
Director and Chairperson	Kenji Kasahara	-
Director	Ichiya Nakamura	Professor at the Graduate School of Media Design, Keio University Representative of General Incorporated Association, You Go Lab
Director	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc.
Audit and Supervisory Board Member (Standing)	Takako Kato	-
Audit and Supervisory Board Member	Takayuki Sato	Managing partner of Satoh Business Law Office
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	Managing partner of Wakamatsu CPA Office

Notes:

1. Director Ichiya Nakamura and Director Tatsuya Aoyagi are outside directors.
2. Standing Audit and Supervisory Board Member Takako Kato, Audit and Supervisory Board Member Takayuki Sato and Audit and Supervisory Board Member Hiroyuki Wakamatsu are outside audit and supervisory board members.
3. Standing Audit and Supervisory Board Member Takako Kato has built up experience in accounting operations over many years and possesses considerable expertise regarding finance and accounting.
4. Audit and Supervisory Board Member Takayuki Sato is qualified as a lawyer and possesses considerable expertise regarding finance and accounting.
5. Audit and Supervisory Board Member Hiroyuki Wakamatsu is qualified as a certified public accountant and a certified public tax accountant and possesses considerable expertise regarding finance and accounting.
6. The Company has notified the Tokyo Stock Exchange that Director Ichiya Nakamura and Audit and Supervisory Board Member Takayuki Sato are independent officers.

(2) Directors who retired during the fiscal year

Position in Company at Time of Retirement	Name	Responsibilities and Significant Concurrent Posts at Time of Retirement	Reason for Retirement	Retirement Date
President and Representative Director	Yusuke Asakura	Chief Executive Officer Executive Officer	Expiry of term of office	June 24, 2014
Director	Takeshi Matsuoka	Chief Technical Officer Executive Officer	Expiry of term of office	June 24, 2014

Director	Yuichi Kawasaki	Head of Innovation Center	Resignation	December 31, 2014

(3) Amount of remunerations for directors and audit and supervisory board members

Category	Number of Officers	Amount	Remarks
Director	9	118 million yen	(9 million yen for two outside directors)
Audit and Supervisory Board Member	3	21 million yen	(21 million yen for three outside audit and supervisory board members)
Total	12	139 million yen	

Notes:

1. The aggregate amount of remunerations for directors does not include salaries for employees payable to directors concurrently serving as employees.
2. It was resolved at the 14th ordinary general meeting of shareholders held on June 25, 2013, that the maximum amount of remunerations for directors (monthly-paid remunerations and stock options combined) is 200 million yen per annum (including a maximum amount of 30 million yen per annum for outside directors). The remunerations do not include salaries for employees payable to directors concurrently serving as employees.
3. It was resolved at the extraordinary general meeting of shareholders held on August 26, 2004, that the maximum amount of remunerations for audit and supervisory board members is 50 million yen per annum.
4. The number of officers in the column titled "Number of Officers" includes two directors who retired due to expiry of the term of office at the end of the 15th ordinary general meeting of shareholders held on June 24, 2014, and one director who resigned on December 31, 2014 and the amounts in the column titled "Amount" include the amount for those included directors.
5. The amount of remunerations above includes the expenses reported for the fiscal year in relation to subscription rights to shares granted as stock options (zero million yen for directors).

(4) Matters regarding outside officers

(i) The status of important concurrent posts as an executive, outside officer and other positions of other corporations

Position	Name	Name of Other Corporations and Details of Concurrent Posts
Director	Ichiya Nakamura	Professor at the Graduate School of Media Design, Keio University Representative of General Incorporated Association, You Go Lab Outside director of Space Shower Networks, Inc. Outside director of JP Holdings, Inc.
Director	Tatsuya Aoyagi	Representative director of Heartworth Partners, Inc. Outside audit and supervisory board member of AmLead Co., Ltd.
Audit and Supervisory Board Member	Takayuki Sato	Managing partner of Satoh Business Law Office
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	Managing partner of Wakamatsu CPA Office Outside audit and supervisory board member of With us Corporation Outside audit and supervisory board member of Eastern Co., Ltd. Outside audit and supervisory board member of Castalia Co., Ltd.

Notes:

1. There is no special relationship between the Company and the other corporations above.
2. Audit and Supervisory Board Member Hiroyuki Wakamatsu is to assume office as Pioneer Corporation's audit and supervisory board member on June 25, 2015, after the end of the fiscal year.

(ii) Main activities during the fiscal year ended March 31, 2015

Position	Name	Activities
Director	Ichiya Nakamura	He attended 14 of the 16 board of directors meetings held in the fiscal year. When deliberating on important matters related to management, he gave advice based on his knowledge and experience.
Director	Tatsuya Aoyagi	He attended 16 of the 16 board of directors meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.
Audit and Supervisory Board Member (Standing)	Takako Kato	She attended 16 of the 16 board of directors meetings held in the fiscal year, and she attended 17 of the 17 audit and supervisory board meetings held in the fiscal year. She provided comments necessary for deliberation on agenda items as appropriate.
Audit and Supervisory Board Member	Takayuki Sato	He attended 16 of the 16 board of directors meetings held in the fiscal year, and he attended 17 of the 17 audit and supervisory board meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a lawyer.
Audit and Supervisory Board Member	Hiroyuki Wakamatsu	He attended 15 of the 16 board of directors meetings held in the fiscal year, and he attended 16 of the 17 audit and supervisory board meetings held in the fiscal year. He provided comments mainly from his professional viewpoint as a certified public accountant.

(iii) Outline of the agreements for limitation of liability

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements to limit the liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act with the outside directors and the outside audit and supervisory board members. The amount of liability for damages limited pursuant to the agreements is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations.

5. Matters concerning independent auditors

(1) Name of independent auditors

Deloitte Touche Tohmatsu LLC

(2) Independent auditors' remuneration for the fiscal year ended March 31, 2015

	Payment
Independent auditors' remuneration for the fiscal year ended March 31, 2015	30 million yen
The aggregate amount of money and other financial benefits to be paid by the Company and its subsidiaries	30 million yen

Note: Under the audit contract between the Company and the independent auditors, remuneration is not clearly divided into remuneration for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act, and it is impractical to allocate the remuneration between those two audits. Therefore, the aggregate amount of remuneration for those audits for the fiscal year ended March 31, 2015 is stated in the table above.

(3) Policy to determine dismissal or non-reelection of independent auditors

If the audit and supervisory board determines by taking into account various factors that it is necessary to dismiss or not to reelect the independent auditors (such as a case where the independent auditors have difficulty with the execution of their duties), the audit and supervisory board will resolve an agenda item concerning the dismissal or non-reelection of the independent auditors, and the board of directors will submit the agenda item to the general meeting of shareholders in accordance with the resolution made by the audit and supervisory board.

If the independent auditors are deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the audit and supervisory board will dismiss the independent auditors pursuant to the consents of all audit and supervisory board members. In that case, an audit and supervisory board member selected by the audit and supervisory board will report about the dismissal of the independent auditors and the reason therefor at the first general meeting of shareholders convened after the dismissal.

(4) Outline of the agreements for limitation of liability

Not applicable

6. Systems to ensure the properness of operations

Details of decisions concerning the systems necessary to ensure that the execution of duties by the directors complies with laws and regulations and the articles of incorporation and other systems necessary to ensure the properness of operations of a corporation are set out below.

(1) Systems to ensure that the execution of duties by the directors and employees complies with laws and regulations and the articles of incorporation

(i) As a company with an audit and supervisory board, the Company will endeavor to, through the supervisory function of the board of directors and the monitoring function of the audit and supervisory board, ensure that directors and employees properly execute their duties. In addition, the Company will establish an internal audit office as a division in charge of internal audits and under the direct control of the President and Representative Director, and by conducting internal audits through that division, the Company will inspect whether the execution of duties by the directors and employees complies with laws and regulations, the articles of incorporation and internal rules.

(ii) To enhance directors' and employees' awareness of compliance with laws and regulations, the Company will endeavor to develop a high sense of ethics by implementing ethical regulations and by providing legal education and other training that is appropriate in light of their duties.

(iii) Through the implementation and operation of a whistleblower system, the Company will identify at an early stage acts that will violate laws and regulations, the articles of incorporation or internal rules and will respond to such acts in an appropriate and timely manner.

(2) Systems regarding preservation and management of information relating to the execution of duties by directors

(i) Information relating to the execution of a director's duties shall be documented (including electronically recording the information) and then preserved with related material that was used to make judgments relating to the business. The Company will establish a division to supervise document management, and the documents that are subject to management, the division responsible for the preservation of those documents, the storage period, management methods and other related matters shall be provided in the document management rules.

(ii) In preparation for when a director, audit and supervisory board member or other relevant person requests to inspect information relating to the execution of a director's duties, the Company shall keep the information accessible and properly manage the information in accordance with the document management rules.

(3) Rules and other systems for managing risk of loss

(i) The Company shall endeavor to ascertain, assess and minimize risks that might occur in relation to the business operations of each division by implementing rules relating to risk management and appointing the President and Representative Director as the chief executive of the system for promoting risk management as well as establishing the "Internal Control Committee," which shall support the system and have the executive general manager of the Administrative Headquarter as its person in charge.

(ii) In preparation for when residual risks become apparent, the Company shall maintain a system that can promptly respond to such risks.

(4) Systems to ensure efficient execution of duties by directors

(i) The Company will aim to clarify duties and responsibilities of directors by implementing internal rules such as directors' rules, organization rules, rules of administrative authority and rules for allocation of duties. In addition, the Company shall implement rules for the board of directors and provide for matters that should be discussed at the board of directors.

(ii) To ensure the efficiency of business operations, the President and Representative Director shall determine a company-wide vision to be shared with directors and employees and work to cause that vision to permeate the Company and, in addition, each division shall determine measures to realize the vision and the President and Representative Director shall review such measures each quarter and give each division feedback on the results of the review.

(iii) In addition to the monthly regular board of directors meetings, if necessary, the Company will hold extraordinary board of directors meetings and make important business-related decisions and supervise and check the execution of business operations. In addition, the Company will establish a system that enables timely and proper business judgments by sharing information at an early stage through meetings held as appropriate in which the progress of the business operations of each division is discussed.

(5) System to ensure the properness of execution of operations in corporate group

(i) The Administrative Headquarter shall be in charge of administrating the management of subsidiaries, and the administration of management shall be conducted in accordance with the basic policies for administrating the management of group companies and rules for administrating group companies ("Rules for Administrating Group Companies").

(ii) If a subsidiary judges that there is an issue related to a law or regulation with respect to the Company's administration of management, it shall report to the Company's division in charge of internal audits. The internal audits division shall immediately report to the audit and supervisory board members. The audit and supervisory board members may state their opinion and request the Company to formulate improvement plans.

(iii) The division in charge of internal audits shall conduct internal audits on subsidiaries.

(6) Matters relating to employees assisting duties of audit and supervisory board members when appointment of those employees is requested by the audit and supervisory board members

In order to assist in the duties of audit and supervisory board members, the Company shall assign, at the request of audit and supervisory board members or the audit and supervisory board, employees to assist audit and supervisory board members. Audit and supervisory board members may instruct those employees on matters required to conduct audits.

(7) Matters relating to independence from directors of employees assisting duties of audit and

supervisory board members

(i) In providing assistance to audit and supervisory board members, employees assisting in the duties of audit and supervisory board members shall follow only the instructions of audit and supervisory board members and shall not receive instructions from directors or employees.

(ii) The appointment of, the appraisal of, and the transfer of an employee assisting in the duties of audit and supervisory board members shall be determined after obtaining the consent of the audit and supervisory board.

(8) System for reporting by directors and employees to audit and supervisory board members and other systems for reporting to audit and supervisory board members

(i) Audit and supervisory board members may attend board of directors meetings and other important meetings and hear explanations from directors and employees.

(ii) The meeting of the board of audit and supervisory board members will be held regularly on a monthly basis and also will be held whenever necessary, and audit and supervisory board members shall report to the audit and supervisory board regarding reports received from directors and employees.

(iii) Audit and supervisory board members shall inspect important documents and other documents and, as necessary, may request directors and employees to explain those documents.

(iv) Directors and employees shall, from time to time, report to the audit and supervisory board facts that might materially affect the management or business results of the Company.

(9) Other systems to ensure audit and supervisory board members to effectively conduct audits

(i) Audit and supervisory board members shall seek to promote mutual understanding with directors by regularly holding meetings with them and exchanging opinions about management issues, risks surrounding the Company, important audit issues and the situation regarding maintenance of work environment for audit and supervisory board members' audits.

(ii) Audit and supervisory board members may request directors to report on matters necessary for conducting an audit and, as necessary, may demand that directors implement corrective measures.

(iii) The audit and supervisory board shall regularly receive reports from the independent auditors on the method used to conduct accounting audits and their results and exchange opinions with the independent auditors.

(iv) Audit and supervisory board members and the audit and supervisory board may, as necessary, seek opinions from lawyers, patent attorneys, certified public accountants, certified public tax accountants and other external specialists.

7. Policy for determining dividends from surplus

The Company recognizes that providing a return to shareholders is an important management issue, and the Company's basic policy is to aim for dividend payouts in a total amount of approximately 20% of the Company's consolidated net income while taking into account the balance with the need for maintaining internal reserves for future business development and strengthening of business operations.

Based on the above policy, the year-end dividend for the fiscal year ended March 31, 2015 is 59 yen per share. The Company has distributed an interim dividend of 23 yen per share in the interim period, so the annual dividends for the fiscal year ended March 31, 2015 are 82 yen per share.

Based on the above policy, the annual dividends for the following fiscal year (ending March 31, 2016) are expected to be 129 yen per share. At this point in time, the Company has not yet determined the allocation of such amount between the dividends that will be distributed at the end of the second quarter and at the end of the fiscal year ending March 31, 2016, and the Company will promptly disclose this information after considering the future trends of business results and other matters.

While seeking to secure sufficient internal reserves and taking into consideration the business performance in each fiscal year, the Company will continue to consider providing returns to shareholders.

Consolidated Balance Sheets

(As of March 31, 2015)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**83,370**	**Current liabilities**	**50,608**
Cash and deposits	65,413	Short-term loans payable	13,348
Accounts receivable – trade	15,738	Accounts payable - other	4,812
Deferred tax assets	1,911	Income taxes payable	23,218
Other	325	Accrued consumption taxes	5,697
Allowance for doubtful accounts	(18)	Provision for bonuses	592
		Other	2,937
Non-current assets	**20,808**		
Property, plant and equipment	**624**		
Buildings	248		
Tools, furniture & fixtures	375		
Intangible assets	**14,236**		
Goodwill	14,192		
Other	44		
Investments and other assets	**5,947**		
Investment securities	2,313		
Deferred tax assets	2,889	**Total liabilities**	**50,608**
Other	749	**Net assets**	
Allowance for doubtful accounts	(5)	**Shareholders' equity**	**53,271**
		Capital stock	**7,034**
		Capital surplus	**7,007**
		Retained earnings	**40,744**
		Treasury shares	**(1,515)**
		Accumulated other comprehensive income	**285**
		Foreign currency translation adjustment	285
		Subscription rights to shares	**8**
		Minority interests	**4**
		Total net assets	**53,570**
Total assets	**104,178**	**Total liabilities and net assets**	**104,178**

Note: Figures have been rounded down to the nearest million yen.

Consolidated Statements of Income

(April 1, 2014 to March 31, 2015)

(Unit: ¥ million)

Description	Amount	
Net sales		**112,918**
Cost of sales		**11,009**
Gross profit		**101,909**
Selling, general and administrative expenses		**49,222**
Operating income		**52,686**
Non-operating income		
Interest income	9	
Foreign exchange gains	49	
Other	21	**80**
Non-operating expenses		
Interest expenses	2	
Loss on investments in partnership	23	
Commission fee	23	
Other	11	**60**
Ordinary income		**52,706**
Extraordinary income		
Gain on reversal of subscription rights to shares	1	
Gain on step acquisitions	20	
Other	0	**22**
Extraordinary losses		
Loss on sales and retirement of non-current assets	48	
Impairment loss	199	
Loss on valuation of investment securities	139	**387**
Income before income taxes and minority interests		**52,341**
Income taxes - current	23,144	
Income taxes - deferred	(3,769)	**19,375**
Income before minority interests		**32,965**
Minority interests in loss		**(0)**
Net income		**32,966**

Note: Figures have been rounded down to the nearest million yen.

Consolidated Statements of Changes in Shareholders' Equity

(April 1, 2014 to March 31, 2015)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2014	7,034	7,013	9,853	(1,661)	22,238
Changes of items during period					
Dividends of surplus			(2,074)		(2,074)
Net income			32,966		32,966
Disposal of treasury shares		(5)		146	141
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(5)	30,891	146	31,032
Balance on March 31, 2015	7,034	7,007	40,744	(1,515)	53,271

	Accumulated other comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance on April 1, 2014	137	137	46	5	22,427
Changes of items during period					
Dividends of surplus					(2,074)
Net income					32,966
Disposal of treasury shares					141
Net changes of items other than shareholders' equity	148	148	(37)	(0)	109
Total changes of items during period	148	148	(37)	(0)	31,142
Balance on March 31, 2015	285	285	8	4	53,570

Note: Figures have been rounded down to the nearest million yen.

1. Notes on Important Matters that Form the Basis of Preparing Consolidated Financial Statements

(1) Matters Related to the Scope of Consolidation

1) Number and names of consolidated subsidiaries

- Number of consolidated subsidiaries: 12
- Names of the major consolidated subsidiaries: mixi recruitment, Inc.
  Diverse, Inc.
  Hunza, Inc.
  MUSE & Co., Ltd.

Hunza, Inc. and MUSE & Co., Ltd. have been included in the scope of consolidation from the consolidated fiscal year ended March 31, 2015 due to acquisition of their shares.

kamado, Inc., which was a consolidated subsidiary of the Company until the previous consolidated fiscal year, has been excluded from the scope of consolidation due to its liquidation on March 30, 2015.

2) Names of non-consolidated subsidiaries

eMercury, Inc.

(Reason for exclusion from the scope of consolidation)

eMercury, Inc. has been excluded from the scope of consolidation as it is a small-scale company and its total assets, net sales, net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc. have no significant impact on the consolidated financial statements.

(2) Matters Related to the Application of Equity Method

1) Number and names of entities accounted for using the equity method

Not applicable.

SORATOBU Inc., which was an entity accounted for using the equity method until the previous consolidated fiscal year, is excluded from the scope of application of the equity method as all shares held by the Company have been sold.

2) Names of non-consolidated subsidiaries not accounted for using the equity method

eMercury, Inc.

(Reason for not applying the equity method)

Non-consolidated subsidiaries that are not accounted for using the equity method are excluded from the scope of application of the equity method since their exclusion has an insignificant impact on the consolidated financial statements in terms of net income or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), etc.

(3) Matters Related to the Fiscal Year of Consolidated Subsidiaries

Among consolidated subsidiaries, the balance sheet date of Scrum Ventures Fund I, L.P. and Scrum Ventures GP L.L.C. is December 31, and the balance sheet date of Hunza, Inc. is February 28, and their financial statements as at their respective balance sheet dates are used. However, necessary adjustments are made to reflect important transactions that occurred between their balance sheet dates and the consolidated balance sheet date.

(4) Matters Related to Accounting Standards

1) Valuation Standards and Valuation Methods of Significant Assets
Valuation standards and valuation methods of securities

a. Available-for-sale securities without market value:

Stated at cost using the moving-average method. Investments in investment partnerships, etc. are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company’s ownership interests.

2) Depreciation and amortization methods of significant depreciation assets

a. Property, plant and equipment:

The declining balance method is primarily applied. However, the straight line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998.
The principle useful lives are as follows:

Buildings: 8 to 50 years
Tools, furniture and fixtures: 3 to 20 years

b. Intangible assets:
The straight line method is applied.
The principle useful lives are as follows:

Software for internal use: 5 years
Goodwill: Amortized over three years using the straight line method. However, in the case where the amount is immaterial, the entire amount is amortized at the time of occurrence.

3) Accounting standards for significant allowances and provisions

a. Allowance for doubtful accounts:

In order to provide for losses due to bad debt, including on notes and accounts receivable – trade, for general receivables, an estimated uncollectible amount is recorded according to the historical bad debt ratio. For specific receivables at risk of becoming bad debt, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.

b. Provision for bonuses:

In order to provide for payment of bonuses to employees, the amount of bonuses estimated to be incurred in the consolidated fiscal year under review is recorded.

4) Other important matters that form the basis of preparing consolidated financial statements

Accounting method for consumption taxes: Accounted for by the tax exclusion method.

2. Notes on Changes in Representation Methods

(Consolidated Balance Sheets)

Deposits received (¥1,484 million yen in the current consolidated fiscal year), which were presented separately in the previous consolidated fiscal year, are included in "Other" in the consolidated fiscal year ended March 31, 2015 as the amount is insignificant.

3. Notes on Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment: ¥1,411 million

4. Notes on Consolidated Statements of Income

(1) Gain on step acquisitions

Gain was generated on the step acquisitions (December 16, 2014 and March 31, 2015) of shares in MUSE & Co., Ltd.

(2) Impairment loss

The Group posted impairment losses on the following assets in the current consolidated fiscal year.

Business	Application	Place	Classification	Amount (¥ million)
Media platform business	Business assets	-	Goodwill (mixi research, Inc.)	190

Assets are grouped mainly based on business segmentation. Idle assets and assets to be disposed of are grouped by each asset.

In the media platform business, an impairment loss on mixi research, Inc. was recognized due to the fact that the anticipated revenue from the business acquisition is no longer expected.

The recoverable value is calculated by estimating the usable value, but the assets are set as zero due to the fact that no future cash flow is anticipated.

5. Notes on Consolidated Statements of Changes in Shareholders' Equity

(1) Matters related to the total number of issued shares

Class of shares	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Common shares	16,640,600 shares	66,562,400 shares	- shares	83,203,000 shares

(Summary of causes of changes)
Increase due to stock split: 66,562,400 shares

(2) Matters related to dividends of surplus

1) Dividends paid

Resolution	Class of shares	Total amount of dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Board of Directors Meeting on May 14, 2014	Common shares	225	14	March 31, 2014	June 9, 2014
Board of Directors Meeting on November 7, 2014	Common shares	1,849	23	September 30, 2014	December 11, 2014

Note: Although a five-for-one stock split was carried out on July 1, 2014, the amount in "Dividends per share" stated above shows the actual dividends per share that was resolved at the Board of Directors Meeting on May 14, 2014 before the stock split.

2) Dividends with record dates within the consolidated fiscal year ended March 31, 2015 but with effective dates in the following consolidated fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (¥ million)	Dividends per share (¥)	Record date	Effective date
Board of Directors Meeting on May 12, 2015	Common shares	Retained earnings	4,756	59	March 31, 2015	June 8, 2015

(3) Matters related to the subscription rights to shares as of March 31, 2015

	Class of shares to be issued	Number of shares to be issued
4th Series of Subscription Rights to Shares (resolved at the Extraordinary General Meeting of Shareholders on October 21, 2005)	Common shares	15,000 shares
5th Series of Subscription Rights to Shares (resolved at the Extraordinary General Meeting of Shareholders on October 21, 2005)	Common shares	25,000 shares
9th Series of Subscription Rights to Shares (resolved at the Board of Directors Meeting on May 26, 2010)	Common shares	7,500 shares
10th Series of Subscription Rights to Shares (resolved at the Board of Directors Meeting on May 18, 2011)	Common shares	15,500 shares
12th Series of Subscription Rights to Shares (resolved at the Board of Directors Meeting on January 24, 2013)	Common shares	22,000 shares

6. Notes on Financial Instruments

(1) Matters related to Status of Financial Instruments

1) Policy on Financial Instruments

In regard to fund management, the mixi Group only invests its funds in highly safe short-term financial assets. The Group's policy on financing for consolidated subsidiaries is to use internal funds and loans from banks and other financial institutions.

2) Details of financial instruments, related risks, and risk management system

The main financial assets are cash and deposits, accounts receivable – trade, and investment securities. Deposits are mainly composed of ordinary deposits and short-term time deposits, and are exposed to the credit risk of parties holding the deposits but these parties are banks with high creditworthiness. Accounts receivable – trade are exposed to the credit risk of customers but in addition to regular management of the due dates and balance of each client by credit management personnel in accordance with credit management policies, the Group also strives for the early detection and mitigation of concerns for recovery due to reasons such as the deterioration of a client's financial situation. Investment securities are composed mainly of shares in companies with which the Group has business relationships and investments in investment partnerships and are exposed to credit risk but the Group monitors the financial situation of issuers and investment partnerships on a regular basis.

Financial liabilities consist mainly of short-term loans payable, accounts payable – other, income taxes payable, and accrued consumption taxes. Accounts payable – other are mainly due within one month. In regard to liquidity risk whereby financing is no longer possible, the Company has abundant cash reserves and has secured liquidity. For consolidated subsidiaries, the department responsible manages the liquidity risk by preparing and updating the cash management plan in a timely manner.

(2) Matters Related to Fair Value, etc. of Financial Instruments

The amounts recorded in the consolidated balance sheets, fair value and the difference between the two as of March 31, 2015 are as follows. Items for which it is extremely difficult to determine the fair value are not included in the following table. (See (Note 2)).

(Unit: ¥ million)

	Amount recorded on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	65,413	65,413	-
(2) Accounts receivable – trade Allowance for doubtful accounts	15,738 (18)		
	15,719	15,719	-
(3) Short-term loans payable	(13,348)	(13,348)	-
(4) Accounts payable – other	(4,812)	(4,812)	-
(5) Income taxes payable	(23,218)	(23,218)	-
(6) Accrued consumption taxes	(5,697)	(5,697)	-

(*) Items recorded as liabilities are denoted by ( ).

(Notes) 1. Matters related to the calculation method of fair value of financial instruments

(1) Cash and deposits (2) Accounts receivable – trade

As these are based on short-term settlements, their fair values are almost equivalent to their book values, and therefore their book values are used.

(3) Short-term loans payable (4) Accounts payable – other (5) Income taxes payable (6) Accrued consumption taxes

As these are based on short-term settlements, their fair values are almost equivalent to their book values, and therefore their book values are used.

2. Notes for unlisted shares (amount recorded on consolidated balance sheet is ¥1,239 million) and investments in investment partnerships (amount recorded on consolidated balance sheet is ¥1,074 million) are not included in the above table as the market price for those is not available, future cash flows cannot be estimated, and the fair value is deemed extremely difficult to determine.

7. Notes on Business Combinations, etc.

(1) Hunza, Inc.

1) Summary of the business combination

a. Name of the acquired company and description of the acquired business
Name of the acquired company: Hunza, Inc.
Description of the acquired business: Development and operation of TicketCamp, a ticket flea-market service

b. Reasons for the business combination

Hunza, founded in 2013, is the developer and operator of Japan's largest online ticket flea-market services (consumer-to-consumer ticket marketplaces), and has a company vision of “creating web services that become a culture.” TicketCamp is a service that allows users to buy and sell tickets for events such as live concerts, theatrical performances and sporting events. The number of users has steadily increased since the service was launched in 2013, and the service provides ticket buyers a platform from which to sell tickets for events that they are no longer able to attend to other fans.

The domestic live entertainment market has continued to expand, supported by the growth of “experience consumption” and an increase in the number of live events. With TicketCamp’s highly user-friendly service, featuring UI and an application optimal for smart phones, as well as escrow services, the number of transactions and total ticket transaction value have quickly grown. The primary source of revenue is the fees that the service receives from both ticket buyers and sellers in a transaction.

mixi will provide Hunza with know-how, including the marketing, application development and customer support capabilities cultivated through SNS “mixi,” and which propelled Monster Strike to great success, and will further accelerate the growth of this rapidly-expanding business by combining its know-how with Hunza’s service development capabilities and know-how in operating an online ticket flea-market service.

The Company acquired all of Hunza’s shares based on the recognition that creating a culture in which tickets can be conveniently bought and sold will contribute to further excitement of live events and the expansion of the live entertainment market.

Going forward, the aim will be to collaborate with “mixi” and make live entertainment experiences more rewarding and to generate an official organizer online ticket marketplace, thereby creating a new culture of smartphone-based online ticket flea-markets.

c. Date of business combination: March 31, 2015
d. Legal form of the business combination: Share acquisition
e. Name of the entity after the business combination: Hunza, Inc.
f. Ratio of voting rights acquired: 100%
g. Primary ground for determining the acquiring company: Due to the acquisition by the Company of all of Hunza’s shares and its conversion to a consolidated subsidiary.

2) Period of business performance of the acquired company included in the consolidated statement of income for the consolidated fiscal year ended March 31, 2015

The business performance of the acquired company is not included in the consolidated financial statements for the consolidated fiscal year ended March 31, 2015 for the reasons that the acquisition was deemed to be implemented on February 28, 2015 (balance sheet date of Hunza, Inc.) and the consolidated balance sheets are compiled based on the financial statements as of the same date.

3) Acquisition cost of the acquired company and its breakdown

Consideration for acquisition
Cash
¥11,521 million

Expenses directly required for the acquisition
Advisory fees, etc.
¥51 million

Acquisition cost
¥11,573 million

4) Amount of goodwill generated, reasons for the goodwill, and amortization method and amortization period of goodwill

a. Amount of goodwill generated
¥11,934 million

The amount of goodwill is calculated tentatively because calculation of specific and fair value of identifiable assets and liabilities at the date of the business combination is pending and the allocation of acquisition cost has not been completed.

b. Reasons for the goodwill
Goodwill was generated due to the difference between the value of equity interest held by the acquiring company in the acquired company and the acquisition cost.

c. Amortization method and amortization period of goodwill
Goodwill is amortized using the straight line method. Amortization period will be determined based on the result of the allocation of acquisition cost.

(2) MUSE & Co., Ltd.

1) Summary of the business combination

a. Name of the acquired company and description of the acquired business
Name of the acquired company: MUSE & Co., Ltd.
Description of the acquired business: Planning, development and operation of fashion commerce service targeted at females, MUSE&Co.
Retail sales of apparel, accessories, ornaments and sundry goods

b. Reasons for the business combination

Since 2012, MUSE & Co., Ltd. has engaged in the operation of a fashion commerce service targeted at females, "MUSE&Co." As of 2015, it collaborates with a large number of fashion brands and has steadily increased the number of members as well as expanded its business.

The Japanese e-commerce market in 2015 is in an expanding trend, and e-commerce, which had until recently heavily depended on computers, is shifting toward smart devices. The Japanese smartphone commerce market is expected to experience rapid expansion. Moreover, medium for purchase of fashionable items is also shifting towards smart devices, and growth of the fashion commerce area is greatly anticipated.

"MUSE&Co." engages in flash sales offered for one week at a special price of up to 90% discount to registered members for a wide variety of products including products from fashion brands that are popular to women, as well as cosmetics and sundry goods. With the majority of users accessing the service through smartphones, the service creates "Opportunities to Special Products at Special Prices" utilizing the convenience and timelessness unique to smartphones and uncovers potential needs of users. The service aims to provide a completely new shopping experience which differs from the conventional flow where "shopping begins with product search," and instead "immediately links purchase from the moment one comes across a product."

The Company has determined that by combining the knowledge of service operations focused on smart devices developed by mixi Group over the years with the knowhow including sales capabilities, marketing and operation of MUSE & Co., Ltd. in smartphone commerce, provision of smartphone commerce that are attractive to and valued by users as well as business expansion can be realized, and has therefore acquired all shares of MUSE & Co., Ltd.

c. Date of business combination: March 31, 2015
d. Legal form of the business combination: Share acquisition
e. Name of the entity after the business combination: MUSE & Co., Ltd.
f. Ratio of voting rights acquired
Ratio of voting rights held immediately prior to the date of business combination: 6.3%
Ratio of voting rights additionally acquired on the date of business combination: 93.7%
Ratio of voting rights after the acquisition: 100.0%
g. Primary ground for determining the acquiring company: Due to the acquisition by the Company of all of MUSE & Co., Ltd.'s shares and its conversion to a consolidated subsidiary.

2) Period of business performance of the acquired company included in the consolidated statement of income for the consolidated fiscal year ended March 31, 2015

The business performance of the acquired company is not included in the consolidated financial statements for the consolidated fiscal year ended March 31, 2015 for the reasons that the acquisition was implemented on March 31, 2015 and the consolidated balance sheets are compiled based on the financial statements as of the same date.

3) Acquisition cost of the acquired company and its breakdown

Consideration for acquisition
Cash
¥1,849 million

Expenses directly required for the acquisition
Advisory fees, etc.
¥13 million

Acquisition cost
¥1,862 million

4) Difference between the acquisition cost and the total acquisition cost of each individual transaction that led to the acquisition

Gain on step acquisitions: ¥20 million

5) Amount of goodwill generated, reasons for the goodwill, and amortization method and amortization period of goodwill

a. Amount of goodwill generated
¥1,891 million

The amount of goodwill is calculated tentatively because calculation of specific and fair value of identifiable assets and liabilities at the date of the business combination is pending and the allocation of acquisition cost has not been completed.

b. Reasons for the goodwill
Goodwill was generated due to the difference between the value of equity interest held by the acquiring company in the acquired company and the acquisition cost.

c. Amortization method and amortization period of goodwill
Goodwill is amortized using the straight line method. Amortization period will be determined based on the result of the allocation of acquisition cost.

8. Notes on Per Share Information

(1) Net assets per share: ¥664.39
(2) Net income per share: 409.62

Note: The Company implemented a five-for-one stock split on July 1, 2014. Net assets per share and net income per share are calculated assuming the stock split was implemented at the beginning of the consolidated fiscal year ended March 31, 2015.

9. Notes on Significant Subsequent Events

Not applicable.

10. Other Notes

(Revision of amount of deferred tax assets and deferred tax liabilities due to changes in tax rates such as income tax)

Following the promulgation on March 31, 2015 of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015), a reduction in the tax rate, etc. was implemented in the consolidated fiscal year beginning on and after April 1, 2015. As a result, the effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 35.6% to 33.1% for temporary differences expected to be eliminated in the consolidated fiscal year beginning on April 1, 2015 and to 32.3% for temporary differences expected to be eliminated in the consolidated fiscal year beginning on April 1, 2016.

As a result of these changes in tax rates, deferred tax assets after deducting deferred tax liabilities decreased by ¥386 million and income taxes – deferred recorded in the current consolidated fiscal year increased by the same amount.

Balance Sheets

(As of March 31, 2015)

(Unit: ¥ million)

Description	Amount	Description	Amount
Assets		**Liabilities**	
Current assets	**78,886**	**Current liabilities**	**48,405**
Cash and deposits	61,417	Short-term loans payable	13,348
Accounts receivable – trade	15,177	Accounts payable – other	3,833
Prepaid expenses	129	Accrued expenses	2
Deferred tax assets	1,784	Income taxes payable	22,984
Other	393	Accrued consumption taxes	5,638
Allowance for doubtful accounts	(15)	Advances received	1,064
		Deposits received	990
Non-current assets	**22,294**	Provision for bonuses	542
Property, plant and equipment	**612**		
Buildings	240	**Total liabilities**	**48,405**
Tools, furniture & fixtures	372	**Net assets**	
Intangible assets	**43**	**Shareholders' equity**	**52,766**
Software	43	**Capital stock**	**7,034**
Other	0	**Capital surplus**	**7,007**
Investments and other assets	**21,637**	Legal capital surplus	7,004
Investment securities	1,328	Other capital surplus	3
Shares of subsidiaries and associates	16,277	**Retained earnings**	**40,239**
Long-term loans receivable	880	Other retained earnings	40,239
Deferred tax assets	2,718	Retained earnings brought forward	40,239
Other	712	**Treasury shares**	**(1,515)**
Allowance for doubtful accounts	(279)	**Subscription rights to shares**	**8**
		Total net assets	**52,775**
Total assets	**101,181**	**Total liabilities and net assets**	**101,181**

Note: Figures have been rounded down to the nearest million yen.

Statements of Income

(April 1, 2014 to March 31, 2015)

(Unit: ¥ million)

Description	Amount	
Net sales		**106,990**
Cost of sales		**9,762**
Gross profit		**97,228**
Selling, general and administrative expenses		**45,225**
Operating income		**52,003**
Non-operating income		
Interest income	36	
Dividend income	200	
Gain on investments in partnerships	35	
Foreign exchange gains	34	
Other	46	**352**
Non-operating expenses		
Interest expenses	2	
Commission fee	23	
Provision of allowance for doubtful accounts	161	
Other	0	**186**
Ordinary income		**52,169**
Extraordinary income		
Gain on reversal of subscription rights to shares	1	
Other	0	1
Extraordinary losses		
Loss on sales and retirement of non-current assets	44	
Impairment loss	9	
Loss on valuation of investment securities	88	
Loss on liquidation of businesses of subsidiaries and associates	198	
Loss on sales of shares of subsidiaries and associates	2	**343**
Income before income taxes		**51,827**
Income taxes - current	22,712	
Income taxes - deferred	(3,805)	**18,907**
Net income		**32,919**

Note: Figures have been rounded down to the nearest million yen.

Statements of Changes in Shareholders' Equity

(April 1, 2014 to March 31, 2015)

(Unit: ¥ million)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance on April 1, 2014	7,034	7,004	8	7,013	9,394	9,394
Changes of items during period						
Dividends of surplus					(2,074)	(2,074)
Net income					32,919	32,919
Disposal of treasury shares			(5)	(5)		
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	(5)	(5)	30,844	30,844
Balance on March 31, 2015	7,034	7,004	3	7,007	40,239	40,239

	Treasury shares	Total shareholders' equity	Subscription rights to shares	Total net assets
Balance on April 1, 2014	(1,661)	21,780	46	21,827
Changes of items during period				
Dividends of surplus		(2,074)		(2,074)
Net income		32,919		32,919
Disposal of treasury shares	146	141		141
Net changes of items other than shareholders' equity			(37)	(37)
Total changes of items during period	146	30,986	(37)	30,948
Balance on March 31, 2015	(1,515)	52,766	8	52,775

Note: Figures have been rounded down to the nearest million yen.

1. Notes on Matters Related to Significant Accounting Policies

(1) Valuation Standards and Valuation Methods of Securities

1) Shares of subsidiaries and associates:

Stated at cost using the moving-average method.

2) Available-for-sale securities without market value:

Stated at cost using the moving-average method. Investments in investment partnerships, etc. are based on the financial statements for the most recent balance sheet date using the net amount proportionate to the Company’s ownership interests.

(2) Depreciation and amortization methods of non-current assets

1) Property, plant and equipment:

The declining balance method is applied. However, the straight line method is applied for buildings (excluding accompanying facilities) acquired on or subsequent to April 1, 1998.
The principle useful lives are as follows:

Buildings: 8 to 50 years
Tools, furniture and fixtures: 3 to 20 years

2) Intangible assets:

The straight line method is applied. However, the amortization period for software for internal use is based on the period available for internal use (5 years).

(3) Accounting standards for allowances and provisions

1) Allowance for doubtful accounts:

In order to provide for losses due to bad debt, including on notes and accounts receivable – trade, for general receivables, an estimated uncollectible amount is recorded according to the historical bad debt ratio. For specific receivables at risk of becoming bad debt, an estimated uncollectible amount is recorded by assessing the collectability of each receivable individually.

2) Provision for bonuses:

In order to provide for payment of bonuses to employees, the amount of bonuses estimated to be incurred in the fiscal year under review is recorded.

(4) Other important matters that form the basis of preparing consolidated financial statements

Accounting method for consumption taxes: Accounted for by the tax exclusion method.

2. Notes on Changes in Representation Methods

(Balance Sheets)

Short-term loans receivable (¥100 million for the year ended March 31, 2015) and lease and guarantee deposits (¥705 million for the year ended March 31, 2015), which were presented separately in the previous fiscal year, are included in "Other" in the year ended March 31, 2015 as the amounts are insignificant.

3. Notes on Balance Sheets

(1) Accumulated depreciation of property, plant and equipment: ¥1,405 million

(2) Monetary receivables and payables in relation to subsidiaries and associates
Short-term monetary receivables: ¥249 million
Long-term monetary receivables: ¥884 million
Short-term monetary payables: ¥4 million

4. Notes on Statements of Income

(1) Transaction volume with subsidiaries and associates
Transaction volume of operating transactions
Operating revenue: ¥7 million
Operating expenses: ¥57 million
Transaction volume of non-operating transactions: ¥257 million

(2) Loss on liquidation of businesses of subsidiaries and associates
Loss on liquidation of the businesses of mixi research, Inc. and liquidation of kamado, Inc.

5. Notes on Statements of Changes in Shareholders' Equity

Class and number of treasury shares at the end of the year ended March 31, 2015
Common shares: 2,592,500 shares

6. Notes on Tax Effect Accounting

(1) Breakdown by main causes of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Software	¥2,709 million
Lump sum depreciable assets	32 million
Investment securities	54 million
Shares of subsidiaries and associates	104 million
Allowance for doubtful accounts	64 million
Enterprise tax payable	1,586 million
Provision for bonuses	179 million
Asset retirement obligations	16 million
Other	18 million
Subtotal of deferred tax assets	4,766 million
Valuation allowance	(264 million)
Total deferred tax assets	4,502 million
Deferred tax liabilities	
Total deferred tax liabilities	- million
Net deferred tax assets	4,502 million

(2) Revision of amount of deferred tax assets and deferred tax liabilities due to changes in tax rates such as income tax

Following the promulgation on March 31, 2015 of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015), a reduction in the tax rate, etc. was implemented in the fiscal year beginning on and after April 1, 2015. As a result, the effective statutory tax rate used to measure deferred tax assets and liabilities was changed from 35.6% to 33.1% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2015 and to 32.3% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016.

As a result of these changes in tax rates, deferred tax assets after deducting deferred tax liabilities decreased by ¥382 million and income taxes – deferred recorded in the current fiscal year increased by the same amount.

7. Notes on Per Share Information

(1) Net assets per share: ¥654.59
(2) Net income per share: ¥409.04

Note: The Company implemented a five-for-one stock split on July 1, 2014. Net assets per share and net income per share are calculated assuming the stock split was implemented at the beginning of the year ended March 31, 2015.

8. Notes on Significant Subsequent Events

Not applicable.

Reference Material for the Meeting of Shareholders

Agenda Item 1: Partial amendment to the Articles of Incorporation

1. Reason for proposal

The Company proposes the addition of a business purpose to Article 2 (Purpose) of the current Articles of Incorporation in order to handle the diversification of business in the future.

2. Details of the amendments

The details of the amendments are as stated below.

(Underlining indicates an amended part.)

Current Articles of Incorporation	Proposed Amendment to Articles of Incorporation
Article 2 Purpose The purpose of the Company is to conduct the following businesses.	Article 2 Purpose (No change)
1. to 7. (Omitted)	1. to 7. (No change)
8. Planning, producing and selling of books, magazines and other printed material and electronic publications	8. Publishing, planning, producing and selling of books, magazines, sheet music, etc. and other printed material and electronic publications
(Newly established)	9. Planning, developing, manufacturing, producing, selling and distributing contents such as games, images and music
(Newly established)	10. Planning, designing, manufacturing, selling and exporting and importing operations for toys and play implements
(Newly established)	11. Designing, manufacturing, selling, exporting, importing and renting of entertainment machines
(Newly established)	12. Catering business
(Newly established)	13. Training and management of show business celebrities, musicians, sports players, sound technicians, imagery technicians, etc.
(Newly established)	14. Administration of music copyrights and use and development of musical works
9. Planning and development of character merchandise; acquisition of, administration of, granting licenses for and assignment of copyrights, neighboring rights, design rights, trademarks and industrial property rights for character merchandise; and mediating and acting as an agent for those activities	15. Planning, development and selling of character merchandise; acquisition of, administration of, granting licenses for, and assignment of copyrights, neighboring rights, design rights, trademarks, and industrial property rights for character merchandise; and mediating and acting as an agent for those activities
10. to 15. (Omitted)	16. to 21. (No change)
16. Planning, producing, and selling original recordings, such as CDs, DVDs, music tapes and videos	22. Planning, producing, selling, and importing and exporting operations for, original recordings, such as CDs, DVDs, music tapes and videos

Current Articles of Incorporation	Proposed Amendment to Articles of Incorporation
17. to 26. (Omitted)	23. to 32. (No change)
27. Selling and importing clothing, food, cosmetics, medical supplies, daily goods, etc.	33. Planning, manufacturing, selling, and importing and exporting operations for, clothing, food, cosmetics, medical supplies, furniture, stationary, office machinery, daily goods, etc.
28. to 30. (Omitted)	34. to 36. (No change)
31. Engaging in, and selling tickets for, various types of event, such as baseball and other sporting events, performances, theater and movies; selling and repayment of betting tickets for publicly managed contests, betting tickets for sports promotion lottery, etc.	37. Planning, producing, engaging in, and selling tickets for, various types of event, such as baseball and other sporting events, performances, theater, movies, and music events; selling and repayment of betting tickets for publicly managed contests, betting tickets for sports promotion lottery, etc.
32. to 38. (Omitted)	38. to 44. (No change)

Agenda Item 2: Election of seven directors

With respect to the directors of the Company, of the seven directors who were elected at the ordinary general meeting of shareholders held on June 24, 2014, Mr. Yuichi Kawasaki resigned on December 31, 2014 and the term of office of the other six directors will expire when this meeting ends. Therefore the Company proposes the election of seven directors.

The candidates for director are as follows:

Candidate number	Name (Date of birth stated in parentheses)	Brief career history; positions and responsibilities in the Company; and significant concurrent posts		Number of Company shares owned
1	Hiroki Morita (April 2, 1976)	December 2000	Joined Net Village Co., Ltd. (now fonfun corporation)	250,000
		April 2007	Manager of content business at Net Village	
		November 2008	Joined the Company	
		February 2011	Director and vice president of Grenge, Inc.	
		January 2013	Executive officer of the Company	
		May 2013	Executive General Manager of game business at the Company	
		November 2013	Executive General Manager of mixi Head Office at the Company	
		February 2014	Executive Producer of Monster Strike Studio at the Company	
		June 2014	President and Representative Director of the Company (currently holds this position)	
2	Yasuhiro Ogino (September 29, 1973)	August 2005	Joined MACROMILL, INC.	450,000
		January 2008	Executive officer of MACROMILL (in charge of finance and accounting headquarters)	
		June 2008	Joined J-Magic K.K.	
		December 2008	Director, CFO, and general manager of	

Candidate number	Name (Date of birth stated in parentheses)	Brief career history; positions and responsibilities in the Company; and significant concurrent posts		Number of Company shares owned
			administration management at J Magic K.K.	
		December 2009	Joined the Company	
		November 2011	Executive General Manager of the Administrative Headquarter at the Company (currently holds this position)	
		February 2012	Executive officer of the Company	
		June 2012	Director of the Company (currently holds this position)	
3	Shuhei Nishio (June 2, 1980)	April 2003	Joined Recruit Co., Ltd. (now Recruit Holdings Co., Ltd.)	10,000
		July 2006	Joined Caplan Corporation	
		April 2008	Joined Saintmarc Holdings Co., Ltd.	
		April 2010	Joined J-Will Advance Co., Ltd.	
		January 2013	Joined the Company	
		July 2013	Executive officer of the Company	
			Head of the President's Office of the Company	
		March 2014	Representative director of mixi marketing, Inc. (currently holds this position)	
		April 2014	Executive General Manager of the Investment Head Office;	
			Representative director of Confianza & Co., Inc.	
		June 2014	Director of the Company (currently holds this position); Representative director of mixi recruitment, Inc.	
		August 2014	Executive General Manager of the Life Event Head Office at the Company	
		April 2015	Executive General Manager of the Corporate Planning Division at the Company (currently holds this position) Director of MUSE & Co., Ltd. (currently holds this position)	
4	Kenji Kasahara (December 6, 1975)	June 1999	Established eMercury, Inc. (now the Company)	39,178,000
			Director of eMercury, Inc.	
		October 2000	Reorganization (change from *yugen kaisha* to *kabushiki kaisha*) of eMercury, Inc. (now the Company)	
			President and representative director of eMercury, Inc.	
		February 2006	Company name changed to mixi, Inc.	
			President and representative director of the Company	
		May 2008	Chairperson at mixi Shanghai, Inc.	
		October 2008	Representative director of NexPas, Inc. (now Torchlight, Inc.)	
		April 2011	Representative director of mixi recruitment, Inc.	

Candidate number	Name (Date of birth stated in parentheses)	Brief career history; positions and responsibilities in the Company; and significant concurrent posts		Number of Company shares owned
		July 2011	Executive officer of the Company	
		June 2013	Director and Chairperson of the Company (currently holds this position)	
5	Ichiya Nakamura (March 19, 1961)	April 1984	Joined the Ministry of Posts and Telecommunications	-
		July 1998	Special advisor to CSK Holdings Corporation (now SCSK Corporation)	
		August 1998	Visiting professor at MIT Media Lab	
		August 2002	Vice chairperson of CANVAS (an NPO) (currently holds this position)	
		July 2004	Director at International Communications Foundation (now KDDI Foundation) (currently holds this position)	
		September 2006	Professor at the Research Institute for Digital Media and Content, Keio University	
		January 2007	Advisor to Ministry of Internal Affairs and Communications	
		April 2008	Professor at the Graduate School of Media Design, Keio University (currently holds this position)	
		June 2008	Chairperson of Standards Drafting Committee at Content Evaluation and Monitoring Association (EMA); Outside director of Space Shower Networks, Inc. (currently holds this position); Outside director of JP-Holdings, Inc. (currently holds this position)	
		June 2009	Director of the Company (currently holds this position)	
		May 2010	Committee chairperson at the Content Evaluation and Monitoring Association (EMA) (currently holds this position)	
		January 2011	Director of Digital Ehon, Inc.	
		March 2011	Trustee of Okawa Dream Foundation (currently holds this position)	
		February 2012	Chairperson of Newmedia Risk Association (NRA) (currently holds this position)	
		November 2012	Head of secretariat of Japan Social Game Association	
		April 2015	Chairperson of Digital Signage Consortium (currently holds this position); Chairperson of CiP Conference (currently holds this position)	
		Significant concurrent posts:		
			Professor at the Graduate School of Media Design, Keio University;	
			Representative of You Go Lab	
6	Tatsuya Aoyagi	October 1993	Joined Tohmatsu & Co (now Deloitte Touche	-

Candidate number	Name (Date of birth stated in parentheses)	Brief career history; positions and responsibilities in the Company; and significant concurrent posts		Number of Company shares owned
	(August 8, 1971)		Tohmatsu LLC)	
		April 1997	Registered as a certified public accountant	
		February 2007	Joined Masters Trust Accounting Firm (now Masters Trust Inc.)	
		July 2007	Representative director of Heartworth Partners, Inc. (currently holds this position)	
		August 2007	Director of Share Generate Inc.	
		August 2008	Registered as a certified public tax accountant	
		February 2010	Outside audit and supervisory board member of AmLead Co., Ltd. (currently holds this position)	
		May 2010	Outside audit and supervisory board member of BT Holdings, Inc. (now Primagest, Inc.)	
		June 2010	Audit and supervisory board member of the Company	
		June 2012	Director of the Company (currently holds this position)	
		Significant concurrent post:		
			Representative director of Heartworth Partners, Inc.	
7	Kouki Kimura*	February 2003	Joined Mobileproduction Co., Ltd.	100,000
	(December 9, 1975)	March 2005	Joined Index Corporation	
		June 2008	Joined the Company	
		August 2012	Product Owner of the Product Development Department of the Company	
		November 2013	Producer of Monster Strike Studio at the Company	
		April 2014	General Manager of Monster Strike Studio at the Company	
		November 2014	Executive officer of the Company (currently holds this position)	
		January 2015	Executive General Manager of Monster Strike Studio at the Company (currently holds this position)	

Notes:

1. The person with an asterisk after his name is a newly nominated candidate for director.
2. There is no special interest between any candidate and the Company.
3. Each candidate’s number of shares stated in the column titled “Number of Company shares owned” is the number of shares as of March 31, 2015.
4. Mr. Ichiya Nakamura and Mr. Tatsuya Aoyagi are candidates for outside director and the Company has notified the Tokyo Stock Exchange that Mr. Ichiya Nakamura is an independent officer.
5. In addition to engaging in research focused on digital media for many years, Mr. Ichiya Nakamura has also held several officer posts at business companies operating in related fields, and therefore, he possesses an abundance of insights and experience regarding the Company’s business domain. The Company has selected Mr. Ichiya Nakamura as a candidate for outside director based on the judgment

that Mr. Ichiya Nakamura's insights and experience related to maintaining and improving the soundness of services provided on the Internet would continue to serve a sufficient role with respect to matters including determination of the Company's management-related matters and supervision of the execution of operations.

As a certified public accountant, Mr. Tatsuya Aoyagi has an abundance of insights and experience, and he has the competence to monitor management with independence and with an objective viewpoint that is not bound by the Company's logic. The Company has selected him as a candidate for outside director based on the judgment that those qualities would continue to serve a sufficient role with respect to improving the transparency and strengthening the function of supervision of the board of directors.

6. At the closing of this general meeting of shareholders, Mr. Ichiya Nakamura will have served as an outside director for a period of six years. At the closing of this general meeting of shareholders, Mr. Tatsuya Aoyagi will have served as an outside director for three years.

7. With respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement for limitation of liability with each of Mr. Ichiya Nakamura and Mr. Tatsuya Aoyagi that limits the liability for damages (the maximum amount of damages is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations) if the requirements stipulated under law and regulations are fulfilled. If, at this general meeting of shareholders, Mr. Ichiya Nakamura and Mr. Tatsuya Aoyagi are reelected, then those agreements will continue.

Agenda Item 3: Election of one audit and supervisory board member

As of the closing of this general meeting of shareholders, the term of office of one audit and supervisory board member will expire. Therefore the Company proposes the election of one audit and supervisory board member.

Further, the consent of the audit and supervisory board has been obtained with respect to submitting this agenda item.

The candidate for audit and supervisory board member is as follows:

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent post		Number of Company shares owned
Takayuki Sato (October 10, 1969)	April 1992	Joined Tokyo branch of Union Bank of Switzerland (now UBS)	-
	September 1993	Joined Tokyo branch of Societe Generale	
	April 1996	Joined the accounting firm Deloitte Touche Tohmatsu (San Francisco office of Deloitte Touche Tohmatsu)	
	July 1997	Registered as a certified public accountant (State of Montana)	
	October 2000	Registered as a lawyer (Tokyo Bar Association)	
	April 2002	Established Satoh Business Law Office	
	July 2004	Outside audit and supervisory board member of ACE Insurance	
	October 2006	Outside audit and supervisory board member of State Street Trust and Banking Co., Ltd.	
	May 2007	Outside audit and supervisory board member of CSMEN Co., Ltd.	
	June 2007	Audit and supervisory board member of the Company	

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent post	Number of Company shares owned
	(currently holds this position) Significant concurrent post: Managing Partner of Satoh Business Law Office	

Notes:

1. There is no special interest between the candidate and the Company.
2. Mr. Takayuki Sato is the candidate for outside audit and supervisory board member and the Company has notified the Tokyo Stock Exchange that Mr. Takayuki Sato is an independent officer.
3. As well as having held several outside audit and supervisory board member posts at business companies and possessing an abundance of insights and experience related to corporate activities, Mr. Takayuki Sato also possesses specialist knowledge and experience that he cultivated as a lawyer. For those reasons, the Company selected him as a candidate for outside audit and supervisory board member in order to have him reflect those insights and experience into the auditing system of the Company. Mr. Takayuki Sato does not have experience of participating in the management of a company with a method other than by serving as an outside director or as an outside audit and supervisory board member, but, due to the above reasons, the Company judged that he is able to suitably perform the duties of an outside audit and supervisory board member.
4. At the closing of this general meeting of shareholders, Mr. Takayuki Sato will have served eight years as the outside audit and supervisory board member of the Company.
5. With respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement for limitation of liability with Mr. Takayuki Sato that limits the liability for damages (the maximum amount of damages is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations) if the requirements stipulated under law and regulations are fulfilled. If, at this general meeting of shareholders, Mr. Takayuki Sato is reelected, then those agreements will continue.

Agenda Item 4: Election of one substitute audit and supervisory board member

In preparation for a shortage in the number of audit and supervisory board members stipulated under laws and regulations, the Company would like to, in advance, elect one substitute audit and supervisory board member. Incidentally, only before assumption of office can the validity of the election be revoked by a resolution of the board of directors with the consent of the audit and supervisory board.

Further, the consent of the audit and supervisory board has been obtained with respect to submitting this agenda item.

The candidate for substitute audit and supervisory board member is as follows:

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent posts		Number of Company shares owned
Shoichi Kobayashi (November 8, 1954)	April 1979	Joined Yasuda Fire and Marine Insurance Co., Ltd. (now Sompo Japan Nipponkoa Insurance Inc.)	-
	April 1995	Section manager of Administration Section, Financial Planning Division, Yasuda Fire and Marine Insurance Co., Ltd.	
	April 1997	Specially appointed section manager, Financial	

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent posts		Number of Company shares owned
		Administration Division, Yasuda Fire and Marine Insurance Co., Ltd.	
	July 2000	Section manager of General Affairs Section 1, General Affairs Division, Yasuda Fire and Marine Insurance Co., Ltd.	
	December 2002	Seconded to Sompo Japan Himawari Life Insurance Co., Ltd. (now Sompo Japan Nipponkoa Himawari Life Insurance Inc.)	
	July 2005	Leader of the Administration Planning Division Accounting Group 1 of Sompo Japan Insurance Inc. (now Sompo Japan Nipponkoa Insurance Inc.)	
	April 2006	Manager of the Administration Planning Division of Sompo Japan Insurance Inc.; Outside audit and supervisory board member of Sompo Japan Heartful Line Inc. (now Sompo Japan Nipponkoa Magokoro Communication Inc.); Outside audit and supervisory board member of Sompo Japan Commercial Line Services Inc. (now Sompo Japan Nipponkoa Commercial Line Claims Support Inc.)	
	April 2007	Manager of the Accounting Control Division, Sompo Japan Commercial Line Services Inc.	
	April 2009	General manager of the Accounting Control Division, Sompo Japan Commercial Line Services Inc.; Outside audit and supervisory board member of Sompo Japan Information Service Inc. (now Sompo Japan Nipponkoa Business Services, Inc.)	
	April 2010	Outside audit and supervisory board member of Yasuda Enterprise Development Co., Ltd.; Outside audit and supervisory board member of Sompo Japan Asset Management Co., Ltd. (now Sompo Japan Nipponkoa Asset Management Co., Ltd.)	
	June 2011	Outside audit and supervisory board member of Sompo Japan Insurance Services Inc. (now Sompo Japan Nipponkoa Insurance Services Inc.)	
	April 2013	Internal auditor of the Internal Auditing Division, Sompo Japan Insurance Inc. (now Sompo Japan Nipponkoa Insurance Inc.)	
	June 2013	Outside audit and supervisory board member of Saison Automobile & Fire Insurance Co., Ltd; Outside audit and supervisory board member of Healthcare Frontier Japan Inc.; Outside audit and supervisory board member of Sompo Japan Nipponkoa Healthcare Services Inc.; Outside audit and supervisory board member of Sompo Japan Nipponkoa Risk Management Inc.	
	July 2013	Manager of the Group Companies Administration Division, Sompo Japan Insurance Inc. (now Sompo Japan Nipponkoa Insurance Inc.)	
	March 2014	Retired from Sompo Japan Insurance Inc. (now Sompo Japan Nipponkoa Insurance Inc.)	
	June 2014	Audit and supervisory board member of mixi recruitment,	

Name (Date of birth in parentheses)	Brief career history; positions in the Company; and significant concurrent posts	Number of Company shares owned
	Inc. (currently holds this position)	

Notes:

1. There is no special interest between the candidate and the Company.
2. Mr. Shoichi Kobayashi is the candidate for substitute outside audit and supervisory board member.
3. As well as having built up experience in accounting and finance operations in business companies over many years and possessing considerable expertise related to finance and accounting, Mr. Shoichi Kobayashi has also held several outside audit and supervisory board member posts and possesses an abundance of insights and experience related to corporate activities. For those reasons, the Company selected him as a candidate for substitute outside audit and supervisory board member in order to have him reflect those experiences and knowledge into the auditing system. Mr. Shoichi Kobayashi does not have experience of participating in the management of a company with a method other than by serving as an outside director or as an outside audit and supervisory board member, but, due to the above reasons, the Company judged that he can suitably perform the duties of an outside audit and supervisory board member.
4. If Mr. Shoichi Kobayashi assumes the office of audit and supervisory board member, the Company is planning to, under the provisions of the Company's articles of incorporation, enter into an agreement for limitation of liability with respect to the liability for damages under Article 423, Paragraph 1 of the Companies Act with Mr. Mr. Shoichi Kobayashi that limits the liability for damages (the maximum amount of damages is the higher of a predetermined amount of 10,000 yen or more and the minimum liability amount stipulated in laws and regulations) if the requirements stipulated under law and regulations are fulfilled.

Agenda Item 5: Revision of the amount of remunerations for directors

At the 14th ordinary general meeting of shareholders held on June 25, 2013, approval has been given that the total amount of remunerations (a combination of monthly-paid remuneration and stock options) for the Company's directors must be within 200 million yen per annum (including the amount of remunerations for the outside directors, which must be within 30 million yen); however, taking into account various circumstances, such as subsequent changes in the economic situation, the Company would like to change the total amount of remunerations (a combination of monthly-paid remunerations and stock options (including the stock options approved at the 13th ordinary general meeting of shareholders held on June 26, 2012 and the stock options approved at the 14th ordinary general meeting of shareholders held on June 25, 2013)) for the Company's directors to be within 500 million yen per annum (including the amount of remunerations for the outside directors, which will be within 60 million yen).

In line with past practice, the Company would like to not include the employee salary of each director who is also an employee in the above remunerations.

The number of directors concerned will be seven (of which two are outside directors) if agenda item 2 is approved and adopted in its original form.

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