



## **ISS Supports Seth Sulkin's Nomination as Director of Katakura Industries**

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FOR IMMEDIATE RELEASE

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ISS Proxy Advisory Services, one of the world's leading proxy advisors to institutional investors, has recommended that its clients support the nomination of Pacifica Capital CEO Seth Sulkin as a director of Katakura Industries Co., Ltd. (TSE: 3001).

In a March 14, 2012 report on proposals to be voted upon at Katakura's annual shareholder meeting on March 29, ISS recommended support for Sulkin's candidacy as an outside director because "The appointment of real estate executive Seth Sulkin appears to offer an opportunity to introduce a skeptical but open minded voice to a management dominated board."

Pacifica nominated Sulkin by making Katakura's first-ever shareholder proposal on Jan. 30, 2012. Pacifica's proposal said Katakura needs additional real estate expertise on a large-scale development project in Saitama that is critical to the company's future and an independent voice on the board, given that the two "outside" directors come from banks that do significant business with Katakura.

Katakura's board of directors issued a press release on Feb. 17 opposing Sulkin's nomination, claiming that it already has two outside directors and sufficient real estate expertise.

In response to Katakura's opposition of the Sulkin nomination, ISS said in its March 14 report that the company "fails to offer a satisfactory response to Sulkin's criticisms and does not attempt to impugn his logic. Sulkin offers constructive suggestions and perspective that arguably deserve serious airing in the board of directors."

On the question of whether Katakura's "outside" directors are sufficient to protect shareholder rights, ISS said "if the firm already had independent directors free of affiliations with the firm's main banks, for example, it would be easier to trust an incumbent board's argument against appointment of such an outsider."

Katakura's two "outside" directors formerly worked for 82 Bank and Norinchukin, the largest and third largest lenders, respectively, to the company.

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