

Dear Press and Everyone Concerned,

November 25, 2011
Hidetoshi Kiyotake

The message I would like to express today consists of 6 points.

The first point is that the whole issue has been triggered when the appointment of the coach at the Yomiuri Giants Corporation, which had already been decided with due procedures was overridden illegally and unjustly by a Single Voice from on High (literal translation of the Japanese idiom is “a single call of the crane”) from Mr. Tsuneo Watanabe, the chairman of the Yomiuri Giants. Mr. Watanabe is the chairman and the senior writer of the Yomiuri Shimbun that prides itself with the most number of circulation in Japan.

I have urged Mr. Watanabe to reconsider many times as what he had done would cause serious confusion at the Giants as an organization and it is a serious violation of compliance. However, he refused to listen to me by saying, “I shall appoint you as the President in the next year or two. So, you just accept everything and continue working as the Senior Managing Director, the Club representative and the Acting Owner” or other things of this sort.

Right before the press conference on November 11, I received a call from Mr. Watanabe telling me to “cancel the conference”, and by the end of the call he was threatening me by saying things like “You are going to ruin yourself. You are waging all-out war against the Yomiuri Shimbun.”

Mr. Tsunekazu Momoi, the Owner and the President of the Yomiuri Giants, was clearly infuriated when he heard about Mr. Watanabe’s sudden change of mind and he even said, “I cannot take it anymore, I will hand in my resignation.” In fact, the one that stood against The Single Voice from on High was the Owner, Mr. Momoi, himself. When I heard what Mr. Momoi had said, I have decided that Mr. Watanabe’s high-handedness is a serious violation of compliance that must be halted with whatever means it may

take, and that is the reason behind my urging Mr. Watanabe to reconsider himself publicly at the press conference.

The Compliance and corporate governance are of essential importance to a company and the judicial precedents conclude that maintaining the compliance and corporate governance are essential part of a good manager's duty of care and loyalty which should be practiced by the board members.

Recently the idea that a company belongs to every stakeholders involved including its business partners, employees and the society in general as well as to the shareholders has become a mainstream frame of mind.

As for the Yomiuri Giants, I would say that it belongs to the Yomiuri Shimbun Group and its shareholders as well as to the players, coaches, field managers, its fans and fans of professional baseball in general.

And so, in order not to disappoint the trust and the expectations of the stakeholders, such as stockholders, employees, and the business partners, it is highly required to keep up the compliance and the corporate governance of the company. This means every executive officer including the president and each one of the employees are expected to act in such a way that would keep up the compliance and the corporate governance.

It is my sincere wish that my current action will lead to a productive debate concerning the compliance issue and general manager system in the field of professional baseball and corporate society. My dismissal can only be viewed as an endeavor to wipe out real debate by making this issue into an "internal feud" or "smear campaign" and by forcing through this unjustified action in the resulting chaos.

The second point is an alarming fact that Mr. Watanabe, who is the most powerful person of the leading newspaper in Japan, has given a false statement in a convinced criminal manner in front of a crowd of media

reporters. On November 4, Mr. Watanabe commented to the crowd of media reporters, "Nothing was reported to me. Could it be possible at all to meddle in the decision making on whom to appoint as the coach when you are not even reported about it? I was not informed, so I won't take any responsibility on it."

The truth is this; on October 20, the Owner Momoi and myself reported him on whom to appoint as the coach using documents concerning the matter and the report took an hour and a half. And on this point, Mr. Watanabe himself in his counterargument to my statement recognizes that there was actually such report, and the Owner Momoi, too, clearly states that there was such report at the press conference. But the violation of compliance by Mr. Watanabe started with the false statement he made on November 4.

The third point is the act of Mr. Watanabe that ignored the proper procedure was in fact a deriding act against Mr. Suguru Egawa and his fans.

On October 20, 2011, together with the Owner Momoi, we reported our decisions on the appointments of coaching staffs including Mr. Kaoru Okazaki as the head coach and the lineup strategies for the coming season by showing relevant documents and the decisions were finalized then and there. However, on November 9, the same year, Mr. Watanabe unilaterally notified the Owner Momoi and myself that "the head coach for the first string of the Giants for the next season shall be Mr. Suguru Egawa, and Mr. Kaoru Okazaki shall be demoted."

When I met Mr. Watanabe on November 9 and 11, and while he was trying to persuade me over the phone, I kept asking him to reconsider his head coach appointment, but he said, "The Giants is lacking on its strength but also lacking star players. Egawa can attract more spectators. He is notorious, but being notorious is better than being anonymous. If we make him the head coach, people would think 'the next Field Manger will be Egawa' and that will boost the expectations of both Egawa himself and his

fans. But I shall not make him the Field Manager, though,” and other similar things revealing his aim of this unilateral decision on the head coach appointment.

I cannot help thinking that such act of Mr. Watanabe is not only against the fundamental principle of corporate governance and a violation of compliance, but also a deriding act against the fans of Mr. Egawa who are much looking forward to seeing him in the uniform once again, since Mr. Watanabe is regarding Mr. Egawa, a former top player of the Giants, only as a tool for attracting spectators. There was a controversial comment of “baseball players aren’t worth that much” made by Mr. Watanabe in the past, but as a board member, I could not possibly tolerate his decision on the appointment of the head coach based on his deep down thoughts of “Egawa isn’t worth that much” and “fans aren’t worth that much.”

The fourth point is the fact that Mr. Watanabe has gotten Mr. Tatsunori Hara, the Field Manager, of the Giants, involved in this violation of compliance. Mr. Watanabe has revealed to the Owner Momoi and myself that he had asked the Field Manager, Hara to negotiate with Mr. Egawa to bring him into the position and Mr. Hara was to report him on the matter. Although it is unknown whether such negotiation had taken place or not, but it is unforgivable to get the Field Manager, who is a symbolic figure of the Giants, involved in the matter that is beyond his authority.

The fifth point is the fact that I was appointed the member of the board, GM, and Team Organization Chief Officer of the Yomiuri Giants in August 2004. On June 7, 2011, I was appointed the Senior Managing Director representing the club and the Acting Owner, GM, and Team Organization Chief Officer. The role of the club representative is equivalent to GM (General Manager) in English translation.

The GM, as it denotes in the American Major League, means a role that is responsible of handing the personnel appointments of the players, coaches,

and field managers. The main authority of GM is to manage and enhance the power of the club including executions of drafts, FA negotiations, and major trades.

The authority of the GM at the Yomiuri Giants is basically the same. "The Rules of the Yomiuri Giants" and "The Organization Regulations of the Yomiuri Giants" stipulates the authority of the GM and Team Organization Chief Officer. According to the rules and regulations, GM oversees the team business under the orders of the Owner and the President while Team Organization Chief Officer controls major issues such as team organization and operation, recruit of foreign players, scouts, draft lottery, trades, team operation, assessment and contract renewals, and training and management of second stringers and the players under the player development contract, which means the given authorities are the same as those of a GM in the United States.

On the other hand, it makes it clear that the executive officers of the Yomiuri Shimbun Group Headquarters Inc including its president do not have any of these authorities in their hands.

So, the proper procedure of the appointment of the coach at the Yomiuri Giants Club is that the Club Representative (GM) and the Team Organization Chief Officer, that means myself, is to select the personnel together with the Field Manager, and the Owner, negotiate the contract, and decide on whom to appoint, and then the decision become final when it is reported to the Owner and Mr. Watanabe, then myself as the Club Representative (GM) and the Team Organization Chief Officer sign the contract.

Therefore, as far as the appointment of the coach at Yomiuri Giants Corporation is concerned, the authority to select and to sign the contract belongs to myself who is the GM and the Team Organization Chief Officer, and after the appointment is reported to the Owner of the corporation and Mr. Watanabe, it is regarded as being finalized. This means even Mr. Watanabe, who is the executive chairman and the senior writer of Yomiuri

Shimbun Group Headquarters Inc, which is the holding company of Yomiuri Giants Corporation, and the executive chairman of the Yomiuri Giants itself, is not at all allowed to override the finalized appointment. That is the proper procedure concerning the appointment of the coach at Yomiuri Giants Corporation. In fact, Mr. Watanabe had never meddled or overridden the final decisions that were made following the above proper procedure in the past.

But, this time, Mr. Watanabe openly tries to spoil the proper procedure with his “Single Voice from on High”, which means, the whole point of this issue is that “the act of Mr. Watanabe is a violation of the compliance and he is breaching the company rules and corporate governance which place great value on keeping up the compliance.”

As the sixth point, I would like to talk about what is at the bottom of my dismissal

The year, 2004, when I joined the Yomiuri Giants was a year that Japanese professional baseball experienced a significant turning point.

In August 2004, “the back-door money incident” which was a case of an unethical scouting money paid to Yasuhiro Ichiba, a pitcher at Meiji University, came to light. Taking responsibility for this, the owner Mr. Watanabe resigned, and the President at the time, Mr. Makoto Doi, and the General Manager at the time, Mr. Hideaki Miyama, were both dismissed.

Succeeding Mr. Miyama, I assumed the position of Executive Director, GM, and the Team Organization Chief Officer of the Yomiuri Giants Corporation. At the time, my mission was to restore the public trust in the Yomiuri Giants which had been greatly eroded, execute the management reform of the club and to ensure thorough compliance. Mr. Watanabe and the Owner Mr. Momoi have always requested that I put an end to recruiting players by giving money or by favoritism, concentrate the power

of personnel appointments of the players, coaches, field managers to the GM and also that I try to prevent the recurrence of scandals and to ensure thorough compliance.

And on June 7th, 2011, I assumed the position of Senior Managing Director, GM, Acting Owner, and Team Organization Chief Officer. I became the GM in name and reality and the position required that I focus even more on management reform and thorough compliance.

As a part of the team management reform I introduced a new system for training players called the "Player Development Contract System." And as the system began to take root, I take pride in having the three of our Yomiuri Giants' players named as the Rookie of the Year for the three consecutive years.

Also, for drafting, FA negotiations and player selection of major trades, I introduced the BOS (Baseball Operation System) used in the Major League, which is a method that evaluates and analyzes the ability of each player with objective numerical measures. By doing so, I have put into effect a scouting system based on an objective and rational evaluation and analysis, abolishing all illicit payment or favoritism that ensures thorough compliance.

The founder of the Yomiuri Giants team, Matsutaro Shoriki, left the so-called "Three Shoriki Precepts" which were, "May the Giants players always be gentlemen", "May the Giants players be always strong", and "May the Giants catch up with American baseball and over take them." I have gone ahead with the team management reform and have thrived to ensure thorough compliance in order to realize these "Three Shoriki Precepts".

And as I was going ahead with the appointments of personnel for the next season in order to streamline and modernize the team management, all adhering to the legitimate procedure, Mr. Watanabe tried to overturn this with his Single Voice from on High, a typical old fashioned type of store

management.

I was a reporter of the City News Department of the Yomiuri Shimbun. And in those days, I attacked the noncompliance of other companies and strongly criticized the leaders of the companies who have violated the compliance as well as the people involved who did not try to stop such violations. Therefore, if I condone this serious noncompliance that would betray the fans, players, coaches, field managers and honest employees in order to save myself, it would have been an immoral act.

Since the press conference, many of the people involved have encouraged me greatly in various ways. And I feel close connections of heart to heart with many of the people in the Yomiuri Shimbun Group and the Yomiuri Giants who share the same vision although they cannot speak up with me.

Also many fans have given me their warm encouragements. I was impressed by the fact that so many of the fans are looking forward to the realization of a sound professional baseball industry and I would like to thank them all sincerely for their serious concerns.

I am planning to file a lawsuit that I consider necessary not so far in the future as my dismissal is illegal and unjust and was carried out as a means to cover up a breach of compliance and as a retaliatory measure against myself.