

December 8, 2015

To whom it may concern:
(This is an English translation of the Japanese original)

Company: SOHGO SECURITY SERVICES CO., LTD.
Representative: Yukiyasu Aoyama
President and Representative Director
(Securities Code: 2331, TSE 1st Sec.)
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Notice Concerning the Establishment of Subsidiary through Simple Incorporation-type Company Split

SOHGO SECURITY SERVICES CO., LTD. (hereafter "ALSOK") is pleased to announce the decision of the company split was made at the meeting of its Board of Directors held on December 8, 2015. Stationed security services and general property management and fire protection services in Nagano Prefecture will be transferred to newly established ALSOK Nagano Co., Ltd.
Note that the company split is a simple incorporation-type company split and a portion of disclosure items and content is abbreviated.

1. Purpose of the Company Split

The company split is aimed to bolster the sales capability and increase its competitiveness while also allowing for better responsiveness to the changing market environment and diversifying customer needs in Nagano Prefecture which offers stationed security services and general property management and fire protection services. The newly established ALSOK Nagano will be a wholly-owned subsidiary of the company and will work to optimize management efficiency and conduct appropriate operations by taking advantage of its ability to exclusively focus on regional characteristics.

2. Outline of the Company Split

(1) Schedule for the Company Split

Board of Directors approving the company split plan	December 8, 2015
Date of the company split (effective date)	April 1, 2016 (planned)

*The Company split is a simple split as defined in Article 805 of the companies Act. Therefore, the split is performed without receiving approval at a general meeting of shareholders.

(2) Method for the Company Split

The method is an incorporation-type split (simple incorporation-type split) as ALSOK Nagano being the succeeding company with ALSOK being split.

(3) Allotment of Shares

The newly established company will issue 600 common shares, all of which will be allotted to ALSOK.

(4) Subsidy for the Company Split

No subsidies will be paid for the split.

(5) Increase and Decrease in Capital Resulting from the Company Split

There will be no variation in capital of ALSOK resulting from the split.

(6) Treatments of Share Purchase Warrants and Bonds with Share Purchase Warrants

ALSOK has not issued share purchase warrants and bonds with share purchase warrants.

(7) Rights and Obligations Transferred to the Newly Established Company
The newly established company will succeed to all assets, liabilities, contracts, and other rights and obligations to the extent provided by the company split plan.

(8) Ability to Fulfill Obligations
ALSOK believes that all debt obligations to be assumed by ALSOK and the newly established company can be fulfilled without problems.

3. Overview of Parties to the Company Split

(1) Overview of the Company Split

	Splitting Company	Newly Established Company
Company Name	SOHGO SECURITY SERVICES CO., LTD.	ALSOK Nagano Co., Ltd.
Business Description	Security Services	Security Services
Date of Establishment	July 16, 1965	April 1, 2016 (planned)
Address of Headquarter	Minato-ku, Tokyo	Matsumoto-shi, Nagano
Representative	Yukiyasu Aoyama, President and Representative Director	Norihiko Mizutani, Representative Director
Capital	18,675 million yen	30 million yen
Number of Shares Issued	102,040,042 shares	600 shares
Net Assets	141,283 million yen	30 million yen
Gross Assets	266,220 million yen	98 million yen
Fiscal Year End	March 31	March 31
Number of Employees	12,331	27 (planned)
Major Shareholders and Ratio of Shares Held	SOHGO CORPORATION 7.24%	SOHGO SECURITY SERVICES CO., LTD. 100%
	Employees Shareholding Association 5.39%	
	Japan Trustee Services Bank, Ltd. (Trust account) 5.23%	
	Saitama Machinery Co., Ltd. 5.17%	
	Trust & Custody Services Bank, Ltd. (as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.) 4.17%	
	Kamakura Corporation 4.06%	
	Sompo Japan Nipponkoa Insurance Inc. 3.37%	
	Tokio Marine & Nichido Fire Insurance Co., Ltd. 3.35%	
	The Master Trust Bank of Japan ,Ltd.(Trust Account) 3.01%	
	Atsushi Murai 2.92%	

*Overview of the splitting company is the content as of March 31, 2015. Overview of the newly established company (gross asset is the figure as of fiscal year ended March 31, 2015) is the forecast as of the effective date of the company split.

(2) Consolidated Financial Results for the Recent Fiscal Year of the Splitting Company

Fiscal Year	Fiscal Year Ended March 31, 2015
Net Sales	365,749 million yen
Operating Income	22,971 million yen
Ordinary Income	24,700 million yen
Net Income	13,534 million yen
Net Assets Per Share	1,800.15 yen
Net Income Per Share	134.65 yen

(3) Business Description of Division to be Transferred

Stationed security services and general property management services in Nagano Prefecture

(4) Financial Results of Division to be Transferred (Fiscal Year Ended March 31, 2015)

Net sales of division to be transferred: 405 million yen

(5) Amount of Assets and Liabilities to be Transferred (Fiscal Year Ended March 31, 2015)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	90 million yen	Current Assets	19 million yen
Non-current Assets	7 million yen	Non-current Assets	24 million yen
Total	98 million yen	Total	44 million yen

*Amount to be transferred in effect will be the amount fixed with the amount noted above until the effective date of the split.

4. Status of the Company after the Company Split

There will be no change in the company name, business activities, location of headquarter, representative, capital, and fiscal year end, as the result of the company split.

5. Future Outlook

There will be no impact by the company split on consolidated and non-consolidated financial results.

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