

March 9, 2016

Name of listed company:  
BANDAI NAMCO Holdings Inc.  
Name of representative:  
Mitsuaki Taguchi,  
President and Representative Director  
(Code Number: 7832 TSE 1st section)  
Contact: Yuji Asako,  
Director, Division General Manager  
of the Corporate Planning Division

**Notice Regarding Commencement of Tender Offer for Shares in WiZ Co., Ltd.**  
**(Securities Code: 7835)**

BANDAI NAMCO Holdings Inc. (“Tender Offeror”) announces that it adopted a resolution at its Board of Directors meeting held today to acquire common shares in WiZ Co., Ltd. (Tokyo Stock Exchange, Inc., “Tokyo Stock Exchange”, JASDAQ Standard section, “JASDAQ,” securities code: 7835; “Target Company” and “Target Company’s Shares”) through a tender offer under the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments; “Act”).

1. Purpose of the Tender Offer

(1) Outline of Both Tender Offers

At a meeting of its Board of Directors held today, the Tender Offeror passed a resolution to acquire all of the Target Company’s Shares listed on JASDAQ to make the Target Company a wholly-owned subsidiary of the Tender Offeror through a series of transactions detailed below (“Transaction”). As of today, the Tender Offeror does not own any of the Target Company’s Shares.

As the initial step in the Transaction, the Tender Offeror makes a tender offer (“First Tender Offer” or “Tender Offer”) mainly for the purpose of purchasing all of the Target Company’s Shares owned by Mr. Akihiro Yokoi (“Founder Shareholder”), who is the founder and President & CEO of the Target Company and its largest shareholder among major shareholders (number of Target Company’s Shares he owns, “number of shares owned”: 1,336,600 shares; shareholding ratio (\*): 43.37%), Mr. Akira Shimazaki, who is Director **【** and the second largest shareholder of the Target Company (number of shares owned: 174,000 shares; shareholding ratio: 5.65%), Ms. Mayumi Yokoi, who is the Founder Shareholder’s wife and the third largest shareholder of the Target Company (number of shares owned: 105,000 shares; shareholding ratio: 3.41%), and Mr. Kenji Yokoi, who is the Founder Shareholder’s brother and Director and the fourth largest shareholder of the Target Company (number of shares owned: 80,000 shares; shareholding ratio: 2.60%) (Founder Shareholder, Mr. Akira Shimazaki, Ms. Mayumi Yokoi, and Mr. Kenji Yokoi are collectively called “Prospective Tendering Shareholders”), a total of 1,695,600 Target Company’s Shares (“Prospective Tendered Shares”) (shareholding ratio: 55.02%) at the market price discounted by a certain rate.

To make the First Tender Offer, the Tender Offeror has entered into a tender offer application agreement (“Application Agreement”) with the Prospective Tendering Shareholders on tendering all of the Prospective Tendered Shares they respectively own in the First Tender Offer, as of today. For details of the Application Agreement, refer to “(4) Matters relating to material agreement between the Tender Offeror and shareholders of the

Target Company concerning application for the Tender Offer, etc.” below.

(\*Note) The shareholding ratio is the ratio of shares held by shareholders to the total number of issued shares, 3,081,600 shares, as of November 30, 2015 (“total number of issued shares of the Target Company”), which was stated in the quarterly report for the second quarter of the 30th term filed by the Target Company on January 13, 2016 (“Target Company’s 30th Term 2Q Report”). (The ratio is rounded to the second decimal place.) The same applies hereinafter. Also note that the Target Company did not own treasury shares as of that date.

For the First Tender Offer, the Company has set the minimum number of shares to be purchased at 1,695,600 shares, which is equivalent to the number of the Prospective Tendered Shares. Provided the total number of shares tendered in the First Tender Offer (“tendered shares”) is less than the minimum number of shares to be purchased (1,695,600 shares), the Tender Offeror will not purchase any of the tendered shares. As the Tender Offeror plans to make the second tender offer at 560 yen as the tender offer price, as detailed below, in the event that the First Tender Offer is completed, it does not expect Target Company’s Shares other than Prospective Tendered Shares tendered by the Prospective Tendering Shareholders to be tendered in the First Tender Offer. However, to provide a greater opportunity for the shareholders of the Target Company who wish to tender their shares in the First Tender Offer, the Tender Offeror does not set the maximum number of shares to be purchased for the First Tender Offer. Accordingly, provided the total number of tendered shares is not less than the minimum number of shares to be purchased (1,695,600 shares) in the First Tender Offer, the Tender Offeror will purchase all the tendered shares.

The Tender Offeror adopted at its today’s Board of Directors meeting a resolution to commence the second tender offer (“Second Tender Offer”; with First Tender Offer, collectively called “Both Tender Offers”), as the second step in the Transaction, to purchase the Target Company’s Shares owned by general shareholders, except the Prospective Tendering Shareholders, promptly after the First Tender Offer and its settlement are completed. In the event that the First Tender Offer is completed, provided any event that falls under the condition for withdrawal of the First Tender Offer does not occur (for such details, refer to “2) Existence of conditions for withdrawal, etc. of the tender offer, details thereof, and method of disclosing withdrawal etc.” of “(9) Other conditions and methods relating to the tender offer” in “2. Outline of the Tender Offer” below), the Tender Offeror plans to commence the Second Tender Offer on April 15, 2016. The purpose of the Second Tender Offer is to purchase all of the Target Company’s Shares, except those to be purchased by the Tender Offeror in the First Tender Offer (supposedly, the Target Company’s Shares other than the Prospective Tendered Shares; The same applies hereinafter). The tender offer price per share of the Target Company’s Shares in the Second Tender Offer (“Second Tender Offer Price”) is planned to be set at 560 yen, 415 yen (or 286.2%, rounded to the first decimal place; the same applies hereinafter) higher than 145 yen of the tender offer price per share of the Target Company’s Shares in the First Tender Offer (“First Tender Offer Price” or “Tender Offer Price”). For details of the Second Tender Offer Price, refer to “(5) Matters relating to the Second Tender Offer” below.

Setting the minimum number of shares to be purchased for the Second Tender Offer makes completion of the Second Tender Offer uncertain, thus the minimum number is not set for the Second Tender Offer to secure an opportunity to sell shares for the shareholders of the Target Company who wish to sell their shares at the Second Tender Offer Price. Accordingly, provided the Second Tender Offer is completed, the Tender Offeror will purchase all the tendered shares in the Second Tender Offer.

According to “Notice of Opinion on Tender Offer for Company Shares etc. by BANDAI NAMCO Holdings Inc.” released today by the Target Company (“Target Company’s Press Release”), the Target Company decided at

today's Board of Directors meeting to endorse the First Tender Offer, and to reserve its opinion about the reasonableness of the First Tender Offer Price and finds it appropriate to leave a decision on whether or not to tender own shares in the First Tender Offer up to shareholders given that: (i) the First Tender Offer Price was agreed and determined through negotiations between the Prospective Tendering Shareholders and the Tender Offeror, and in the First Tender Offer only the Prospective Tendering Shareholders are expected to tender their shares while general shareholders are not; and (ii) in behalf of general shareholders, provided the First Tender Offer is completed, promptly after its settlement is completed, the Second Tender Offer will be made with the Second Tender Offer Price set higher than the First Tender Offer Price. In the event that the First Tender Offer is completed, promptly after its settlement, the Tender Offeror will make the Second Tender Offer with the Second Tender Offer Price set higher than the First Tender Offer Price. For this reason, the Board of Directors of the Target Company also decided today that in the event of the Second Tender Offer it should endorse and recommend to the shareholders of the Target Company to tender their shares in the Second Tender Offer. For details of the decision-making process at the Target Company, refer to "4) Approval of all Directors with no beneficial interest and consent of all Audit & Supervisory Board Members" in "(6) Measures to ensure fairness of Both Tender Offers, including those to ensure fairness of tender offer prices and to avoid conflicts of interest" below.

The Tender Offeror intends to make the Target Company its wholly-owned subsidiary through the Transaction. Therefore, if the Tender Offeror fails to purchase all of the Target Company's Shares through Both Tender Offers, it will take a series of procedures to make itself the sole shareholder of the Target Company subsequent to the Second Tender Offer. For more details, refer to "(7) Policy on reorganization etc. after Both Tender Offers (matters relating to the so-called two-stage purchase)" below.

- (2) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers, and management policy after Both Tender Offers
  - 1) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers

The Tender Offeror was founded through a joint share transfer in September 2005 when Bandai Co., Ltd. ("Bandai" with Tender Offeror, collectively called "Tender Offeror and others") and NAMCO LIMITED (current BANDAI NAMCO Entertainment Inc.) performed a management integration and became a listed company on the First Section of the Tokyo Stock Exchange in the same month. It is a pure holding company which controls a group of companies, with IPs (IPs refer to intellectual property rights relating to characters, etc. The same applies hereinafter.) as their core strength, operating a variety of entertainment-related businesses, including toys, plastic models, network content, home video game software, arcade game machines, visual and music content, amusement facilities, etc. (consisting of the Tender Offeror, 94 subsidiaries, and 13 affiliated companies; "BANDAI NAMCO Group").

The BANDAI NAMCO Group is organized into three Strategic Business Units ("SBUs")—Toys and Hobby (the business related to manufacturing and marketing of toys, plastic models, confectionery and foods, vending machine capsule toys, cards, apparel, sundries, stationery, and other products. The same applies hereinafter.), Network Entertainment (the business related to planning, developing, and distributing of network content; planning, developing, and marketing home video game software, arcade game machines, and prizes for amusement machines; and planning and operating amusement and other facilities), and Visual and Music Production—and affiliated business companies that provide support for each SBU. Each SBU conducts business centering on the "IP Axis Strategy," through which IPs (including characters etc.), which are the BANDAI NAMCO Group's greatest strength, are distributed as products and services to optimized areas with the best timing by making the most of their worldview and unique features.

In its main strategies in the Mid-term Plan, which started in April 2015 under the vision of “NEXT STAGE: Empower, Gain Momentum, and Accelerate Evolution,” the Group implements Business Strategies to “Accelerate Evolution in the IP Axis Strategy,” Region Strategies to “Gain Momentum in Global Markets,” and Functional Strategies to “Empower and Innovate its Business Model.” In its Business Strategies to “Accelerate Evolution in the IP Axis Strategy,” the Group not only cultivates Group IPs by such means as creating and obtaining IPs, but also expands into new IP businesses such as live events, expands target markets, and strengthens collaboration among its businesses. In its Region Strategies to “Gain Momentum in Global Markets,” the Group not only maintains its pursuit of becoming No. 1 in each of its markets in Japan, but also proactively expands its business in Asia, where there is a promising outlook for future growth. Furthermore, in its Functional Strategies to “Empower and Innovate its Business Model,” the Group creates and cultivates new next-generation IP businesses and promotes creating the foundations for implementing its IP Axis Strategy in global markets.

Meanwhile, according to the Target Company, the Target Company was established in September 1986 by the Founder Shareholder as a toy product planning company, under the company philosophy: “To convey a never-changing sense of playfulness to people in every generation without being bound by conventional values.” In November 1996, the Target Company, jointly with Bandai, planned and developed “Tamagotchi,” a handheld digital pet simulation game produced by the Target Company and distributed by Bandai, which became a worldwide hit product. After Tamagotchi, the Target Company, formerly just a planning company, expanded its business and embarked on full-scale toy product development and production operations. In collaboration with Bandai, the Target Company has since planned and developed product series such as “Digital Monsters,” “Primopuel,” “Crush Gear,” and “Tamagotchi Revival” (produced by the Target Company and sold by Bandai). With solid sales of these consecutive products, it went public on JASDAQ Securities Exchange, Inc. (current JASDAQ) in June 2005.

As described above, the Target Company has an internal mechanism to rapidly plan, develop, and produce a product that is adaptable to the needs of the toy market in a consistent and penetrating fashion. It also has technologies and knowhow to create and embody things and articles, which did not exist in the market before such as “Tamagotchi,” from scratch by capturing the needs of the times. Further, the Target Company has a structure to support a broad range of types of toys from electronic games to stuffed toys and figures, and believes that it can demonstrate its strength especially in planning and developing toy products.

Meanwhile, as measures to respond to a possible downward trend in revenue from its core products such as “Tamagotchi” and “Digital Monsters,” given a business environment affected by a falling birth rate and subsequent diversification of playing activities including a growing number of smartphone applications and SNS games, the Target Company has advanced into other domains in addition to the toy industry since around 2006. Specifically, it has engaged in (i) planning, developing, and selling pet apparel; (ii) acquisition of ownership of game creation companies; (iii) acquisition of ownership of animation companies; (iv) toy car racing circuits operations (SLOT CARS JAPAN); (v) planning, developing, and selling private brand toys and goods; (vi) creating smartphone applications; and (vii) nursing-care robot business.

Despite some results being achieved such as increases in sales volume of certain private brand goods, the falling birth rate and the diversifying preferences in the environment surrounding the industry have progressed faster than the Target Company expected. To the Target Company whose strength is planning and development capabilities, the above measures (i) – (vii) in which weight is placed on marketing, sales, and advertising knowhow have turned out to be not so successful due to the Target Company’s poor performance since 2007 and ensuing deterioration of its financial strength. As an example of its poor performance, the Target Company has recorded net loss every year since the fiscal year ended May 2007, except 2009 and 2012. For the preceding second quarter of the fiscal year

ending May 2016, it recorded operating loss of 191 million yen, ordinary loss of 224 million yen, and net loss attributable to owners of the parent of 225 million yen.

Under these circumstances, the Tender Offeror and others were approached by the Target Company in early April 2015 and asked to take a stake in the Target Company (including financial support). Following such approach, the Tender Offeror and others started discussions about the terms and conditions of the capital alliance with the Target Company, including an initial review of its corporate value. In the course of the discussions, investing in the Target Company's Shares was judged risky compared to other general listed shares, given the Target Company's declining profitability, deteriorating financial position, etc. Based on the decision that making the Target Company a wholly-owned subsidiary is a precondition for the Tender Offeror to provide financial support and take a stake in the Target Company and that a scheme under which the purchase price from large shareholders including the Founder Shareholder is set lower than that from general shareholders should be adopted, the Tender Offeror started negotiations in early July 2015 with the Founder Shareholder on terms and conditions to that effect. However, with no agreement reached on the Tender Offer Price and the conditions of management structure after the Target Company becomes a wholly-owned subsidiary, the discussions about the capital and business alliance were back at square one in mid-August 2015.

Thereafter, the Target Company requested the Tender Offeror to reopen the discussions about the capital and business alliance in early October 2015. Upon such request, the Tender Offeror restarted the discussions about the capital and business alliance with the Target Company and in mid-October 2015 presented a proposal of the capital and business alliance including an overhaul of the business structure of the Target Company by making the Target Company a wholly-owned subsidiary through a two-stage tender offer consisting of the first stage whose purpose is to purchase the Prospective Tendered Shares owned by the Prospective Tendering Shareholders including the Founder Shareholder at the price discounted at a certain rate from the market price and the second stage in which the Target Company's Shares will be purchased at the market price with a certain premium after the first stage is completed and renewing its management structure, etc., ("October Alliance Proposal") to the Founder Shareholder and the Target Company, who, however, did not come to an agreement over the conditions of the October Alliance Proposal. As of late November 2015, the discussions about the capital and business alliance were aborted once again.

The Target Company then decided to reconsider the October Alliance Proposal as the capital and business alliance with the Tender Offeror would be the most likely avenue to enhance its corporate value, requesting the Tender Offeror to reopen discussions in mid-January 2016. Based upon such request, the Tender Offeror reopened concrete discussions with the Founder Shareholder and the Target Company, conducting due diligence on the Target Company in late January 2016. (Due diligence was completed in late February 2016.) The Tender Offeror then presented a proposal of the Transaction again in mid-February 2016 to the Founder Shareholder; the outline of terms and conditions of the transaction including the First Tender Offer Price was agreed, and more discussions and negotiations ensued. The Tender Offeror also submitted a proposal of the Transaction to the Target Company in mid-February 2016, continuing the discussions and negotiations on the Second Tender Offer Price. In parallel with these discussions, since late February 2016, the Tender Offeror has provided the independent committee of the Target Company with explanations about the purpose of making the Target Company a wholly-owned subsidiary, management policy after the Transaction, and outlook for employment of employees, etc.

In the course of the above discussions and negotiations, the Tender Offeror came to the conclusion that having the Target Company as a planning and development company in the Toys and Hobby SBU through the business alliance with the Target Company in an effort to "further strengthen the IP Axis Strategy," as well as to "further strengthen planning and development capabilities" in the toys and plastic models sector where the principal

company of the Toys and Hobby SBU, Bandai, operates, would enable the pursuit of further growth and expansion of the Toys and Hobby Business.

The Target Company also decided it needs to pursue business expansion centering on the IP Axis Strategy, which is the greatest strength of the BANDAI NAMCO Group to survive in the harsh environment, which includes the falling birthrate, surrounding the industry.

Specifically, while the Tender Offeror has grown through business operations centered on the IPs, the BANDAI NAMCO Group's core strengths, it believes having the Target Company in the BANDAI NAMCO Group should enable the strengthening of its source of growth, the planning and development function for IPs and products, with the Target Company's strengths and knowhow in digital toys planning and development integrated into the BANDAI NAMCO Group. The Tender Offeror particularly believes deepening collaboration between Bandai with boys' and girls' basic (classic) toys planning and designing capabilities and the Target Company with digital toys planning and development capabilities should improve the planning capability of the overall BANDAI NAMCO Group including the Target Company and enable the planning, development, and operations of new products leveraging the strong points of both companies with such planning capability as a pillar.

In addition, the Tender Offeror recognizes the Target Company as an important business partner of the Tender Offeror and others in jointly holding and operating the rights of original IPs such as "Tamagotchi," "Primopuel," and "Digital Monsters." The Target Company believes that the alliance with the Tender Offeror and others will allow it to establish a stable revenue base by strengthening the licensing-out function for these original IPs.

To realize the synergies described above, the Tender Offeror has decided it is imperative to establish the management structure to make decisions promptly and flexibly based on medium and long-term strategic judgments, including the restructuring of the Target Company's business management, through the acquisition of all of the Target Company's Shares. Meanwhile, the possibility cannot be denied that various measures to be taken based on such a medium and long-term strategic judgment, while the Target Company remains a listed company, may cause some negative impact on the interests of the shareholders of the Target Company in the short term such as downside risk in the Target Company's performance. Consequently, it has determined that the Target Company should become a wholly-owned subsidiary of the Tender Offeror, which is more than just a parent-and-subsidary relationship, with the Target Company's shares delisted, and both companies should be integrated as a group to conduct business operations, which will eventually serve to enhance the corporate value of the Target Company.

After these events, the Tender Offeror decided at today's Board of Directors meeting to conduct Both Tender Offers to make the Target Company a wholly-owned subsidiary.

As for the Target Company, by becoming a wholly-owned subsidiary of the Tender Offeror, which is a parent company of Bandai, the Target Company's biggest customer and planning and development partner, (i) the Target Company will be able to fully exert its capabilities as the core of its business activities, planning and development capabilities, through the Transaction; (ii) the operations and creative capabilities related to IPs held by Bandai and the Target Company will work out most effectively through the Transaction; (iii) reorganization, etc., in the process of becoming a subsidiary will enable effective human resources management; and (iv) the delisting of its shares will reduce listing-related operations and expenses as well as allow the Target Company to ensure fast and flexible decision making. Therefore, the Target Company came to the decision that by executing the Transaction, the Tender Offeror and others and the Target Company should be able to attain synergies in their businesses, and the Transaction should contribute to enhancing the Target Company's corporate value. It adopted a resolution at today's

Board of Directors meeting to the effect that it endorses the First Tender Offer and reserves its opinion about the reasonableness of the First Tender Offer Price, and leaves the decision on whether or not to tender its own shares in the First Tender Offer up to shareholders, and that it believes, as of today, that it should endorse and recommend to its shareholders to tender their shares in the Second Tender Offer in such event.

## 2) Management policy after Both Tender Offers

Provided Both Tender Offers are completed and the Target Company successfully becomes a wholly-owned subsidiary by the method described in “(7) Policy on reorganization etc. after Both Tender Offers (matters relating to the so-called two-stage purchase)” below, the Tender Offeror will have the Target Company as a planning and development company in the Tender Offeror’s Toys and Hobby SBU, of which the principal company is Bandai and restructure the business operations of the Target Company by: (i) establishing a revenue model that strengthens the original IPs of which rights are held and managed jointly by Bandai and the Target Company, as well as IP creation capabilities; (ii) improving planning capabilities by integrating the Target Company’s strengths, digital toy planning and development capabilities, into the BANDAI NAMCO Group and strengthening collaboration; (iii) exchanging human resources between the Target Company and the BANDAI NAMCO Group; and (iv) reviewing and implementing measures to improve operational efficiency mainly in back offices. The Tender Offeror plans to make the best of the Target Company’s strengths, digital toys planning and development capabilities as well as Bandai’s strengths, boys’ and girls’ basic (classic) toys planning and designing capabilities, strengthen IP creation capabilities, improve planning capabilities, and enhance the corporate value of both the Target Company and the BANDAI NAMCO Group.

The basic policy of the business alliance with the Target Company and the outline of the management structure of the Target Company after the Transaction are as follows:

### (i) Basic policy of the business alliance

The Tender Offeror and others and the Target Company have confirmed the following details as the basic policy on the business alliance of both companies:

- (a) The Target Company will withdraw from the original toys business and specialize in the planning and development function for Bandai toys.
- (b) The Tender Offeror and others and the Target Company will establish a structure for collaboration between the Target Company and Bandai, increase the Target Company’s strengths, digital toys planning and development capabilities, and pursue “stabilization of revenue” and “growth as a planning company.”

### (ii) Outline of management structure

Regarding the management of the Target Company after the Transaction, the Tender Offeror and others and the Target Company have confirmed that the following structure will be established:

- (a) The Target Company will have five Directors appointed by the Tender Offeror. However, three Directors of the Target Company will be appointed by the Tender Offeror and two Directors will be appointed by the Target Company for the first year after the Transaction.
- (b) The Representative Director of the Target Company will be elected from among Directors appointed by the Tender Offeror.
- (c) The Audit & Supervisory Board will be discontinued, and Audit & Supervisory Board Members will be appointed by the Tender Offeror.

To form the new management structure, whether the current management of the Target Company will resign

(or be reappointed as Directors or Audit & Supervisory Board Members of the Target Company by the Tender Offeror or the Target Company) is yet to be determined.

(3) Determination of First Tender Offer Price

To determine the First Tender Offer Price, the Tender Offeror held negotiations with the Prospective Tendering Shareholders as stated above, and agreed on the purchase of the Prospective Tendered Shares of 1,695,600 shares at 145 yen per share. Accordingly, the Tender Offeror has set the First Tender Offer Price at 145 yen per share. The Tender Offeror expects only the Prospective Tendered Shares to be tendered in the First Tender Offer. For details of determining the First Tender Offer Price, refer to “1) Calculation basis” and “2) Background of calculation” of “(4) Calculation basis for Tender Offer Price, etc.” in “2. Outline of the Tender Offer” below.

(4) Matters relating to material agreement between the Tender Offeror and shareholders of the Target Company concerning application for the Tender Offer, etc.

To make Both Tender Offers, the Tender Offeror has entered into the Application Agreement with the Prospective Tendering Shareholders concerning the tendering of all Prospective Tendered Shares in the First Tender Offer as of today.

The Application Agreement sets down the following matters as preconditions for the Prospective Tendering Shareholders to tender their shares. The respective Prospective Tendering Shareholders are not restricted to waive all or part of these preconditions at their own discretion when tendering their shares in the First Tender Offer.

- (a) The First Tender Offer is duly and effectively commenced and not withdrawn.
- (b) The Tender Offeror’s representations and warranties as prescribed in the Application Agreement (Note 1) are true and accurate in material respects.
- (c) The Tender Offeror does not fail in obligations as prescribed in the Application Agreement (Note 2) in material respects.
- (d) There are no pending motions, such as law suits, or proceedings that are filed with the judicial or administrative bodies or other supervisory authorities to restrict or prohibit the First Tender Offer and likely to be sustained reasonably, and any laws and regulations, or orders, dispositions or rulings given by the judicial or administrative bodies or other supervisory authorities to restrict or prohibit the execution of the First Tender Offer or the tendering of shares by the Prospective Tendering Shareholders in the First Tender Offer do not exist.
- (e) The Target Company’s undisclosed material facts (as set forth in Paragraph 2 of Article 166 of the Act concerning the Target Company) or facts of the tender offer (facts concerning the execution of the tender offer or facts concerning the cancelation of the tender offer as set forth in Paragraph 2 of Article 167 of the Act) that the Prospective Tendering Shareholders learn only after the commencement of the First Tender Offer do not exist (provided, however, cases where the sale of the Prospective Tendered Shares by the Prospective Tendering Shareholders in the First Tender Offer does not violate Articles 166 or 167 of the Act are excluded).

(Note 1) In the Application Agreement, the Tender Offeror provided the representations and warranties stating as of the date of the Application Agreement and the commencement date and settlement date of the First Tender Offer: (i) the Tender Offeror is duly established and effectively exists; (ii) the Tender Offeror possesses legal capacity for rights and actions required to execute and fulfill the Application Agreement, and performs required procedures; (iii) the execution of the Application Agreement is effective, legitimate, and enforceable; (iv) permits and approvals required to execute and fulfill the



Application Agreement are obtained and performed; (v) the execution and fulfillment of the Application Agreement does not violate the laws and regulations, company rules, contracts, or judgments by the judicial and administrative bodies applicable to the Tender Offeror; and (vi) there are no relationships with antisocial forces or violent acts of request.

(Note 2) In addition to the obligations of commencement of the First Tender Offer and confidentiality, the Tender Offeror assumes the following obligations in the Application Agreement: (i) to take appropriate measures to meet the above preconditions (b) and (c) for the Prospective Tendering Shareholders to tender their shares; (ii) to immediately notify the Prospective Tendering Shareholders in writing in the event of (a) a breach of the representations and warranties as described above in (Note 1) or the obligations listed in the Application Agreement by the Tender Offeror before the settlement date of the First Tender Offer, or (b) the impossibility to meet the preconditions for the Prospective Tendering Shareholders to tender their shares or specific instances to cause reasonable fear of these; and (iii) to compensate for damages, losses, or expenses incurred by the Prospective Tendering Shareholders as a result of or in association with breach of the representations and warranties as described above in (Note 1) or the obligations listed in the Application Agreement by the Tender Offeror.

#### (5) Matters relating to the Second Tender Offer

##### 1) Outline of the Second Tender Offer

As stated in “(1) Outline of Both Tender Offers” above, the Tender Offeror will make the Second Tender Offer provided the First Tender Offer is completed. With no maximum or minimum number of shares to be purchased set for the Second Tender Offer, the Tender Offeror will purchase all the shares tendered in the Second Tender Offer.

The period of tender offer for the Second Tender Offer (“Second Tender Offer Period”) will be from April 15, 2016 to May 24, 2016, a total of 24 business days.

However, in the event that the period of the tender offer for the First Tender Offer (“First Tender Offer Period” or “Tender Offer Period”) is extended out of necessity or other similar unavoidable grounds, the Tender Offeror may postpone commencement of the Second Tender Offer and change the Second Tender Offer Period. In cases where the commencement of the Second Tender Offer is postponed or the Second Tender Offer Period is changed, provided the First Tender Offer is completed and any event that falls under the condition for withdrawal of the First Tender Offer does not occur (for such details, refer to “2) Existence of conditions for withdrawal, etc. of the tender offer, details thereof, and method of disclosing withdrawal etc.” of “(9) Other conditions and methods relating to the tender offer” in “2. Outline of the Tender Offer” below), the Tender Offeror will commence the Second Tender Offer as quickly as practically possible after settlement is completed.

In the event that the First Tender Offer is not completed, the Second Tender Offer will not be made.

The Second Tender Offer provides the shareholders of the Target Company other than the Prospective Tendering Shareholders with an opportunity to sell their Target Company’s Shares at the Second Tender Offer Price of 560 yen, 415 yen (286.2%) more than the First Tender Offer Price (145 yen), with a premium added to the market price as of March 8, 2016, which is the previous business day of the announcement date (“Base Date”). The Tender Offeror, through the Second Tender Offer, intends to purchase all of the Target Company’s Shares except those to be purchased by the Tender Offeror in the First Tender Offer.

##### 2) Reason the First Tender Offer Price and the Second Tender Offer Price differ

The Tender Offeror plans to purchase all of the Target Company’s Shares. As stated above, the Tender Offeror

and the Prospective Tendering Shareholders agreed today on the purchase of the Prospective Tendered Shares at the First Tender Offer Price of 145 yen per share. Concurrently, to provide general shareholders of the Target Company with an opportunity to sell their shares at the market price with a premium, the Tender Offeror considered and negotiated with the Target Company on the purchase of the Target Company's Shares owned by these shareholders at a price that differs from the First Tender Offer Price. The First Tender Offer Price and the Second Tender Offer Price are not the same because they were determined through the negotiations the Tender Offeror had with respectively different counterparts, and because the Prospective Tendering Shareholders, to cooperate for the realization of the Transaction as large shareholders, had the intention of selling their shares of the Target Company at the price lower than the price offered by the Tender Offeror to other shareholders of the Target Company and agreed to receive the per-share consideration for their Target Company's Shares lower than that for other shareholders of the Target Company, under the concept of the significance of achieving integrated management with the Tender Offeror through the Transaction for the further growth of the Target Company.

3) Reason for conducting a two-stage tender offer

In the Transaction, the Tender Offeror and the Prospective Tendering Shareholders have agreed to the transfer (assignment) of the Prospective Tendered Shares from the Prospective Tendering Shareholders to the Tender Offeror at the market price discounted at a certain rate as of the Base Date and provision of an opportunity to sell the Target Company's Shares at the market price with a premium as of the Base Date for general shareholders of the Target Company. Under the Act, setting different Tender Offer Prices for shares of the same class in a single tender offer is not allowed. It is also said that the same tender offeror is not allowed on a practical level to simultaneously make tender offers with different Tender Offer Prices. Therefore, the Tender Offeror has decided to make a two-stage tender offer for purchasing the Prospective Tendered Shares at a lower price than the market price as of the Base Date in the First Tender Offer, and purchasing the Target Company's Shares from the shareholders of the Target Company, except those to be purchased by the Tender Offeror in the First Tender Offer, at a higher price than the market price as of the Base Date in the Second Tender Offer.

4) Valuation report on the Second Tender Offer Price obtained from an independent third-party valuation agent

To determine the Second Tender Offer Price, the Tender Offeror asked PwC Advisory LLC ("PwC"), a third-party valuation agent independent of the Tender Offeror and the Target Company, to value the Target Company's Shares and obtained a valuation report on the valuation analysis of the Target Company's Shares as of March 8, 2016 ("Valuation Report"), which it used for reference.

On the assumption that it is appropriate to value the Target Company's Shares from various perspectives by reviewing the Target Company's financial position, market price performance of the Target Company's Shares, etc., PwC valued the Target Company's Shares using market price analysis method and discounted cash flow analysis method ("DCF analysis method"). The Tender Offeror did not receive an opinion on the fairness of the Second Tender Offer Price from PwC. In addition, PwC was not asked for its opinion on the First Tender Offer Price and thus did not make a valuation for the First Tender Offer Price.

According to the Valuation Report, the methods used and the range of valuations per share of the Target Company's Shares obtained using these methods are as follows:

Market price analysis method:	353 yen to 446 yen
DCF analysis method:	520 yen to 576 yen

Under the market price analysis method, with March 8, 2016 as the base date for calculation, the range of per-share value of the Target Company's Shares was calculated from 353 yen to 446 yen. This range was based on the closing price on JASDAQ on the base date for calculation (410 yen), the average closing price for one month and three months up to the base date for calculation (353 yen for one month and 374 yen for three months), and the volume weighted average price for one month and three months up to the base date for calculation (446 yen for one month and 435 yen for three months).

Under the DCF analysis method, the range of per-share value of the Target Company's Shares was calculated from 520 yen to 576 yen. In this method, future free cash flows, which are expected to be generated by the Target Company during and after the third quarter of the fiscal year ending May 2016 based on the Target Company's business plans for the fiscal years ending May 2016 - May 2021, are discounted back at a certain discount rate to present value to analyze the corporate value and share price of the Target Company.

The Tender Offeror comprehensively considered the results of the Valuation Report obtained from PwC, the results of due diligence of the Target Company conducted by the Tender Offeror, actual examples of premiums paid in determining the tender offer price in tender offers conducted by persons other than issuers in the past, whether or not the Target Company's Board of Directors would support Both Tender Offers, the recent performance of the market price of the Target Company's Shares, and the outlook for tendering shares in the Second Tender Offer. Additionally, in view of the results of discussions and negotiations with the Target Company, the Tender Offeror finally decided at its today's Board of Directors meeting to set the Second Tender Offer Price at 560 yen per share.

The Second Tender Offer Price of 560 yen per share of the Target Company's Shares represents a 36.6% premium (rounded to the first decimal place; the same applies hereinafter to the calculation of the premium rate and the discount rate) on the 410 yen closing price of the Target Company's Shares on JASDAQ on the Base Date, a 58.6% premium on the average closing price of 353 yen for the past month up to the Base Date, a 49.7% premium on the average closing price of 374 yen for the past three months up to the Base Date, and a 31.1% premium on the average closing price of 427 yen for the past six months up to the Base Date.

- (6) Measures to ensure fairness of Both Tender Offers, including those to ensure fairness of Tender Offer Prices and to avoid conflicts of interest

The Tender Offeror entered into the Application Agreement with the Prospective Tendering Shareholders, who are the largest shareholder among major shareholders, and other large shareholders of the Target Company, concerning all of the Prospective Tendered Shares (total number of shares owned: 1,695,600 shares; shareholding ratio: 55.02%). The three of the five Directors of the Target Company signed the Application Agreement. Provided the First Tender Offer is completed, the ensuing Second Tender Offer and proceedings to make the Target Company a wholly-owned subsidiary will be considered to be integrated with the First Tender Offer as a series of acts. Given these facts, the Tender Offeror and the Target Company have taken the following measures to ensure the fairness of Both Tender Offers (including those to ensure the fairness of the Second Tender Offer Price) and to avoid conflicts of interest:

Among the following measures, those related to the Target Company are based on explanations provided by the Target Company and the Target Company's Press Release.

- 1) Independent committee established and opinion obtained by the Target Company

According to the Target Company's Press Release, for the purpose of eliminating arbitrariness in the decision-making process for the Transaction, as well as ensuring fairness, transparency, and objectivity of such process, the Target Company, at its Board of Directors meeting on February 17, 2016, established an independent

committee consisting of three members, Mr. Shota Yamashita (CPA, Kaede Audit Corporation), Mr. Makoto Miki (Outside Director and Independent Director of the Target Company), and Mr. Tadashi Oshima (Outside Audit & Supervisory Board Member and Independent Auditor of the Target Company), who were highly independent of the Target Company, the Prospective Tendering Shareholders, and the Tender Offeror, to ask for the committee's advisories on whether the Transaction would be disadvantageous to minority shareholders of the Target Company in terms of: (i) enhancing the Target Company's corporate value through the Transaction; (ii) the fairness of tender offer prices and other consideration to be issued to minority shareholders in the Transaction; and (iii) the fairness of the Transaction procedures ("Advisory Matters"). The Target Company initially appointed the above three as the members of the independent committee and has not since changed the members.

The independent committee had a total of four meetings between February 22, 2016 and March 8, 2016 and reviewed the Advisory Matters. During the review by the independent committee, information about the Transaction was collected in the following manner: (i) the Tender Offeror was requested to give explanations about the purpose of the Transaction, management policy after the Transaction, etc., on which Q&A sessions were held; (ii) the Target Company was requested to explain its purpose in the Transaction, further details about the Target Company's corporate value to be enhanced through the Transaction, etc., on which Q&A sessions were held; (iii) explanations about the results of the share price valuation by Mizuho Bank, Ltd. ("Mizuho Bank") were requested, on which Q&A sessions were held; and (iv) materials etc. related to the Transaction were submitted.

Based on a review of these subjects, the independent committee submitted a report to the Board of Directors of the Target Company on March 8, 2016 to the effect that the Transaction would not be disadvantageous to minority shareholders of the Target Company in terms of: (i) enhancing the Target Company's corporate value through the Transaction; (ii) the fairness of tender offer prices and other considerations to be issued to minority shareholders in the Transaction; and (iii) the fairness of the Transaction procedures ("Advisory Report").

According to the Advisory Report received from the independent committee, key elements reviewed by the independent committee to produce the above report are as follows:

- (i) With regard to enhancing the Target Company's corporate value through the Transaction, the committee finds nothing particularly unreasonable in the explanations received from the Target Company and the Tender Offeror about the matters stated in "(2) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers, and management policy after Both Tender Offers" above. Thus, the committee does not consider the judgment by the Target Company and the Tender Offeror on enhancing the Target Company's corporate value through the Transaction to be unreasonable.
- (ii) With regard to the First Tender Offer Price, given that (a) it was agreed and determined through negotiations between the Prospective Tendering Shareholders and the Tender Offeror, and in the First Tender Offer that only the Prospective Tendering Shareholders are expected to tender their shares while general shareholders are not; and (b) in behalf of general shareholders, provided the First Tender Offer is completed, promptly after its settlement is completed, the Second Tender Offer will be made with the Second Tender Offer Price set higher than the First Tender Offer Price, the committee considers reservation of its opinion by the Target Company on the reasonableness of the First Tender Offer Price to be appropriate. Further, since general shareholders of the Target Company are not expected to tender their shares, the committee considers a discussion about the fairness of the First Tender Offer Price in the Advisory Report to be unnecessary.

With regard to the Second Tender Offer Price, the committee regards it to be a fair price, given the

following: (a) The Target Company asked Mizuho Bank, a third-party valuation agent independent of the Tender Offeror and the Target Company, to value the Target Company's Shares and obtained a valuation report on the valuation analysis of the Target Company's Shares as of March 8, 2016 ("Target Company's Valuation Report"). According to the Target Company's Valuation Report, the range of per-share value of the Target Company's Shares was 353 yen to 457 yen under the market price analysis method and 452 yen to 611 yen under the discounted cash flow method ("DCF method"). In the explanations provided by Mizuho Bank to the independent committee about these valuations, nothing unreasonable was found. The committee also did not find that Mizuho Bank used assumptions from business plans or other variables as the basis for the valuation of the share price that caused an unreasonably low valuation of the Second Tender Offer Price. (b) The Second Tender Offer Price was valued as a 36.6% premium on the 410 yen closing price of the Target Company's Shares on JASDAQ on the Base Date, a 58.6% premium on the average closing price of 353 yen for the past month up to the Base Date, a 50.1% premium on the average closing price of 373 yen for the past three months up to the Base Date, and a 31.1% premium on the average closing price of 427 yen for the past six months up to the Base Date. These valuations seem to be comparable to similar cases (of a tender offer of which the purpose is to make the target company a wholly-owned subsidiary). (c) It was set at 415 yen (286.2%) higher than the First Tender Offer Price in the First Tender Offer in which the Prospective Tendering Shareholders are expected to apply. (d) It was determined through discussions and negotiations, equivalent to those in an arm's length transaction, held between the Target Company and the Tender Offeror after measures to resolve possible conflicts of interest were taken.

In the procedures to make the Target Company a wholly-owned subsidiary by means of a demand for sale of shares, consolidation of the Target Company's Shares, or other measures, which are planned to be conducted in the event that all of the Target Company's Shares are not purchased in Both Tender Offers (see "(7) Policy on reorganization etc. after Both Tender Offers (matters relating to the so-called two-stage purchase)" below for definitions), the amount of cash to be paid to minority shareholders is supposed to be equal to an amount calculated by multiplying the Second Tender Offer Price by the number of the Target Company's Shares each shareholder holds. As this plan is to be explained and disclosed during the process of Both Tender Offers, the committee considers that the fairness of such amount is secured based on the same approach as that taken for the Second Tender Offer Price.

- (iii) With regard to the procedures of the Transaction, the committee considers that the Target Company has taken prudent and adequate measures to secure fairness, given the following: (a) For the purpose of eliminating arbitrariness in the decision-making process for the Transaction as well as ensuring fairness, transparency, and objectivity of such process, the Target Company established an independent committee, and plans to make decisions at today's Board of Directors meeting based on the Advisory Report. (b) Considering that three of the Directors of the Target Company, the Founder Shareholder, and Messrs. Akira Shimazaki and Kenji Yokoi, already signed the Application Agreement with the Tender Offeror on the tendering of their Target Company's Shares in the First Tender Offer, a two-stage resolution process is planned at the Board of Directors meeting of the Target Company today. To avoid doubt over conflicts of interest, two Directors other than the Founder Shareholder, and Messrs. Akira Shimazaki and Kenji Yokoi, will review and vote on a resolution first before the two plus Messrs. Akira Shimazaki and Kenji Yokoi, the four Directors of the Target Company in the light of the quorum of the Board of Directors as set forth in Article 369 of

the Companies Act (Act No. 86 of 2005, including subsequent amendments; “Companies Act”) review and vote on a resolution again. (c) As to the Second Tender Offer Price, discussions and negotiations equivalent to those of an arm’s length transaction were held between the Target Company and the Tender Offeror after measures to resolve possible conflicts of interest were taken. (d) The Target Company asked Mizuho Bank, a third-party valuation agent independent of the Tender Offeror and the Target Company, to value of the Target Company’s Shares and obtained the Target Company’s Valuation Report as of March 8, 2016. (e) The Target Company obtained legal advice regarding the decision-making process, decision-making methods, and other points to be considered in the Transaction from Ito & Mitomi, a legal adviser of the Target Company independent of the Tender Offeror and the Target Company.

2) Valuation report obtained from independent third-party valuation agent by the Target Company

According to the Target Company’s Press Release, as a measure to ensure fairness in examining the Second Tender Offer Price proposed by the Tender Offeror and determining its opinion about the Second Tender Offer, the Target Company asked Mizuho Bank, a third-party valuation agent independent of the Target Company and the Tender Offeror, to value the Target Company’s Shares and obtained the Target Company’s Valuation Report concerning the value of the Target Company’s Shares as of March 8, 2016. The Target Company appointed Mizuho Bank as financial adviser and third-party valuation agent, after making a list of several candidates for Both Tender Offers and screening them by considering their past records relating to tender offers, creditworthiness, etc., from a comprehensive point of view.

Mizuho Bank provides regular banking services for both the Target Company and the Tender Offeror. However, Mizuho Bank has conducted operations as financial adviser or third-party valuation agent from an independent position, after blocking out non-disclosure information about Both Tender Offers from its finance departments and branches in charge of regular banking services (including other group companies of Mizuho Bank). The Target Company did not receive a fairness opinion concerning the Second Tender Offer Price from Mizuho Bank. In addition, Mizuho Bank was not asked for its opinion on the First Tender Offer Price and thus did not make a valuation for the First Tender Offer Price.

To value the Target Company’s Shares, Mizuho Bank received a disclosure of present status, future business plans, etc. from the Target Company along with explanations to analyze the value of the Target Company’s shares. On the assumption that it is appropriate to value the Target Company’s Shares from various perspectives after studying a number of methods for valuing the Target Company’s Shares, Mizuho Bank valued of the Target Company’s Shares using the market price analysis method and the DCF method based on the premise that the Target Company is a going concern. The range of valuations per share of the Target Company’s Shares obtained using these methods is as follows:

Market price analysis method:	353 yen to 457 yen
DCF method:	452 yen to 611 yen

The market price analysis method is a method in which the value of shares is based on market share price. The market share price of a publicly listed company on a stock exchange is formed in market trading by a large number of investors and considered to be the most objective price that reflects various factors such as a company’s assets composition, profitability, potential, etc., and the Target Company’s Shares are listed on

JASDAQ. Therefore, Mizuho Bank decided to employ the market price analysis method, under which the range of per-share value of the Target Company's Shares was 353 yen to 457 yen as of March 8, 2016 as a base date, based on the 410 yen closing price of the Target Company's Shares on JASDAQ on the base date, the 353 yen simple average closing price for the recent month, the 373 yen simple average closing price for the past three months, the 427 yen simple average closing price for the past six months, the 445 yen volume weighted average price for the recent month, the 435 yen volume weighted average price for the past three months, and the 457 yen volume weighted average price for the past six months.

The DCF method, by which corporate value and value of shares are valued taking into account the business value obtained by discounting future free cash flows, which are expected to be generated by a company over a certain period in the future, back at an appropriate discount rate in which risks are factored, to present value, as well as non-operating assets, interest-bearing liabilities, etc., is deemed to require consideration of a valuation approach in terms of profitability. Being a dynamic valuation approach focused on future profitability of a company as a going concern, the DCF method is still commonly used for share price valuation especially in M&A deals. Thus, Mizuho Bank decided to employ the DCF method, under which corporate value and value of shares of the Target Company were analyzed by discounting free cash flows, which were expected to be generated by the Target Company during and after the fiscal year ending May 2016 (six months from December 2015 to May 2016 during the fiscal year ending May 2016) based on various factors such as future earnings forecasts and investment plans in the Target Company's business plans and other publicly disclosed information, back at a certain discount rate to present value, and the range of per-share value of the Target Company's Shares was 452 yen to 611 yen.

The business plans of the Target Company used as a calculation basis for the DCF method and major contributing factors each fiscal year are as stated below (including significant year-on-year upward forecasts for some years):

For the fiscal year ending May 2017, net sales are projected to grow 1.2 times year on year, which should turn operating income positive, because: (i) the previous two main product series targeted at leading toy companies will be increased to three; (ii) the nursing-care robot business in collaboration with the Target Company's equity-method company, PIP&WiZ CO., LTD. will move into full production; (iii) the license business through creating IPs with overseas animation companies will launch, contributing to revenue; and (iv) an increase in net sales resulting from other (domestic and international) OEM orders is expected.

For the fiscal year ending May 2018, net sales increasing 1.1 times and operating income doubling are projected on a year-on-year basis. The increase in operating income is based on a three-fold net sales expected from highly profitable business with overseas animation companies.

For the fiscal year ending May 2019, net sales are projected to increase year on year 1.2 times, which should lead to operating income increasing 1.5 times year-on-year, because: (i) net sales of products targeted at leading toy companies will decrease by 20% or so, but (ii) net sales of the nursing-care robot business will grow 1.4 times year on year; and (iii) in addition to the license business, the Target Company will start providing outsourcing services of planning, development, and quality control for overseas animation companies starting from the fiscal year ending May 2019, which is expected to expand net sales nearly 6 times year on year.

For the fiscal years ending May 2020 and May 2021, slight increases in net sales and an increase in operating income of 1.2 to 1.3 times year on year are projected, based on the growing nursing-care robot business in anticipation of the progressively aging society. Note that these business plans used as a calculation basis for the DCF method are not based on the execution of the Transaction and thus the effects, etc., of various measures to

be taken after the Transaction are not considered.

(Million yen)

	Fiscal year ending May 2016 (Note)	Fiscal year ending May 2017	Fiscal year ending May 2018	Fiscal year ending May 2019	Fiscal year ending May 2020	Fiscal year ending May 2021
Net sales	762	1,400	1,560	1,850	1,950	2,200
Operating income	137	38	76	114	152	190

(Note) From December 2015 to May 2016 (six months) for the fiscal year ending May 2016.

3) Advice from independent law firm to the Target Company

According to the Target Company's Press Release, for the purpose of securing transparency and reasonableness in its decision-making process, the Target Company obtained legal advice regarding decision-making process, decision-making methods, and other points to be considered in the Transaction from Ito & Mitomi, a legal adviser of the Target Company that is independent of the Tender Offeror and the Target Company.

4) Approval of all Directors with no beneficial interest and consent of all Audit & Supervisory Board Members

As stated in “(1) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers” of “(2) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers, and management policy after Both Tender Offers” above, the Target Company decided to reconsider the October Alliance Proposal as the capital and business alliance with the Tender Offeror would be the most likely avenue to enhance its corporate value, requesting the Tender Offeror to reopen discussions in mid-January 2016. The Target Company subsequently appointed Mizuho Bank as financial adviser and third-party valuation agent, after making a list of several candidates for Both Tender Offers and screening them by considering their past records relating to tender offers, creditworthiness, etc., from a comprehensive point of view.

Mizuho Bank provides regular banking services for the Target Company and the Tender Offeror. However, Mizuho Bank has conducted operations as financial adviser or third-party valuation agent from an independent position, after blocking out non-disclosure information about Both Tender Offers from its finance departments and branches in charge of regular banking services (including other group companies of Mizuho Bank). The Target Company also appointed Ito & Mitomi as legal adviser independent of the Target Company and established an independent committee as stated in “(1) Independent committee established and opinion obtained by the Target Company” above.

While receiving advice from Mizuho Bank and Ito & Mitomi, the Target Company carefully reviewed the validity of the terms and conditions of Both Tender Offers and the fairness of a series of procedures in the Transaction in terms of corporate value of the Target Company and the common interests of shareholders, as well as held discussions and negotiations with the Tender Offeror on the purpose of the Transaction, management policy after the Transaction, terms and conditions of the Transaction, etc.

As stated in “(2) Valuation report obtained from independent third-party valuation agent by the Target



Company” above, the Target Company asked Mizuho Bank, which is not a related party of the Tender Offeror or the Target Company and is a third-party valuation agent independent of the Tender Offeror and the Target Company, to value the Target Company’s Shares and obtained the Target Company’s Valuation Report as of March 8, 2016 from Mizuho Bank. (The Target Company did not receive a fairness opinion from Mizuho Bank concerning the fairness of the Second Tender Offer Price. In addition, Mizuho Bank was not asked for its opinion on the First Tender Offer Price and thus did not make a valuation for the First Tender Offer Price.)

Further, as stated in “1) Independent committee established an opinion obtained by the Target Company” above, on March 8, 2016 the Target Company received the Advisory Report from the independent committee to the effect that the Transaction would not be disadvantageous to minority shareholders of the Target Company in terms of: (i) enhancing the Target Company’s corporate value through the Transaction; (ii) fairness of tender offer prices and other consideration to be issued to minority shareholders in the Transaction; and (iii) fairness of Transaction procedures.

The Target Company then came to the following decision at its Board of Directors meeting held today, after due consideration of the terms and conditions of the Transaction including Both Tender Offers, details of the Target Company’s Valuation Report, etc., and placing maximum value on the Advisory Report produced by the independent committee:

As the Transaction is to be executed by the Tender Offeror, which is a parent company of Bandai, the Target Company’s biggest customer and planning and development partner, to make the Target Company its wholly-owned subsidiary, (i) the Target Company will be able to fully exert its capabilities as the core of its business activities, planning and development capabilities, through the Transaction; (ii) the operations and creative capabilities related to IPs held by Bandai and the Target Company will work out most effectively through the Transaction; (iii) reorganization etc. in the process of becoming a subsidiary will enable effective human resources management; and (iv) the delisting of its shares will reduce listing-related operations and expenses as well as allow the Target Company to ensure fast and flexible decision making. Therefore, by executing the Transaction, the Tender Offeror and others and the Target Company should be able to attain synergies in their businesses, and the Transaction should contribute to enhancing the Target Company’s corporate value.

With regard to the First Tender Offer Price, the Target Company also decided to reserve its opinion about the reasonableness of the First Tender Offer Price and found it appropriate to leave a decision on whether or not to tender its shares in the First Tender Offer up to shareholders given that: (i) the First Tender Offer Price was agreed and determined through negotiations between the Prospective Tendering Shareholders and the Tender Offeror, and in the First Tender Offer only the Prospective Tendering Shareholders are expected to tender their shares while general shareholders are not; and (ii) in behalf of general shareholders, provided the First Tender Offer is completed, promptly after its settlement is completed, the Second Tender Offer will be made with the Second Tender Offer Price set higher than the First Tender Offer Price. With regard to the Second Tender Offer Price, (i) it was valued at a 36.6% premium on the 410 yen closing price of the Target Company’s Shares on JASDAQ on the Base Date, a 58.6% premium on the average closing price of 353 yen for the past month up to the Base Date, a 50.1% premium on the average closing price of 373 yen for the past three months up to the Base Date, and a 31.1% premium on the average closing price of 427 yen for the past six months up to the Base Date, and these valuations seem to be comparable to similar cases (of a tender offer whose purpose is to make a target company a wholly-owned subsidiary); (ii) the Second Tender Offer Price of 560 yen was set at 415 yen

(286.2%) higher than the First Tender Offer Price in the First Tender Offer in which the Prospective Tendering Shareholders are expected to apply; and (iii) it was determined through discussions and negotiations, equivalent to those in an arm's length transaction, held between the Target Company and the Tender Offeror after the measures to resolve possible conflicts of interest described in “(6) Measures to ensure fairness of Both Tender Offers, including those to ensure fairness of tender offer prices and to avoid conflicts of interest” were taken. In the light of (i) to (iii), the Target Company decided, as of today, that it should recommend its shareholders to tender shares in the Second Tender Offer as it would provide them with the reasonable opportunity to sell their shares.

Based on these decisions, the Target Company adopted a resolution at its today's Board of Directors meeting to the effect that it endorses the First Tender Offer and reserves its opinion about the reasonableness of the First Tender Offer Price, and leaves a decision on whether or not to tender own shares in the First Tender Offer up to its shareholders, and that it believes as of today that it should endorse and recommend to its shareholders to tender their shares in the Second Tender Offer in such event.

At this Board of Directors meeting, given that the Founder Shareholder, and Messrs. Akira Shimazaki and Kenji Yokoi of the Directors of the Target Company had already signed an application agreement with the Tender Offeror on tendering their Target Company's Shares in the First Tender Offer, a two-stage resolution process was planned. To avoid possible conflicts of interest, two of five Directors of the Target Company other than the Founder Shareholder, and Messrs. Akira Shimazaki and Kenji Yokoi, reviewed and voted unanimously on the resolution before the two plus Messrs. Akira Shimazaki and Kenji Yokoi, the four Directors of the Target Company in the light of the quorum of the Board of Directors set forth in Article 369 of the Companies Act again reviewed and voted unanimously on the resolution to express the above opinion.

In addition, the three Audit & Supervisory Board Members of the Target Company were present at this Board of Directors meeting and gave no objection to the resolution that the Board of Directors of the Target Company would express the above opinion.

5) Valuation report obtained from independent third-party valuation agent by the Tender Offeror

The Tender Offeror, as stated in “4) Valuation report on the Second Tender Offer Price obtained from an independent third-party valuation agent” of “(5) Matters relating to the Second Tender Offer” above, obtained the Valuation Report from PwC to consider the Second Tender Offer Price.

(7) Policy on reorganization etc. after Both Tender Offers (matters relating to the so-called two-stage purchase)

The Tender Offeror will make Both Tender Offers with the ultimate goal of purchasing all of the Target Company's Shares. In the event that all of the Target Company's Shares are not purchased in Both Tender Offers, the Tender Offeror plans to take the procedures for the Tender Offeror to purchase all issued shares of the Target Company (“Procedures (to make the Target Company a wholly-owned subsidiary)”) after completion of the Second Tender Offer, by means of the following measures:

Provided upon completion of Both Tender Offers the total number of voting rights of the Target Company the Tender Offeror owns amounts to 90% or more of the voting rights of all shareholders of the Target Company and the Tender Offeror becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act, the Tender Offeror plans to demand that all shareholders of the Target Company (except the Target

Company and the Tender Offeror) sell all of their Target Company's Shares in accordance with the provisions of Part II, Chapter II, Section 4-2 of the Companies Act promptly after settlement of the Second Tender Offer is completed ("Demand for Sale of Shares").

Regarding the Demand for Sale of Shares, the Tender Offeror will set a cash amount equal to the Second Tender Offer Price to be paid to the shareholders of the Target Company (except the Target Company and the Tender Offeror) as per-share consideration for the Target Company's Shares. In this case, the Tender Offeror will send a notification to that effect to the Target Company to ask the Target Company to approve the Demand for Sale of Shares. Provided the Target Company approves the Demand for Sale of Shares through its Board of Directors' resolution, the Tender Offeror will purchase all of the Target Company's Shares owned by all shareholders of the Target Company (except the Target Company and the Tender Offeror) by following procedures set forth in relevant laws and regulations, without obtaining the consent of individual shareholders of the Target Company, as of the date specified in the Demand for Sale of Shares. The Tender Offeror then will pay cash to the shareholders in an amount equal to the Second Tender Offer Price as per-share consideration for the Target Company's Shares they own. According to the Target Company's Press Release, the Board of Directors of the Target Company, as of today, plans to approve the Demand for Sale of Shares by the Tender Offeror in the event that it receives a notification from the Tender Offeror concerning the matters prescribed in each Item in Paragraph 1 of Article 179-2 of the Companies Act with the intention of the Demand for Sale of Shares.

As a provision of the Companies Act intended to protect the rights of minority shareholders relating to the Demand for Sale of Shares, Article 179-8 of the Companies Act and other relevant laws and regulations provide that the shareholders of the Target Company who do not tender their shares in Both Tender Offers may file a motion with the court for determining the sale/purchase price of the shares. In case this motion is filed, the sale/purchase price will be ultimately ruled by the court.

On the other hand, provided the total number of voting rights of the Target Company owned by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Target Company after Both Tender Offers are completed, the Tender Offeror will request the Target Company to present the proposals to consolidate the Target Company's Shares ("Share Consolidation") and to abolish the article on the number of shares per share unit in the Articles of Incorporation, subject to the Share Consolidation into force, at the 30th general meeting of shareholders of the Target Company scheduled in August 2016 ("General Shareholders' Meeting") for approval. The Tender Offeror will vote in favor of these proposals at the General Shareholders' Meeting. In the event that the proposed Share Consolidation is approved at the General Shareholders' Meeting, the shareholders of the Target Company will be paid on the effective date of the Share Consolidation for their fractional shares as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Target Company's Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; The same applies hereinafter.) to the Target Company or the Tender Offeror, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company's Shares in a number equivalent to the total number of such fractional shares, the Tender Offeror plans to request the Target Company to file a motion with the court to permit a voluntary sale, after calculating the amount to be paid to the shareholders of the Target Company who do not tender their shares in Both Tender Offers by multiplying the Second Tender Offer Price by the number of the Target Company's Shares they own respectively.

While the consolidation ratio of the Share Consolidation has not been determined as of today, the Tender Offeror will determine the number of the Target Company's Shares owned by the shareholders who do not tender their shares in Both Tender Offers (except the Tender Offeror) to be a fraction less than one share so that only the Tender

Offeror owns all the Target Company's Shares. If the proposed Share Consolidation is rejected at the General Shareholders' Meeting, the Share Consolidation will not be executed.

As provisions of the Companies Act intended to protect the rights of minority shareholders relating to the Share Consolidation, in the event of the Share Consolidation and if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Target Company may file a motion with the Target Company for the purchase of all fractional shares of their shareholdings at a fair price and may file a motion with the court to determine the price of the Target Company's Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. In the Share Consolidation, as stated above, the number of the Target Company's Shares owned by the shareholders of the Target Company who do not tender their shares in Both Tender Offers (except the Tender Offeror) is supposed to become fractional, thus the shareholders of the Target Company who oppose the Share Consolidation will be able to file a motion to determine the price under Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If this motion is filed, the purchase price will be ultimately ruled by the court.

Subject to the revisions of the relevant laws and regulations and their interpretation by the authorities, the above procedures may require a longer time or may be replaced with other measures having equivalent effects, depending on the ownership ratio of shares by the Tender Offeror and the status of ownership of the Target Company's Shares by the shareholders of the Target Company other than the Tender Offeror after Both Tender Offers.

In such cases, nevertheless, a measure to eventually pay cash to shareholders of the Target Company who do not tender their shares in Both Tender Offers (except the Target Company and the Tender Offeror) will be taken. The amount of cash paid to the respective shareholders in that event is planned to be equal to an amount calculated by multiplying the Second Tender Offer Price by the number of the Target Company's Shares each shareholder owns. Specific procedures and their schedule in these cases will be discussed with and announced by the Target Company as soon as they are determined.

Note that Both Tender Offers are not intended to solicit the shareholders of the Target Company to agree to the proposals in the General Shareholders' Meeting. In addition, regarding the treatment of Both Tender Offers or any of the above procedures for tax purposes, consult with tax experts at your own responsibility.

#### (8) Possibility of and reasons for delisting

The Target Company's Shares are listed on JASDAQ as of today, but the Tender Offeror does not set the maximum number of shares to be purchased through Both Tender Offers. Accordingly, depending on the results of Both Tender Offers, the Target Company's Shares may be delisted after the prescribed procedures are completed, in accordance with the JASDAQ delisting standards. Even if these standards are not met at completion of Both Tender Offers, as stated in "(7) Policy on reorganization etc. after Both Tender Offers (matters relating to the so-called two-stage purchase)" above, in cases where the Procedures are taken, the Target Company's Shares will be delisted after the prescribed procedures are completed, in accordance with the JASDAQ delisting standards. The Target Company's Shares cannot be traded at JASDAQ if they are delisted.

## 2. Outline of the Tender Offer

### (1) Outline of the Target Company

(1) Company name	WiZ Co., Ltd.	
(2) Location	1-7-12 Shinonome, Koto-ku, Tokyo	
(3) Name and title of representative	Akihiro Yokoi, President & CEO	
(4) Description of business	Planning, developing, producing, and selling of toys, goods, and animation films	
(5) Common stock	555,235 thousand yen (as of March 9, 2016)	
(6) Date of establishment	September 22, 1986	
(7) Large shareholders and shareholding ratio (Note 1) (as of November 30, 2015)	Akihiro Yokoi Akira Shimazaki Mayumi Yokoi Kenji Yokoi FUJITOEY Ltd. SBI SECURITIES Co., Ltd. Yukimasa Sugiura Kazuo Shimada JAPAN SECURITIES FINANCE CO., LTD. Takashi Ota	43.37% 5.64% 3.40% 2.59% 1.91% 1.65% 1.46% 1.13% 1.02% 0.51%
(8) Relationship between the Listed Company and the Target Company		
Capital relationship	The Target Company, as of today, holds 300 common shares of the Tender Offeror (shareholding ratio in Tender Offeror (Note 2): 0.00%)	
Personal relationship	Not applicable.	
Business relationship	Not applicable. Meanwhile, the Target Company provides Bandai, a wholly-owned subsidiary of the Tender Offeror, with services relating to the planning, developing and producing toys sold by Bandai and the joint ownership/management of intellectual properties.	
Related party status	Not applicable.	

(Note 1) The shareholding ratio is based on “Large Shareholders” in the Target Company’s 30th Term 2Q Report.

(Note 2) “Shareholding ratio in Tender Offeror” is the holding ratio (rounded to the second decimal place) in 222,000,000 shares, constituting the total issued shares of the Tender Offeror of as of December 31, 2015, which was stated in the quarterly report for the third quarter of the 11th term filed by the Tender Offeror on February 12, 2016.

(2) Schedule etc.

1) Schedule

Board of Directors' resolution	March 9, 2016 (Wednesday)
Date of public notice of commencement of tender offer	March 10, 2016 (Thursday) Public notice will be made through electronic disclosure, and notice to such effect will be published in the Nihon Keizai Shimbun. (Electronic disclosure URL: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Date of filing tender offer statement	March 10, 2016 (Thursday)

2) Tender offer period as of the date of filing tender offer statement

From March 10, 2016 (Thursday) to April 7, 2016 (Thursday) (20 business days)

3) Possibility of extension of tender offer period at the request of the Target Company

In accordance with Article 27-10, Paragraph 3 of the Act, if the Target Company submits a statement of position requesting an extension of the Tender Offer Period, the Tender Offer Period will be extended to April 21, 2016 (Thursday), a total of 30 business days.

(3) Tender offer price

145 yen per common stock

(4) Calculation basis for tender offer price, etc.

1) Calculation basis

To determine the First Tender Offer Price, the Tender Offeror negotiated with the Prospective Tendering Shareholders. The outline of terms and conditions of the transaction including the First Tender Offer Price was agreed in mid-February 2016, followed by some more discussions and negotiations. In the Application Agreement as of March 9, 2016, the purchase of the Prospective Tendered Shares of 1,695,600 shares at 145 yen per share was agreed. Accordingly, the Tender Offeror set the First Tender Offer Price at 145 yen per share. The Tender Offeror expects only the Prospective Tendered Shares to be tendered in the First Tender Offer.

The First Tender Offer Price of 145 yen per share represents the 410 yen closing price of the Target Company's Shares on JASDAQ on the Base Date (March 8, 2016) discounted at 64.6%, the average closing price of 353 yen for the past month up to the Base Date discounted at 58.9%, the average closing price of 374 yen for the past three months up to the Base Date discounted at 61.2%, and the average closing price of 427 yen for the past six months up to the Base Date discounted at 66.0%.

2) Background of calculation

The Tender Offeror and others were approached by the Target Company in early April 2015 and asked to take a stake in the Target Company (including financial support). Following such approach, the Tender Offeror and others started discussions about the terms and conditions of the capital alliance with the Target Company, including an initial review of its corporate value. In the course of the discussions, investing in the Target Company's Shares was judged risky compared to other general listed shares, given the Target Company's

declining profitability, deteriorating financial position, etc. Accordingly, based on the decision that making the Target Company a wholly-owned subsidiary is a precondition for the Tender Offeror to provide financial support and take a stake in the Target Company and that a scheme under which the purchase price from large shareholders including the Founder Shareholder is set lower than that from general shareholders should be adopted, the Tender Offeror started negotiations in early July 2015 with the Founder Shareholder on terms and conditions to that effect. However, with no agreement reached on the tender offer price and the conditions of management structure after the Target Company becomes a wholly-owned subsidiary, the discussions about the capital and business alliance were back at square one in mid-August 2015.

Thereafter, the Target Company requested the Tender Offeror to reopen the discussions about the capital and business alliance in early October 2015. Upon such request, the Tender Offeror restarted the discussions about the capital and business alliance with the Target Company and in mid-October 2015 presented a proposal of the capital and business alliance including an overhaul of the business structure of the Target Company by making the Target Company a wholly-owned subsidiary through a two-stage tender offer consisting of the first stage whose purpose is to purchase the Prospective Tendered Shares owned by the Prospective Tendering Shareholders including the Founder Shareholder at the price discounted at a certain rate from the market price and the second stage in which the Target Company's Shares will be purchased at the market price with a certain premium after the first stage is completed and renewing its management structure, etc., to the Founder Shareholder and the Target Company, who, however, did not come to an agreement over the conditions of the October Alliance Proposal. As of late November 2015, the discussions about the capital and business alliance were aborted once again.

The Target Company then decided to reconsider the October Alliance Proposal as the capital and business alliance with the Tender Offeror would be the most likely avenue to enhance its corporate value, requesting the Tender Offeror to reopen discussions in mid-January 2016. Based upon such request, the Tender Offeror reopened concrete discussions with the Founder Shareholder and the Target Company, conducting due diligence on the Target Company in late January 2016. (Due diligence was completed in late February 2016.) In mid-February 2016, the Tender Offeror resubmitted a proposal of the Transaction to the Founder Shareholder; the outline of terms and conditions of the transaction including the First Tender Offer Price was agreed and more discussions and negotiations ensued.

As a result, the Tender Offeror and the Prospective Tendering Shareholders agreed to the purchase of the Prospective Tendered Shares of 1,695,600 shares at 145 yen per share. Accordingly, the Tender Offeror has set the First Tender Offer Price at 145 yen per share.

In the First Tender Offer, only the Prospective Tendering Shareholders are expected to tender their shares, while minority shareholders are not. Therefore, the Tender Offeror does not obtain a third-party opinion in determining the First Tender Offer Price.

3) Relationship with valuation agent

Not applicable as the Tender Offeror does not obtain a valuation report from the third-party valuation agent in determining the First Tender Offer Price.

(5) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
3,081,600 shares	1,695,600 shares	—shares

(Note 1) Provided the total number of shares tendered in the First Tender Offer is less than the minimum number of shares to be purchased (1,695,600 shares), the Tender Offeror will not purchase any of the tendered shares. Provided the total number of tendered shares is not less than the minimum number of shares to be purchased (1,695,600 shares) in the First Tender Offer, the Tender Offeror will purchase all the tendered shares.

(Note 2) As the maximum number of shares to be purchased is not set for the First Tender Offer, the number of shares to be purchased is the maximum number of the Target Company's Shares that can be purchased by the Tender Offeror through the First Tender Offer (3,081,600 shares). This maximum number is equivalent to the total number of issued shares of the Target Company (3,081,600 shares) as the Target Company did not own treasury shares as of November 30, 2015.

(Note 3) Shares constituting less than one unit are also subject to the First Tender Offer. If shareholders exercise their right to request the purchase of shares constituting less than one unit in accordance with the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the procedures prescribed by laws and regulations.

(6) Changes in ownership ratio of shares after the Tender Offer

Number of voting rights represented by shares owned by the Tender Offeror before the Tender Offer	0	(Ownership ratio of shares before the Tender Offer: 0.00%)
Number of voting rights represented by shares owned by special related parties before the Tender Offer	0	(Ownership ratio of shares before the Tender Offer: 0.00%)
Number of voting rights represented by shares owned by the Tender Offeror after the Tender Offer	30,816	(Ownership ratio of shares after the Tender Offer: 100.00%)
Number of voting rights represented by shares owned by special related parties after the Tender Offer	0	(Ownership ratio of shares after the Tender Offer: 0.00%)
Number of voting rights of all shareholders of the Target Company	30,812	

(Note 1) "Number of voting rights of all shareholders of the Target Company" is the number of voting rights of all shareholders as of November 30, 2015 as listed in the Target Company's 30th Term 2Q Report. However, since all the Target Company's Shares, including shares constituting less than one unit, are subject to the Tender Offer, the number of voting rights represented by the total number of issued shares of the Target Company of 3,081,600 shares (30,816) is used as the denominator when calculating "Ownership ratio of shares before the Tender Offer" and "Ownership ratio of shares after the Tender Offer." The Target Company did not own treasury shares as of November 30, 2015.

(Note 2) "Ownership ratio of shares before the Tender Offer" and "Ownership ratio of shares after the Tender



Offer” are rounded to the second decimal place.

(7) Purchase price 446,832,000 yen

(Note) “Purchase price” is an amount calculated by multiplying the number of shares to be purchased (3,081,600 shares) by the Tender Offer Price per share (145 yen).

(8) Method of settlement

1) Name of securities company, bank, etc. to settle the tender offer and location of its head office  
Daiwa Securities Co., Ltd. 1-9-1 Marunouchi, Chiyoda-ku, Tokyo

2) Commencement date of settlement

April 14, 2016 (Thursday)

(Note) In accordance with Article 27-10, Paragraph 3 of the Act, if the Target Company submits a statement of position requesting an extension of the First Tender Offer Period, the First Tender Offer Period will be extended to April 21, 2016 (Thursday), a total of 30 business days, and the commencement date of settlement will be April 28, 2016 (Thursday). In this case, the commencement date of the Second Tender Offer will also be affected.

3) Method of settlement

Promptly after the end of the Tender Offer Period, a notice of purchase through the Tender Offer will be mailed to the addresses or locations of shareholders wishing to tender their shares (or to the addresses or locations of a standing proxy in the case of foreign shareholders).

Purchase price will be paid in cash. The tender offer agent will remit the proceeds from the sale of shares to the place or the account designated by the tendering shareholder (or the standing proxy in the case of foreign shareholders) promptly after the commencement date of settlement (remittance fees may apply).

4) Method of returning share certificates

If all the tendered shares are not purchased in accordance with the conditions listed in “1) Existence and details of conditions listed in each Item in Paragraph 4 of Article 27-13 of the Act” and “2) Existence of conditions for withdrawal etc. of the tender offer, details thereof, and method of disclosing withdrawal etc.” of “(9) Other conditions and methods relating to the tender offer” below, the shares to be returned will be returned on and after the second business day following the last day of the Tender Offer Period (or the day of withdrawal if the Tender Offer is withdrawn), without delay, by restoring the original state of the tendering shareholder’s account opened with the tender offer agent at the time of tendering.

(9) Other conditions and methods relating to the tender offer

1) Existence and details of conditions listed in each Item in Paragraph 4 of Article 27-13 of the Act

If the total number of tendered shares is less than the minimum number of shares to be purchased (1,695,600 shares), the Tender Offeror will not purchase any of the tendered shares. If the total number of tendered shares is not less than the minimum number of shares to be purchased (1,695,600 shares), the Tender Offeror will purchase all the tendered shares.

2) Existence of conditions for withdrawal, etc. of the tender offer, details thereof, and method of disclosing

withdrawal etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Item 1 (a) through (i) and (l) through (r), Item 3 (a) through (h) and (j), as well as Article 14, Paragraph 2, Items 3 through 6 of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, including subsequent amendments; “Order”), the Tender Offeror may withdraw the Tender Offer. “Facts (events) similar to the facts (events) listed in (a) through (i)” as specified in Article 14, Paragraph 1, Item 3 (j) of the Order refers to cases where the false description of material matters or the incomplete disclosure of material matters is found in statutory disclosure documents submitted by the Target Company in the past.

If the Tender Offeror intends to withdraw the Tender Offer, it will give public notice through electronic disclosure and publish such fact in the *Nihon Keizai Shimbun*. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set forth in Article 20 of the Cabinet Office Ordinance concerning disclosure of a tender offer conducted by person other than issuer (Ministry of Finance Ordinance No. 38 of 1990, including subsequent amendments; “Ordinance”) and then give public notice immediately.

- 3) Existence of conditions for reducing the tender offer price, details thereof, and method of disclosing reduction  
In accordance with Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any of the actions specified in Article 13, Paragraph 1 of the Order during the Tender Offer Period, the Tender Offeror may reduce the tender offer price based on the standards specified in Article 19, Paragraph 1 of the Ordinance. If the Tender Offeror intends to reduce the tender offer price, it will give public notice through electronic disclosure and publish such fact in the *Nihon Keizai Shimbun*. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set forth in Article 20 of the Ordinance and then give public notice immediately. If the tender offer price is reduced, the Tender Offeror will purchase the shares tendered on and before the day of such public notice at the reduced tender offer price.
- 4) Matters regarding right of tendering shareholders to cancel agreement  
Tendering shareholders may, at any time during the Tender Offer Period, cancel an agreement concerning the Tender Offer. In the event of cancellation, the tendering shareholder shall hand-deliver or send by postal mail a cancellation form (the receipt of application for the tender offer and a written request for cancellation of agreement concerning the tender offer) to the head office or nationwide branch of the tender offer agent that accepted the application for the tender offer, by 16:00 on the last day of the Tender Offer Period. However, if the cancellation form is sent by postal mail, it will not be effective unless it is delivered by 16:00 on the last day of the Tender Offer Period.  
The Tender Offeror will not make any claim against the tendering shareholder for compensation or penalty payments for cancellation of agreement by the tendering shareholder. The cost of returning tendered shares will also be borne by the Tender Offeror. Upon request for cancellation, tendered shares will be returned by the method described in “4) Method of returning share certificates” of “(8) Method of settlement” above, as soon as the procedure is completed.
- 5) Method of disclosure in case of change in conditions of the tender offer  
The Tender Offeror may change the conditions or other terms of the Tender Offer during the Tender Offer Period, except in instances prohibited under Article 27-6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Order. If the Tender Offeror intends to change the conditions or other terms of the Tender Offer, it will give public notice thereof through electronic disclosure and publish such fact in the *Nihon Keizai Shimbun*.

However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set forth in Article 20 of the Ordinance and then give public notice immediately. If the conditions or other terms of the Tender Offer are changed, the Tender Offeror will purchase the shares tendered on or before the day of such public notice on the modified terms and conditions.

6) Method of disclosure upon filing an amendment to the tender offer statement

If the Tender Offeror submits an amendment to the tender offer statement to the Director-General of the Kanto Local Finance Bureau (provided, however, the instances specified in the proviso of Article 27-8, Paragraph 11 of the Act are excluded), it will immediately make a public announcement of the details thereof, to the extent relevant to the contents of the public notice of commencement of the tender offer, by the method set forth in Article 20 of the Ordinance. The Tender Offeror will also amend the tender offer explanatory statement immediately and provide the amended tender offer explanatory statement to the tendering shareholders who received the (original) tender offer explanatory statement. Provided, however, that the scope of amendment is limited, the Tender Offeror will prepare and deliver to the tendering shareholders a document stating the reason for the amendment and details of matters before and after amendment.

7) Method of disclosing the results of the tender offer

The Tender Offeror will make a public announcement of the results of the Tender Offer on the day following the last day of the Tender Offer Period, by the method set forth in Article 9-4 of the Order and Article 30-2 of the Ordinance.

8) Other

The Tender Offer will not, directly or indirectly, be conducted in or targeted at the U.S. The postal mail service or any other methods/means of interstate commerce or international commerce of the U.S. (including, without limitation, telephone, telex, facsimile, e-mail, and internet communication) will not be used to conduct the Tender Offer. Further, the Tender Offer will not be conducted through any stock exchange facilities in the U.S. No application for the Tender Offer shall be made by any of these methods/means or through the facilities above, or from the U.S. In addition, the tender offer statement related to the Tender Offer or relevant tender offer documents will not and shall not be sent or distributed to, in, or from the U.S. by mail or any other method. Any application for the Tender Offer in violation of any of these restrictions, either directly or indirectly, will not be accepted.

To tender shares in the Tender Offer, tendering shareholders (or standing proxies in the case of foreign shareholders) may be requested to provide the tender offer agent with representations and warranties stating the following:

The tendering shareholder is not located in the U.S., both at the time of applying for the Tender Offer and at the time of sending the application form for the Tender Offer. The tendering shareholder does not, directly or indirectly, receive or send out any information (including copies) related to the Tender Offer to, in, or from the U.S. The tendering shareholder does not use, directly or indirectly, in connection with signing and submission of the application form for the Tender Offer, the postal mail service and other methods/means of interstate commerce or international commerce of the U.S. (including, without limitation, telephone, telex, facsimile, e-mail, and internet communication), or stock exchange facilities in the U.S. The tendering shareholder is not acting as a proxy for any other person without discretion or acting as trustee/fiduciary of any other person (excluding the person who gives all the instructions on the tendering of shares from outside the U.S.).

(10) Date of public notice of commencement of tender offer

March 10, 2016 (Thursday)

(11) Tender offer agent

Daiwa Securities Co., Ltd. 1-9-1 Marunouchi, Chiyoda-ku, Tokyo

3. Policy after the tender offer and future outlook

For the policy after the Tender Offer, refer to “(2) Background leading up to the decision to conduct Both Tender Offers, purpose and decision-making process of Both Tender Offers, and management policy after Both Tender Offers” and “(8) Possibility of and reasons for delisting” in “1. Purpose of the Tender Offer” above.

4. Other

(1) Existence of agreements between the Tender Offeror and the Target Company or its officers, and details thereof

1) Existence of agreements between the Tender Offeror and the Target Company and details thereof

According to the Target Company’s Press Release, the Target Company has adopted a resolution at its today’s Board of Directors meeting to express endorsement of the First Tender Offer and to reserve its opinion about the reasonableness of the First Tender Offer Price and leave a decision to tender their shares in the First Tender Offer to its shareholders.

Moreover, in the event that the First Tender Offer is completed, immediately after its settlement, the Tender Offeror will make the Second Tender Offer with the Second Tender Offer Price set higher than the First Tender Offer Price. For this reason, the Board of Directors of the Target Company has also decided, as of today, that in the event of the Second Tender Offer it should endorse and recommend that the shareholders of the Target Company tender their shares in the Second Tender Offer.

For details of these decisions made by the Target Company, refer to the Target Company’s Press Release and “(4) Approval of all Directors with no beneficial interest and consent of all Audit & Supervisory Board Members” of “(6) Measures to ensure fairness of Both Tender Offers, including those to ensure fairness of tender offer prices and to avoid conflicts of interest” in “1. Purpose of the Tender Offer” above.

2) Existence of agreements between the Tender Offeror and officers of the Target Company and details thereof

For the First Tender Offer, the Tender Offeror has entered into the Application Agreement today with the Prospective Tendering Shareholders, including the Founder Shareholder, who is President & CEO of the Target Company, and Messrs. Akira Shimazaki and Kenji Yokoi, who are Directors of the Target Company, concerning the tendering of all of the Prospective Tendered Shares they respectively own in the First Tender Offer.

For details of the Application Agreement, refer to “(4) Matters relating to material agreement between the Tender Offeror and shareholders of the Target Company concerning application for the Tender Offer, etc.” in “1. Purpose of the Tender Offer” above.

(2) Other information deemed necessary for investors to determine whether or not to tender their shares

1) Revision of earnings forecast

Today, the Target Company released “Notice Regarding Revision of Earnings Forecast.” The Target Company’s consolidated full-year forecasts for the fiscal year ending May 2016 based on this Notice are as follows. For more details, please see the Notice.

Revision of consolidated full-year forecasts for the fiscal year ending May 2016 (June 1, 2015 – May 31, 2016)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)
Previous forecast (A)	1,000	(50)	(110)	(112)	(36.34)
Revised forecast (B)	1,128	(54)	(119)	(198)	(64.25)
Change (B – A)	128	(4)	(9)	(86)	
Change (%)	12.8	—	—	—	
(Reference) Previous fiscal year (ended May 2015)	1,740	(170)	(173)	(176)	(57.30)

2) Recognition of extraordinary income and loss

Today, the Target Company released “Notice Regarding Recognition of Extraordinary Income and Loss.” According to this Notice, the Target Company adopted a resolution at its Board of Directors meeting held today to record the full return of retirement bonuses for directors from Directors and Audit & Supervisory Board Members as extraordinary income of 265 million yen. It also decided at today’s Board of Directors meeting to recognize extraordinary loss of 311 million yen on sale of some of investment securities. The impact on its full-year results is as stated in “Notice Regarding Revision of Earnings Forecast.” For more details, please see the Notice.

End