



February 14, 2014

Company Name Livesense Inc.
Representative Taichi Murakami
President and Representative
Director
(Code number: 6054 TSE)
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Notice Concerning Issuance of Stock Warrants (Stock Options)

Livesense Inc. hereby announces that at the board of directors meeting held on February 14, 2014, a motion was passed concerning the issuance of stock warrants. In accordance with the provisions of Article 236, Article 238, and Article 240 of the Companies Act, the Company shall issue stock warrants as detailed below to Managing Directors and employees. This offering is the issuance of stock warrants to relevant parties at a fair price and is not based on any special advantageous conditions. As such, this offering shall be conducted without obtaining the approval from the general meeting of shareholders.

I. Purpose and reason for stock warrant offering

In pursuing our goal to expand medium and long-term Company earnings and increase corporate value, we are issuing stock warrants to our Managing Directors and employees for a fee as a way to increase motivation and morale as well as increase group cohesion.

II. Stock warrant issue details

1. Number of stock warrants

3,326 warrants

The total number of shares that may be received in exchange for the execution of these stock warrants shall be 332,600 shares of Company common stock. In the event that the number of allocated shares relevant to these stock warrants is adjusted in accordance with 3.(1) below, the total number of shares shall be the number of post-adjustment allocated shares multiplied by the number of stock warrants.

2. Monetary amount paid in exchange for stock warrants

The issue price of each stock warrant shall be 100 yen. Said price was determined after referencing the results of calculations by the third party valuation agency Plutus Consulting Co., Ltd. using the Monte Carlo Simulation, a generally accepted options value estimate model, with consideration given to Company share price and other information.

3. Stock warrant details

(1) Type and number of shares allocated to stock warrants

The number of shares of stock allocated (hereinafter, "Allocated Shares") to each stock warrant shall be 100 shares of common stock.

If on a date following the stock warrant allocation date the Company conducts a stock split (including free allocations of Company common stock, hereinafter the same shall

apply below) or in the event the Company conducts a stock merger, the number of Allocated Shares shall be the number adjusted using the following formula. Note that said adjustments shall be applied solely to the number of shares allocated to applicable stock warrants that have not been executed at that time. Furthermore, any fractional shares resulting from said adjustment shall be rounded off.

Post-adjustment No. of Allocated Shares = Pre-adjustment No. of Allocated Shares x split (or merger) ratio

If on a date following the stock warrant allocation date the Company conducts a merger, company split, stock swap, stock transfer, capital reduction, or any similar situation requiring the adjustment of the No. of Allocated Shares (hereinafter, collectively referred to "Execution of Merger, etc."), the Company shall adjust the No. of Allocated Shares to a reasonable extent.

(2) Value of invested assets related to exercise of stock warrants and the calculation method

The value of assets invested as part of the exercise of stock warrants shall be the cash value that is the per stock payment price (hereinafter, "Execution Price") multiplied by the No. of Allocated Shares.

The Execution Price shall be 1,962 yen.

If on a date following the stock warrant allocation date the Company conducts a stock split or a stock merger, the Execution Price shall be adjusted using the following formula and any resulting fractional shares shall be rounded up.

Post-adjustment Execution Price =
Pre-adjustment Execution Price × $\frac{1}{\text{Split (or merger) ratio}}$

If on a date following the stock warrant allocation date the Company issues new shares at a price below the market value for Company common stock or conducts the disposition of treasury shares (excluding the issue of new shares, disposition of treasury shares, or conversion of treasury shares via stock swap conducted as part of the exercise of stock warrants), the Execution Price shall be adjusted using the following formula and any resulting fractional shares shall be rounded up.

$$\frac{\text{Post-adjustment Execution Price}}{\text{Pre-adjustment Execution Price}} = \frac{\text{No. of existing shares} + \frac{\text{No. of newly issued shares} \times \text{Per share payment price}}{\text{Per share market price prior to new issue of stock}}}{\text{No. of existing shares} + \text{No. of newly issued shares}}$$

Within the abovementioned formula, "No. of existing shares" shall be the number derived by subtracting the number of treasury shares from the total number of Company common stock shares issued. Furthermore, when conducting a disposition of the Company's treasury shares, in the abovementioned formula "No. of newly issued shares" shall be read as "number of treasury shares to be disposed" and "per share payment price" shall be replaced with "per share disposition value."

In addition to the above, if on a date following the stock warrant allocation date the Company merges with another company, or otherwise conducts a transaction that impacts Company stock, the Company may adjust the Execution Price to a reasonable extent.

(3) Period during which stock warrants may be executed

The period during which stock warrants may be executed (hereinafter, "Execution Period") shall be from April 1, 2015 to March 13, 2022.

(4) Matters concerning increase in capital and capital reserve

(i) The amount of the increase in capital resulting from issue of stocks in relation to this exercise of stock warrants shall be one-half the maximum allowed capital increase amount calculated in accordance with Article 17, Section 1 of the Ordinance of Corporate Accounting. In the event that the calculation results in fractional shares, fractional amounts shall be rounded up.

(ii) The amount of the increase in the capital reserve resulting from issue of stocks in relation to this exercise of stock warrants shall be the amount that is derived by subtracting the amount of the increase in capital defined in (i) above from the maximum allowed capital increase amount noted in (i) above.

(5) Restrictions of acquisition of stock warrants via transfer

The acquisition of stock warrants via transfer shall require approval via a vote by the Company Board of Directors.

(6) Conditions for the exercise of stock warrants

(i) When operating income (hereinafter, operating income shall refer to the operating income recorded on P/L Statement or Consolidated P/L Statement, if any, in the Company's securities report) for any of the fiscal years ending December 31 between FY2014 and FY2018 exceeds the amounts noted in either (a) or (b) below, the stock warrant holder may execute the number of stock warrants corresponding to the ratios outlined below (hereinafter, "Executable Ratio") at any time during the period beginning from the first day of the month following the date of submission for the securities report for the fiscal year that first satisfies said operating income standard until the final day of the rights execution period. If the number of executable stock warrants includes fractional amounts, this number shall be rounded down.

(a) When operating income exceeds 12 billion yen

Executable Ratio: 70%

(b) When operating income exceeds 15 billion yen

Executable Ratio: 100%

(ii) If, during the determination of operating income applicable to (i) above, the application of international financial reporting standards or other rules results in a major change to our concept of operating income, the Board of Directors shall, to a reasonable extent, indicate appropriate guidelines to be referenced and prescribe a figure that must be achieved as a condition of the exercise of stock warrants.

(iii) At the time of the exercise of stock warrants, the stock warrant holder must be a Managing Director, Statutory Auditor, or employee of the Company or an affiliate company. However, this shall not apply when there is deemed by the Board of Directors to be justifiable reason. Said reasons may include retirement upon the conclusion of one's term, mandatory retirement, etc.

(iv) The exercise of stock warrants by a beneficiary of a stock warrant holder shall not be allowed.

(v) In the event the exercise of stock warrants shall result in the total number of shares issued by the Company exceeding the number of authorized shares, the exercise of stock warrants shall be prohibited.

(vi) The execution of fractional stock warrants is not allowed.

4. Stock warrants allocation date

March 14, 2014

5. Matters concerning acquisition of stock warrants

(1) When the General Meeting of Shareholders approves (Board of Directors vote when approval by the General Meeting of Shareholders is not required) a merger agreement that results in the dissolution of the Company, a corporate split agreement or plan that results in the split of the Company, or a stock swap agreement or stock transfer plan that results in the Company becoming a wholly-owned subsidiary, the Company may acquire all stock warrants free of charge upon arrival of a date to be prescribed separately by the Company Board of Directors.

(2) When the exercise of stock warrants is no longer allowed per the provisions outlined in the above 3-(6) prior to the execution of rights by the stock warrant holder, the Company may acquire said stock warrants free of charge.

6. Handling of stock warrants during organizational restructuring

When the Company will partake in a merger (limited to mergers where the Company will be dissolved), absorption split, split resulting in establishment of new corporation, stock swap, or stock transfer (hereinafter, collectively referred to as "Organizational Restructuring"), upon the date of enforcement for said Organizational Restructuring, stock warrants from the respective companies outlined in Companies Act Article 236, Section 1, Paragraph 8(a) - (e) (hereinafter, "Companies Subject to Reorganization") shall be issued to

the stock warrant holder based on the respective conditions outlined below. Note that this shall be limited to cases where the issuance of stock warrants for the Company Subject to Reorganization in accordance with the following conditions has been set forth in an absorption merger agreement, agreement concerning a merger resulting in establishment of new corporation, absorption split agreement, plan concerning a split resulting in establishment of new corporation, stock swap agreement, or stock transfer plan.

- (1) No. of stock warrants of the Company Subject to Reorganization to be issued
The same number as the number of stock warrants retained by the stock warrant holder.
 - (2) Type of stock of the Company Subject to Reorganization applicable to the stock warrants
Common stock of the Company Subject to Reorganization.
 - (3) Number of shares of the Company Subject to Reorganization applicable to the stock warrants
To be determined in accordance with the above 3-(1) with consideration given to details of the Organizational Restructuring.
 - (4) Value of invested assets related to exercise of stock warrants
The value of assets invested as part of the exercise of stock warrants shall be the post-restructuring execution amount derived by adjusting the Execution Price determined in accordance with the above 3-(2) multiplied by the number of shares of the Company Subject to Reorganization allocated to the number of stock warrants in accordance with the above 6-(3) with consideration given to the conditions of the Organizational Restructuring.
 - (5) Period during which stock warrants may be executed
From the latter of either the first date of the Execution Period noted in the above 3-(3) or the Organizational Restructuring date of enforcement until the final date of the Execution Period defined in the above 3-(3).
 - (6) Matters concerning increase in capital and capital reserve when issuing stock based on the exercise of stock warrants
To be determined in accordance with the above 3-(4).
 - (7) Restrictions of acquisition of stock warrants via transfer
The acquisition of stock warrants via transfer shall require approval via a vote by the Board of Directors of the Company Subject to Reorganization.
 - (8) Other conditions for the exercise of stock warrants
To be determined in accordance with the above 3-(6).
 - (9) Reasons and conditions for stock warrant acquisition
To be determined in accordance with the above 5.
 - (10) All other conditions shall be determined in accordance with the conditions of the Company Subject to Reorganization.
7. Matters concerning stock warrant certificates for relevant stock warrants
The Company shall not issue stock warrant certificates for relevant stock warrants.
8. Payment deadline for amounts paid in exchange for stock warrants
April 10, 2014
9. Application deadline
March 12, 2014
10. Persons entitled to stock warrants and number of stock warrants
Company Managing Directors and employees: 91
Stock warrants: 3,326