

The state of corporate governance in CyberAgent and its Group is as follows.

I [Basic Approach to Corporate Governance, Capital Structure, Company Attributes and Other Basic Information](#)

1. Basic Approach

The vision of the CyberAgent Group (the "Group") is to undertake business focused around the Internet, and through this young industry, become a hallmark company of the 21st century that has a large impact on society and consumers. So as to respect the position of the Group's stakeholders and fulfill its corporate social responsibility, CyberAgent (the "Company") has set down the CyberAgent Mission Statement, the objective of which is to not only ensure compliance with laws and regulations but to also establish corporate ethics and promote integrity. The Company does everything within its means to ensure that its officers and employees observe the stated mission.

The Company's Board of Directors is kept in check through the participation in their meetings of two highly independent Outside Auditors. The Auditors actively express their opinions to ensure that fair decisions are made. The Group also utilizes a Board of Auditors system through which each Auditor audits the legality of the execution of duties by members of the Board of Directors. Furthermore, a Group Meeting attended by heads of the Company's subsidiaries and major businesses is held every month. In addition to providing business updates, the sharing and confirmation of compliance is carried out in a cross-sectorial manner in an effort to reinforce the governance of the Group.

Active and prompt information disclosure is carried out in order to ensure fair and timely provision of information to shareholders and investors and the realization of transparent management.

2. Capital Structure

Ratio of shares held by
non-Japanese shareholders

More than 30%

[Principal Shareholders] Updated

Name	No. of Shares (Shares)	Ratio(%)
Susumu Fujita	13,531,800	21.65%
TAIYO FUND, L.P.	3,035,700	4.80%
Japan Trustees Services Bank, Ltd. (Trust Account)	2,946,200	4.66%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,539,900	4.02%
SAJAP	1,448,100	2.29%
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,439,587	2.28%
BBH FOR OPPENHEIMER GLOBAL OPPORTUNITIES FUND	1,300,000	2.06%
THE BANK OF NEW YORK 133524	898,200	1.42%
MORGAN STANLEY & CO. LLC	833,253	1.32%
THE BANK OF NEW YORK 132812	825,500	1.31%

Existence of a controlling shareholder
(excluding a parent company)

Existence of a parent company

None

Supplementary explanation

3. Corporate Attributes

Listed market and section	Tokyo Stock Exchange First Section
Settlement period	September
Type of business	Services business
No. of employees (consolidated) as of the end of the previous fiscal year	More than 1,000
Net sales (consolidated) as of the end of the previous fiscal year	More than 100 billion yen and less than 1 trillion yen
No. of consolidated subsidiaries as of the end of the previous fiscal year	More than 50 and less than 100

4. Guideline regarding the measures for protecting minority shareholders in transactions, etc. with a controlling shareholder

5. Other Circumstances that May Have a Significant Impact on Corporate Governance

II State of Business Administration Organizations and Other Corporate Governance Systems related to Decision-making, Implementation and Oversight in Management.

1. Matters related to Corporate Composition, Organizational Operation, Etc.

Organization type	Company with auditors
[Directors]	
No. of Directors specified in the Articles of Incorporation	10
Terms of a Director specified in the Articles of Incorporation	2 years
Chairman of the Board Directors	President
No. of Directors	8
Appointment of Outside Directors	None appointed
[Auditors]	
Establishment of a Board of Auditors	Established
No. of Auditors specified in the Articles of Incorporation	No upper limitation of No. of Auditors
No. of Auditors	3

State of Coordination between Auditors, Accounting Auditors and the Internal Auditing Division

Deloitte Touche Tohmatsu LLC executes the Company's accounting audits as well as the accounting audits of the Company's primary subsidiaries. Auditors hold periodic meetings with the Accounting Auditors regarding auditing plans and other matters as well as receive reports. An audit reporting session is held at the year-end settlement of the accounts. Exchanges of opinions are also made as needed. The Company's internal auditing is conducted by the Internal Audit Office. Auditors hold period meetings with the Internal Audit Office to receive reports on the state of the execution of internal audits and the results of auditing in addition to exchanging opinions regarding such matters as internal audit execution plans, specific internal auditing methods and measures for improving internal auditing operations. Auditors also cooperate with the Internal Audit Office upon the internal audits of the Company's divisions as well as Group companies and hold hearings from officers, view documents, conduct field audits, etc.

Appointment of Outside Auditors	Appointed
No. of Outside Auditors	2
No. of Independent Directors among Outside Auditors	1

Relationship of Outside Auditors with the Company (1)

Name	Attribute	Relationship with the Company (1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masao Horiuchi	From another Company													
Isao Numata	From another Company													

Note1: Choices regarding relationship with the Company

Note2: If the said person correspond with the item below now or recently, fill in ○, or correspond in the past, fill in △.

Note3: If relatives of the said person correspond with the item below now or recently, fill in ●, or correspond in the past, fill in ▲.

- a Is an person who executes the business of the company or its affiliated company
- b Is an executive officer who does not execute the business or an accounting advisor of the company or its affiliated company
- c Is a person who executes the business or an executive officer who does not execute the business of the company or its affiliated company
- d Is an auditor of the company or its affiliated company
- e Is an executive Officer of brother company of the company
- f Is a major customer or a person who executes of the company
- g Is a major client or an executive or a person who executes of the company
- h Is a consultant, accounting specialist or lawyer who receive large monetary rewards besides compensation from the company
- i Is a major shareholder of the company (if the said shareholder would be a corporation, the person who executes the business is applied.)
- j Is a person who executes the business of a customer or a client (is not correspond to (f),(g) or (h)) of the company
- k Is a person who executes the business of the company other side of the company the outside officer is assigned.
- m Other

Relationship of Outside Auditors with the Company (2)

Name	Independent Directors	Supplementary Information related to Applicable Relationship	Reason for Appointing the Outside Auditor (including the reason for appointing an independent director, if the outside auditor is also an independent director)
Masao Horiuchi		Masao Horiuchi is the Director of U-NEXT.	In order to gain advice and proposals based on his abundant experience in and knowledge of finance, accounting, taxes and internal control.
Isao Numata	Yes	Isao Numata is the President of Five Eyes Network, Inc. and Security Business Laboratory Co., Ltd.	In order to gain advice and proposals based on his abundant experience in and knowledge of finance, accounting, taxes and internal control. Isao Numata is an Outside Auditor for whom there is no possibility of a conflict of interest arising with general shareholders. The Company believes that he is appropriate as an independent officer of the Company.

[Independent Director-related]

No. of Independent Directors	1
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Other items regarding Independent Directors

[Incentive Programs]

State of granting incentives to Directors	A stock option system has been adopted
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Supplementary Information related to this Item

Stock options are granted with the objective of further boosting the motivation and morale of the Company's Directors and employees to contribute to the consolidated performance of the Company as well as enhancing corporate value and further reinforcing the management culture.

Those object to the granting of SOP	Internal Directors, employees, directors and employees of subsidiaries
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Supplementary Information related to this Item

Updated

Stock options are granted with the objective of further boosting the motivation and morale of the Company's Directors and employees of the Company as well as Directors and employees of the Company's subsidiaries towards raising business performance, etc. The total value of stock options as of March 30, 2015 was a balance of 539,800 (0.85% of issued shares including treasury stocks) issued shares and an assumed total paid-up value of 1,282,750,200 yen.

[Directors' Compensation]

Method for disclosing the remuneration of each Director

The remunerations of individual Directors are not disclosed.

Supplementary Information related to this Item

The compensation of the Company's Directors in the year ended September 30, 2014 was as follows.

segment	number of paid directors	value of compensation
Directors	8	465 million yen
Auditors	3	12 million yen
(Outside auditor) (2)		(4 million yen)
Total	11	478 million yen
(Outside directors) (2)		(4 million yen)

* The number of directors and value of compensation above included 66 million yen, cost of stock option granted to the directors.

Existence of the policy for determining remunerations of the method for calculating them

None

Supplementary Information related to this Item

[Support System for Outside Directors (Outside Auditors)]

The Board of Directors Secretariat prepares materials in advance of the holding of a meeting of the Board of Directors and provides detailed briefings as needed to Outside Auditors. The Management Headquarters acts as the contact point for inquiries from Outside Auditors and carries out timely and appropriate information provision towards Outside Auditors.

2. Matters regarding Decision-making Functions related to the Execution of Duties, Audit and Supervision, Appointments, Compensation, Etc. (Outline of the current corporate governance system)

The Group has adopted a Board of Auditors system, and each Auditor audits the legality of the execution of duties by Directors. Two highly independent Outside Auditors attend the meeting of the Board of Directors and actively express their opinions to keep the Board of Directors in check and ensure that fair decisions are made.

Regarding matters related to the execution of duties, careful decision-making is carried out at the meeting of the Board of Directors, which is comprised of eight Directors, with outside officers in attendance on particularly important matters, etc. that are established through law, the Company's Articles of Incorporation and internal regulations as matters to be determined by the Board of Directors. Regularly scheduled meetings of the Board of Directors are held once a month, with extraordinary meetings held as needed. A total of 14 meetings of the Board of Directors were held in FY2014.

Important investments are discussed by the Investment Committee carefully in advance, and the results of the discussion are reported to the Board of Directors and the Board of Full-Time Directors, so as to make more appropriate decisions for investments. Auditors attend the meetings of the Board of Directors and other important meetings, to check the legality of business execution. If necessary, they receive reports and explanations from the executives and employees of the Company, and investigate major subsidiaries and offices, etc. The Board of Auditors holds monthly and extraordinary meetings. In FY2014, a total of 13 meetings were held.

The Internal Audit Office, which is in charge of carrying out the internal audits of the Company's divisions and subsidiaries in cooperation with Auditors, report the results of the audits to the Board of Directors once every quarter.

3. Reason why the current corporate governance system has been adopted

Company recognizes it as one of the important issues of management, that the company improves governance structure and carries out prompt measures. Auditing of the corporate group is conducted by two highly independent outside auditors, which the Company considers sufficient to fulfill the function of external oversight and advice to management, and to ensure objectivity and independence. However, to further strengthen management transparency and corporate governance through management participation from a diverse range of perspectives, the Company is considering candidates for outside director, and plans to promptly make appointments if a suitable candidate is found and agrees.

In addition, as an independent measure for corporate governance, the Company has introduced the "CA8" system for replacing directors. The upper limit of the number of directors is 8 and 2 directors are replaced with new ones every two years, so that the board of directors functions in a constructive manner. This system was introduced in 2008, with the purposes of deploying directors according to business strategies, fortifying our corporate organization with many executives, and improving our business performance.

III State of Executing Measures related to Shareholders and Other Stakeholders

1. State of Efforts Made toward the Revitalization of the Annual General Meetings of Shareholders and Facilitation of the Execution of Voting Rights Updated

	Supplementary explanation
Setting of the Annual General Meeting of Shareholders on dates that avoid peak general Shareholder meeting seasons	In order to more shareholders join Annual General Meeting, the date is decided avoiding concentrated days. The 17th Annual General Meeting of Shareholders was held on Friday, December 12, 2014.
Execution of voting rights through electromagnetic methods	Since the 10th Annual General Meeting of Shareholders (held on December 20, 2007), the Company has accepted the execution of voting rights via the Internet from personal computers and mobile phones so that more shareholders can participate the meeting.
Brief notice of convocation in English	A brief notice of English convocation is published on the corporate website.
Others	Notice of Shareholders Meeting; It was renewed from FY2011(14th Shareholders Meeting) with graphs in order to understand our financial results. Briefing; In the reporting part, we report our business report with video movie. In the second section, our President explains performance or business models. Webcast; Movie of Shareholders Meeting is uploaded on our website. Venue; The Company takes consideration of convenient access and holds the Annual General Meeting of Shareholders at a venue close to a train station.

2. State of IR related Activities Updated

	Supplementary explanation	Explanation provided by the president
Production and announcement of disclosure policy	Our disclosure policy is written in our homepage in order to understand shareholders basic policy, disclosure method, and silent period	
Holding of regularly scheduled briefings for individual investors	A briefing for shareholders is held after the shareholders' meeting where representatives speak about the results and business strategies. Individual investors are able to see in-depth information such as business summary and financial statements via use of the generator on the official website of our company. We are striving to do our best in order to ensure that you have the most in-depth and up-to-date information.	Yes
Holding of regularly scheduled briefings for analysts and institutional investors	* A briefing for analysts and institutional investors is held in accordance with the date of the announcement of quarterly financial results, and the president reports on the details of the financial closing as well as the corporate strategy. A conference call for foreign institutional investors is held on the same day, and we endeavor to disclose information as well as Japanese disclosure. * Small meetings attended by the president, Director and others are held more than ten times a year. * "Cyber Agent IR Half Day" is held for institutional investors where we will have a briefing on industry trends and our company's strengths.	Yes
Holding of regularly scheduled briefings for overseas investors	On a quarterly basis, we hold telephone or TV conferences with overseas investors. In addition, the scenes of the briefings for institutional investors in Japan are distributed through our homepage on that day, and the English online videos of financial reports, etc. can be browsed from outside Japan. We visit investors outside Japan directly in several times a year.	Yes
Publication of IR materials on the corporate website	In particular, business reports from 2014 onwards will be compiled in HTML format and viewable online so that they will be easily accessible. In addition, we are progressing smoothly with our IR data, as can be seen with the publishing of our new fact sheets.	
Establishment of an IR-related division (person in charge)	Division in charge: PR&IR Division Officer in charge: Susumu Fujita, President Person in charge of information handling: Go Nakayama, Executive Director Person in charge of clerical communication: Sonoko Miyakawa, Sr. Manager, PR&IR Division	

Other	<p>Our homepage discloses technical information and contents for individual investors, so as to further enrich qualitative information. In addition, we also engage in the bilateral information transmission utilizing blogs, Facebook, and Twitter, which are attracting attention these days. In order to extend access opportunity from various devices, we provide website applied for smartphones.</p> <p>PR Blog Our PR staff is blogging including own services introduction, employee and industry information.</p> <p>Facebook and Twitter Timely and real-time information sharing</p> <p>IR BBS Interactive communication through BBS with individual investors Talk Application "755" Individual investors directly communicate with President Fujita.</p>
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3. State of Efforts related to Respect of the Stakeholder Position Updated

	Supplementary explanation
Stipulation in in-house regulations, etc. regarding respect of the stakeholder position	<p>In order to respect the position of stakeholders and fulfill the Company's corporate social responsibilities, the Company has established the CyberAgent Mission Statement, the objective of which is to thoroughly comply with not only laws and social norms but also establish corporate ethics.</p>
Execution of environmental conservation and corporate social responsibility activities	<p>We have placed more importance on the growing industry of the internet, and have equipped ourselves with the knowledge to use it effectively.</p> <p>We are making efforts in the various fields of "Education and Cultivation", "Safety and Safe Online Use", "Regional and Social Contribution", "Sports and Cultural Support". In addition, we have started placing efforts into "Creating Work Opportunities" as we have recognized the importance in continually creating employment to contribute society.</p> <p>In particular, in terms of "Education and Cultivation", we see the social significance of cultivating adept young programmers and have founded CA Tech Kids Inc., a consolidated subsidiary, which provides programming lessons to elementary school students.</p>
Formulation of policies, etc. related to the provision of information to stakeholders	<p>The Company's policy related to the provision of information to stakeholders is clearly stated in its Disclosure Policy. The Company executes information disclosure in accordance with the Tokyo Stock Exchange's timely disclosure regulations. Regarding important information that may have an impact on investment decision-making, the Company strives to enable equal access by all stakeholders to such information.</p>
Others	<p><u>Policy and actions to be a woman-friendly company</u></p> <p>Women currently comprise 30.7% of employees on a non-consolidated basis. The Company, while remaining a venture firm with a vision to "create the 21st century's leading company," and based on a policy of offering employees lifetime employment and providing "challenges and peace of mind as a set," focuses on creating an environment in which "talented employees continue to actively participate over the long term." Measures for the active participation of women, along with the systems and environment that support it, are as follows.</p> <p>*Active participation of women</p> <p>The Company encourages the participation of women, and at every career stage, including recruitment and promotion, conducts its evaluations based on ability and performance, without regard to gender. As of the end of September 2014, the ratio of women in management positions including producers and directors in our company (non-consolidated) was 22.8%. Furthermore, in October 2014, an employee who had been in our company for seven years since their graduation from university became the first ever female executive director in our company executive. In addition, our consolidated subsidiaries, one representative director, two directors, and four auditors are women. We aim to reach 30% of women in management position by September 30, 2016.</p> <p>Recently, female employees have come to play a more diversified role, not limited to management positions. There are many professional women who participate as key players in positions of their own choosing, including producer, sales, and designer. By backing positions in which women can easily play an active role, not only management, the Company supports an environment that makes it easy for women to continue working.</p> <p>*Systems and environment to support women</p> <p>The proportion of female employees with small children was 14% in fiscal 2014, and the work return rate after childcare leave is an extremely high 96.3%. The Company has previously provided childcare assistance to employees, including systems such as reduced working hours and maternity benefits, as well as social exchange opportunities for employees with children. However, considering that the average age of female employees is 29.4 years, and that the number of employees taking childcare and maternity leave is expected to increase, in May 2014 the Company introduced the new "macalon" system to support women. (The name is a combination of "mama" (ma), CyberAgent (ca), and "long" (lon), as in "work for a long time.") The program comprises 1) "Pre-pregnancy Leave" that can be taken for such purposes as going to the hospital for fertility treatments; 2) "Pre-pregnancy Concierge" to receive individual counseling by a professional; 3) "Kids at Home" to allow employees to work from home when caring for children, such as due to a sudden illness or when children are unable to attend nursery school; and 4) "Kids Day Leave" to allow employees time off for school events, such as entrance/graduation ceremonies or parent participation days, or other anniversaries. Additional systems will be added in the future as necessary. In addition, for "Pre-pregnancy Leave," so that women can take advantage of the system without it being publically known, the system can be used as "F Leave" (female leave), the name for the leave female employees take, including ordinary vacation days.</p>

1. Basic Approach related to Internal Control Systems and the State of Their Implementation

Updated

1. General Thoughts Concerning the Internal Control System and Status of Development

We are striving to maximize the potential of our internal control system as one of the core functions of our corporate governance. In order to ensure that board members carry out their professional duties according to law and articles of incorporation, and also to ensure that the corporate group composed of our company and its subsidiaries conducts businesses appropriately, we have established the internal control system as follows.

1. A system in which information regarding professional duties performed by board members will be stored and maintained.

The Board of Directors will appoint a delegate to be responsible for overseeing all functions of the company regarding the storage and management of information regarding professional duties performed by board members. This includes abiding by the regulations regarding the handling of documents, confidential information, protection of personal information and management of insider information. They will record any information concerning the board members' business actions in written documents or electronically and keep it in storage.

2. Regulation and system concerning management of risk of loss.

According to the emergency response regulation, we should expect certain risks and categorize them. In times of emergency, we should be prepared to send information and carry out the emergency protocols promptly and accurately. In addition, the internal auditing department must abide by the internal auditing regulations, understand the cross-departmental risks, carry out inspections and give a report on management risks at the board meeting on a regular basis.

3. A system to ensure that board members' professional duties are carried out efficiently.

We establish company-wide goals for efficient businesses to be shared by both board members and employees. In order to complete these goals, board members should ensure that they are thoroughly understood and set concrete targets for individual departments to aim towards. Managerial accounting methods should be used on a regular basis to review goal achievements, and through feedback from our results, we will be able to guarantee the efficiency of our work.

4. A system to ensure that the professional duties of board members and employees are carried out according to law and articles of incorporation.

The management office will monitor the professional duties of board members and employees, and will carry out company training as deemed necessary. In addition, the internal auditing department will cooperate with the Board of Auditors, understand the professional duties of board members and employees, carry out regular inspections, and make reports to the Board of Directors.

5. A system to ensure that business carried out in a corporate group composed of a parent company, subsidiaries and our own are suitable.

The Board of Directors will give the management director a set of goals that the company group (our company and subsidiaries) must achieve. They will also be given responsibilities in which they will be expected to build a system of laws and compliance to assist with risk management. The management office will promote and manage this in a cross-sectional way. In addition, we will set up a regulation concerning the management of affiliated companies in order for them to work towards improving their results and contribute to the overall success of the group. In this regulation, subsidiary companies will be expected to create a system where they will regularly report their results. They are also obligated to report to the Board of Directors in advance on a fixed set of important matters and risks. Among which, some of these will be on the agenda. Furthermore, the internal auditing department will regularly carry out inspections on the subsidiary companies, and report to the Board of Directors.

6. Matter concerning requests by auditors for assistance from employees.

The Board of Auditors may request assistance from employees in the internal auditing department when deemed necessary.

7. Matters concerning the independence of employees from board members and the effectiveness of instructions given to employees in the auditing department.

Employees that are expected to assist in the affairs of the auditing department must follow the orders of their superiors without question. In addition, employees who have been moved due to personnel changes must respect the opinion of the Board of Auditors.

8. System regarding reports made to the auditing department.

Board members, the management office and internal auditing department must report the following matters to full-time auditors on a regular basis. The auditors will then submit the report to the Board of Auditors.

- 1) Matters relating to important decision making.
- 2) Important matters regarding the financial state of the business.
- 3) Matters concerning instances that may cause considerable harm to the company.
- 4) Important matters relating to the state of the internal auditing department and risk management.
- 5) Violations of the articles of incorporation or law.
- 6) Other important matters.

People who make reports to the auditing department must not use the report as a reason for disadvantageous dealings.

9. A system to ensure that the auditing of other companies is carried out efficiently.

The Board of Auditors may request a hearing regarding the business matters of board members or important employees, and have other privileges including their right to exchange opinions with the CEO, auditors and legal advisors. In addition, auditors must abide by article 388 of the Companies Act when requesting prepayments of expenses. In such cases, the person in charge of the department must make deliberations and promptly deal with the request in question, unless deemed that the request is unnecessary.

2. Basic Position to Eliminate Antisocial Forces and the Status of Promoting the Position

The Group is constantly aware of the need for an awareness of risk management towards antisocial forces, which pose threats against social order and safety. The Group will, as an organization, thoroughly respond with a firm attitude to such antisocial forces. Furthermore, with the objective of eliminating antisocial forces, the Group has been collaborating for some time with Outside specialized bodies, such as law enforcement organizations and attorneys at law, and promoting the reinforcement of information gathering, management and in-house systems related to antisocial forces.