June 9, 2016
SoftBank Group Corp.

Commencement of Tender Offer by a Subsidiary (Yahoo Japan Corporation)

SoftBank Group Corp. (“SBG”) announces that on June 9, 2016 its subsidiary Yahoo Japan Corporation (TSE first section: 4689, ”Yahoo Japan”) has resolved to acquire the common shares of eBOOK Initiative Japan Co., Ltd. (TSE first section: 3658) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended), as set out in the attached.

The impact of the Tender Offer on SBG’s consolidated financial results will be minor.

Outline of Yahoo Japan

Address	9-7-1, Akasaka, Minato-ku, Tokyo
Name and title of the representative	Manabu Miyasaka President and CEO
Nature of business	Internet advertising business e-commerce business Membership services business Other businesses
Share capital	JPY 8,358 million (as of March 31, 2016)

June 9, 2016

To whom it may concern

Yahoo Japan Corporation
Manabu Miyasaka,
President and CEO
Stock code: 4689

Yahoo Japan Corporation Announces Commencement of Tender Offer for Common Shares of eBOOK Initiative Japan Co., Ltd. (Stock Code: 3658)

On June 9, 2016, Yahoo Japan Corporation (the "Tender Offeror" or the "Company") hereby announces that it has determined to acquire the common shares of eBOOK Initiative Japan Co., Ltd. (the "Target") (listed on the First Section of the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange"), Stock code: 3658) (the "Target Shares") through a tender offer (the "Tender Offer") under the Financial Instruments Exchange Act (Act No. 25 of 1948; as amended (the "Act")).

1. Purpose of the Tender Offer

(1) Overview of the Tender Offer

On June 9, 2016, the Company has decided to conduct the Tender Offer of the Target Shares, together with the Allocation of New Shares to Third Parties defined below, with the aim of making the Target, listed on the First Section of the Tokyo Stock Exchange (i.e., a market opened at the Tokyo Stock Exchange), a consolidated subsidiary of the Company. The Company owns 100 shares of the Target Shares as of today.

In addition, on June 9, 2016, the Company has decided to enter into a capital and business alliance agreement (the "Capital and Business Alliance Agreement", the capital and business alliance to be conducted under such agreement, the "Capital and Business Alliance") with the Target (for more details of such Capital and Business Alliance Agreement, please refer to "(4) Important Agreements etc. regarding Tender Offer").

Although the Target Shares are listed on the First Section of the Tokyo Stock Exchange, the Company conducts the Tender Offer with the aim of making the Target its consolidated subsidiary

under Article 10 (Consolidated Financial Statements) of International Financial Reporting Standards, and with the intention to maintain the listing of the Target Shares after consummation of the Tender Offer. Therefore, the maximum number of shares to be acquired through the Tender Offer is set to 2,427,700 shares (ownership ratio (Note 1): 49.00%, when shareholding ratio on a fully diluted basis before the Allocation of New Shares to Third Parties is calculated (Note 2): 41.63%), and if the total number of the share certificates and other securities tendered through the Tender Offer (the "Tendered Share Certificates") exceeds such maximum number of shares to be acquired (2,427,700 shares), the Company will not acquire all or part of the excess shares, and the Company will conduct a transfer of shares and other settlement procedures relating to the acquisition of the shares using the pro rata method as provided in Article 27-13 (5) of the Act and Article 32 of the Cabinet Office Ordinance on the Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990; including any amendments thereafter; the "Cabinet Office Ordinance").

The minimum number of shares to be acquired through the Tender Offer is set as 990,800 shares (ownership ratio: 20.00%, when shareholding ratio on a fully diluted basis before the Allocation of New Shares to Third Parties is calculated: 16.99%). If the aggregated number of the Tendered Share Certificates do not reach such minimum number of shares to be acquired, none of the Tendered Share Certificates will be acquired.

According to the "Announcement of Expression of Opinion Concerning Tender Offer for Company's Shares by Yahoo Japan Corporation, and Execution of Capital and Business Alliance Agreement with Yahoo Japan Corporation" which the Target announced on June 9, 2016 (the "Target Press Release"), the Target determined that through the Tender Offer and the Allocation of New Shares to Third Parties defined below (the Tender Offer and the Allocation of New Shares to Third Parties collectively referred to as the "Transaction"), the Company, which holds a strong high-end customer base and marketing knowhow and operates "Yahoo! Bookstore" whose majority of the purchasers are female users, and the Target, which holds rich knowledge on e-books and has a favorable relationship with authors and publishing companies, and whose majority of the purchasers are male users, will be able to: become part of the same group; and provide services different from the competitors based on strong capital ties and through smooth and mutual utilization of each other's management resource (specifically, (i) synergy in the provision of content, (ii) synergy in sales promotion, (iii) synergy in system development and (iv) synergy in the gathering of customers); and will be able to create and increase the value of business at a level higher than through its own growth. Therefore, at the Target's board of directors meeting on June 9, 2016, participated by all the directors of the Target, unanimous resolution was made to execute the Capital and Business Alliance Agreement and to make a statement approving the Tender Offer.

On the other hand, according to the Target Press Release, the Target resolved that, since the Tender Offer is not intended to involve the delisting of the Target Shares, and the policy is to maintain the listing of the Target Shares after consummation of the Tender Offer, the decision on whether to apply to the Tender Offer will be left to the discretion of each of the Target's shareholders.

None of the directors of the Target have a special interest in the Tender Offeror as defined in Article 369-2 of the Companies Act (Act No. 86 of 2005 and successive amendment). Therefore the discussion and resolution on the Transaction including the Consent Resolution defined below was participated by all directors in the Target's board of directors meeting held on June 9, 2016.

Also all of the three auditors who participated in this board of directors meeting expressed their opinion that they do not oppose to the Target's board of directors expressing their consent to the Tender Offer. None of the directors or the auditors mentioned above have any interests in this Transaction.

For more details regarding the decision-making process of the Target, please refer to the Target Press Release and "(v) Unanimous Approval by the Target's Disinterested Directors and No Objection from Auditors" in "(3) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

Additionally, according to the securities registration statement filed by the Target to the Director General of the Kanto Local Finance Bureau on June 9, 2016 (the "Target Securities Registration Statement") and the "Notice Concerning the Issuance of New Shares by Means of Allocation of New Shares to Third Parties" announced on the same day (hereinafter together with the Target Securities Registration Statement referred to as the "Target Securities Registration Statement, etc."), the board of directors meeting of the Target held on June 9, 2016 passed a resolution regarding the issuance of shares by means of third-party allocation, with the Company as the allottee and the payment period from July 29, 2016 through September 12, 2016 after the end of the Tender Offer period (the "Tender Offer Period") (If the shareholding ratio on a fully diluted basis before the Allocation of New Shares to Third Parties is below 41.00%, the amount of issued common shares necessary to reach the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties of 41.00% is, at maximum 2,373,400 common shares, with an issue price of JPY 850 per share, the same amount as the per share price of the Target Shares to be acquired in the Tender Offer ("Tender Offer Price"), for a total issue price of approximately JPY 2,017 million, hereinafter the "Allocation of New Shares to Third Parties". This total amount of issued shares is the amount of shares that will be issued when the Tender Offer is completed at the minimum level, and the total amount of issue price is the maximum amount calculated based on the amount to be paid in for all issued shares when the Tender Offer is completed at the minimum level). Regarding the Allocation of New Shares to Third Parties, if the Tender Offer is successfully completed, after confirming the result of the Tender Offer, the

Company will pay for the required number of Target Shares (provided, however, that shares less than 100 shares are rounded up) to obtain a shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties (Note 3) of 41.00% including the shares that the Company will acquire from the Tender Offer and the Target Shares that the Company owns as of today (100 shares). On the other hand, if the Tender Offer is not successfully completed, the Company will not pay for all the payment regarding the Allocation of New Shares to Third Parties. To this end, the Company may not pay for all or a portion of the shares (2,373,400 common shares) that the Target has resolved to issue as shares for the Allocation of New Shares to Third Parties depending on the result of the Tender Offer.

According to the Target Securities Registration Statement etc., the funds acquired from the Allocation of New Shares to Third Parties will be appropriated to (i) investments in system and security (JPY 900 million), (ii) strengthening of marketing and promotion (JPY 1,000 million), and (iii) expansion of office space (JPY 100 million). The remaining funds will be allocated to working capital. For more details regarding the Allocation of New Shares to Third Parties, please refer to "(5) Plans to Acquire Additional Share Certificates and Other Securities after Tender Offer".

(Note 1) The ratio (any fraction to be rounded to the second decimal place, hereinafter the same, unless otherwise stipulated in relation to the calculation of a ratio) which uses the number of shares of (4,954,600 shares) as the denominator, which is the number of the issued Target Shares (5,354,800 shares) as of April 30, 2016 stated in "Summary of Financial Statements for the First Quarter of the fiscal year ending in January 2017 [Japanese standards] (consolidated) announced by the Target on June 7, 2016 (the "Summary of Financial Statements for the First Quarter"), minus the number of treasury shares as of April 30, 2016 (400,200 shares) stated in the Summary of Financial Statements for the First Quarter.

(Note 2) The ratio which uses the number of the Target Shares (5,832,100 shares) as the denominator, which is the number of the issued Target Shares (5,354,800 shares) as of April 30, 2016 stated in the Summary of Financial Statements for the First Quarter, plus the number of the Target Shares (477,300 shares) subject to a total of 3,530 Share Acquisition Rights issued by the Target as of January 31, 2016 stated in the 16th Annual Securities Report submitted by the Target on April 22, 2016 ("Annual Securities Report"). The aggregate number of 3,530 units of share acquisition rights are: the total of 6th Series share acquisition rights 570 units (114,000 shares subject to acquisition right); 7th Series share acquisition rights 620 units (124,000 shares subject to acquisition right); 10th Series share acquisition rights 43 units (8,600 shares subject to acquisition right); 11th Series share acquisition rights 10 units (2,000 shares subject to acquisition right); 12th Series share acquisition rights 70 units (7,000 shares subject to acquisition right); 13th Series share acquisition rights 77 units (7,700 shares subject to acquisition right);

14th Series share acquisition rights 1,160 units (116,000 shares subject to acquisition right); and 15th Series share acquisition rights 980 units (98,000 shares subject to acquisition right) issued by the Target (collectively "Share Acquisition Rights") as of January 31, 2016. (According to the Target, the total number of the shares subject to the Share Acquisition Rights as of June 9, 2016 is 477,300 shares).

(Note 3) The ratio which uses the number of Target Shares to be held by the Company after the Transaction as the numerator; and the aggregate number of: the total number of issued Target Shares (5,354,800 shares) as of April 30, 2016 stated in the Summary of Financial Statements for the First Quarter, the number of the Target Shares (477,300 shares) subject to the 3,530 Share Acquisition Rights issued by the Target as of January 31, 2016 stated in the Annual Securities Report (according to the Target, the total number of the shares subject to the Share Acquisition Rights as of June 9, 2016 is 477,300 shares), plus the number of the Target Shares the Company will acquire after the Allocation of New Shares to Third Parties as the denominator.

(2) Background, Purposes and Decision-making Process Concerning Tender Offer, and Management Policies Subsequent to the Tender Offer

The Company was jointly established in January 1996 between SoftBank Corp. (the current SoftBank Group Corp.), the parent company of the Company, and Yahoo! Inc. ("Yahoo! Inc."), the second largest shareholder of the Company, for the purpose of providing information search services in Japan that Yahoo! Inc. has thus far provided on the Internet.

Currently, among other services, the Company provides advertising-related services, including paid search advertising (advertising targeted to match key search terms from search engine queries) and display advertising (advertising containing different formats such as images and videos), as well as e-commerce-related services, such as "YAHUOKU!", one of the largest online auction sites in Japan, and "Yahoo! Shopping", an online shopping site.

The Company also actively operates fee-based services. The number of monthly paid-membership IDs ("Yahoo! Premium" members, "Yahoo! BB" subscribers, and subscribers of the digital contents and services etc. provided by Yahoo! JAPAN and partner sites (limited to those who make payments through "Yahoo! Wallet")) has reached 16,880,000 (as of the end of March 2016). In March 2016, through "Yahoo! Premium", the Company strengthened the rewards provided in relation to e-commerce services, whereby five times the normal amount of T Points will be given anytime, and the protection program was enhanced. In addition, the Company launched a monthly video-on-demand service, "Premium GYAO!" in February 2016, and is working on enhancing such service.

The Company started engaging in e-book services as part of its fee-based services under "Yahoo! Bookstore" in November 2011 by renewing its "Yahoo! Comics", a service specialized in PCs launched

in September 2003, into a full service e-bookstore. At the same time, the Company caters to multiple forms of devices, such as smartphones and tablets, which are used by many of its users along with the proliferation of smartphones. Since the start of such services, the Company has been constantly working towards improving user convenience by introducing systems, such as systems which allow the user to read samples promptly through the browser, and systems which allow the user to purchase products with one click.

In addition, as a measure unique to e-book services, the Company was the first in the industry to start providing the first volume in an electronic comic book series for free in May 2012, a measure that is currently used broadly as a product promotion measure in the e-book industry. Furthermore, the Company proactively operates its services, by providing services such as (i) “Jyoshi-komi!” which provides: popular comics and serialized in the six comic book magazines for women published by Kodansha Ltd.; masterpieces of the past; and the first volume of popular comic series for free, and (ii) “Yomi-hodai”, which provides over 20,000 e-books for a monthly fixed fee.

At the same time, in the field of product development, the Company provides new values unique to e-books by providing originally packaged products through an original approach together with publishing companies. In addition, in order to expand its business, since March 2014, the Company has been in an alliance with PAPYLESS CO., LTD, which also provides e-book services, and synergy is created in the acquisition of new female users through mutual traffic referrals with “Renta!”, a service that attracts many female users similar to the Company’s services.

As stated above, by conducting measures mainly targeting women, the Company has been expanding its business. As the e-book market will likely see further growth and many competitors in the future, the Company is willing to make strong efforts to strengthen the ability to gather more customers and the competitiveness of its products. However, the current challenge lies in the acquisition of male users for the Company to achieve further growth in its e-book business.

Meanwhile, according to the Target Press Release, the Target has been operating the e-book store “eBookJapan”, which has a wide range of products such as comic books, its main product, novels, magazines, business books; and as a pioneer in the ever-expanding e-book market, it has been actively expanding its business. In addition, the Target has also focused in the BtoB model of e-book delivery services which provide content to e-book stores other than the Target, and e-book delivery systems etc. to business operators who have not handled e-books, leveraging its wide range of products and highly reliable system. Moreover, it has proposed new ways to enjoy e-books, such as sales of e-books through an alliance with a portal site operating company which holds a rich customer base, and the provision of e-book reading services in airplanes through alliances with airline companies. Furthermore, the Target listed its issued shares on the Mothers section of the Tokyo Stock Exchange in October 2011, and then listed its issued shares on the First Section of the Tokyo Stock Exchange in October 2013.

Furthermore, the Target made Boox Co., Ltd (“Boox”) its wholly owned subsidiary, which operates the online book stores “BOOKFAN” and “boox” in May 2015, completed the merger in May 2016, and added the online sale of paper books and DVDs, etc. to its service line up.

According to the Target Press Release, the Target group, which consists of the Target and its seven consolidated subsidiaries (the “Target Group”), has raised “As a leading company in e-books, deliver valuable Japanese publishing assets to the world, and contribute to the protection of the global environment” as its mission, and has strenuously promoted measures with the aim to become a company group that can make significant advancements in the future based on the medium-term management plan announced on March 12, 2015. Although the domestic e-books market is expanding steadily, competition across different types of industries and businesses is intensifying, with companies taking away new and existing users by way of massive advertising and points campaigns, etc., and is advancing toward a new business model approach, such as unlimited reading services for a fixed fee and free comic book applications, not limited to existing sales of single volumes.

According to the Target Press Release, under such business environment, the Target is in urgent need of establishing a stable structure in the domestic market and gaining a competitive advantage. Therefore, the Target determined that it is essential to conduct active investment to promote further growth in fields such as: marketing methods to attract women and potential customers who have not experienced purchasing or reading e-books; provision of further convenience to existing users who are already regular e-book readers; know-how on the provision of the most appropriate content that match the user’s tastes and reading environment; and constant functional improvement of the e-book delivery platform, etc.

In addition, the Target expects reorganization and selection will proceed sooner or later as the e-book industry expands, and considers the greater importance in increasing the awareness of the users and their sense of security through larger market share by means such as M&A. Through this Capital and Business Alliance, the Target considered that: the Target that has rich expertise in e-books and good relations with authors and publishers and whose majority of the purchasers are male users, and the Company that has a distinguished client basis and marketing know-how, and that operates “Yahoo! Bookstore” whose majority of the purchasers are female users will be part of the same group. By mutually and smoothly utilizing the management resources of both companies based on stable capital relationship, further convenience can be provided to existing users who are already regular e-book readers, new users can be taken in and service proposals that are differentiated from competitors can be realized.

Under such background, in the middle of December 2015, the Company was approached by the Target to consider a capital and business alliance as strategic partners, in order to accelerate the sustained growth of the e-book business.

Receiving such a proposal, the Company started an initial examination of the pros and cons of

establishing a strong alliance relationship based on stable capital ties, considering the Target as one of the nominees to be such a partner. Thereafter, the Company conducted several meetings with the management of the Target between late December 2015 and late January 2016, discussing the synergy of both businesses, including the value of the Target's business, future possibilities, and affinity with the Company's business, and the Company has proceeded with its consideration of acquiring the Target Shares.

As a result of such initial examination, it was determined that, in order to maximize the business synergy, it is not sufficient to merely enter into a capital and business alliance. Instead, it was determined that it is necessary for the Company and the Target to become one group and establish a strong alliance relationship based on stable capital ties, because by doing so, both companies may mutually use their management resources and knowledge, and form a broad alliance regarding marketing business and system development etc., and thus further ensure the realization of a long-term growth strategy for the e-book business of the Company. However, if there are no capital ties between the Target and the Company, there would inevitably be a limitation to the amount of management resources and knowledge each company may provide, which will cause difficulty in their smooth mutual usage.

Under such decision, in February 17, 2016, the Company made a proposal to the Target whereby they would enter into a capital and business alliance and the Target would become a consolidated subsidiary of the Company.

Thereafter, the Company started full-scale discussions and examinations with the Target on the pros and cons and the method of a capital and business alliance and the Target becoming a consolidated subsidiary of the Company, and conducted due diligence of the Target and held multiple discussions and examinations regarding the creation of synergies between the Company and the Target.

Meanwhile, during the period between early March 2016 and middle of April 2016, the Company held multiple meetings with Mr. Hitoshi Koide, the President and CEO of the Target, to explain the Company's view on future collaborative efforts with the Target, and to discuss and negotiate the pros and cons and the method of a capital and business alliance including the Target becoming a consolidated subsidiary of the Company.

As a result, in late April 2016, the Company and the Target reached a common understanding that, through the effective use of the Target's strong network that it has fostered since the start of its business with publishing companies, and strong high-end customer base; together with the management resources and infrastructure of the Company, and the Company's group consisting of 61 consolidated subsidiaries and 30 companies accounted for by the equity method (as of the end of March 2016) (collectively, the "Company's Group"), namely its know-how, human resources and networks; the Company and the Target will be able to further reinforce the growth potential and competitiveness of both companies.

Following such discussions, examinations and negotiations, the Company determined that: having the Target become a consolidated subsidiary of the Company and the Company and the Target become part of the same group; and the Company and the Target establishing a strong alliance relationship, based on stable capital ties; will contribute to strengthening and advancing of both companies' growth strategy, effective use of both companies' management resources and achievement of the mid-term strategy of the Company's Group. Furthermore, in order to realize the Target becoming a consolidated subsidiary of the Company, in addition to the Company conducting a tender offer for the Target Shares, the acquisition of Target Shares that will be issued by the Target through the Third Party Allotment to the Company would be effective, depending on the results of the Tender Offer and considering the funding needs, etc. of the Target. In light of such judgement, on April 26, 2016, the Company made a proposal to the Target that they enter into a capital and business alliance including the consolidation of Target to become a consolidated subsidiary of the Company, through this Transaction; namely, the Company conducting the Tender Offer of the Target Shares and executing the Allocation of New Shares to Third Parties, and allocating such shares to the Company. Following further discussions and negotiations, on June 9, 2016, the Company decided to combine the Tender Offer and the Allocation of New Shares to Third Parties, in other words, with the aim of making the Target a consolidated subsidiary of the Company, enter into the Capital and Business Alliance Agreement, conduct the Tender Offer, and, under the condition that the Target Securities Registration Statement submitted by the Target on the Allocation of the New Shares to Third Parties to the Director-General of the Kanto Local Finance Bureau comes into effect, accept the Target Shares issued through the Allocation of New Shares to Third Parties by the Target. And on the same day, the Capital and Business Alliance Agreement was concluded with the Target.

As a result of previous discussions, the following business synergies can be expected through the consolidation of the Target to the Company:

(i) Synergy regarding provision of content

The alliance between "eBookJapan" and "Yahoo! Bookstore" will mutually supplement the content for sale and will provide more content, which is expected to be beneficial for users.

In addition, formation of an alliance between "eBookJapan", whose majority of the purchasers are male users, and "Yahoo! Bookstore", whose majority of the purchasers are female users, will lead to increased sales opportunities, not only for both companies but also the content holders.

(ii) Synergy regarding sales promotion

By sharing the sales promotion methods accumulated by both companies and using the marketing data and the recommendation system (i.e., a system which indicates the products which are frequently purchased together with another product) of the Company Group, the display of

content that match the users will be possible and efficient sales promotion and satisfaction of the users can be expected as a result.

(iii) Synergy regarding system development

By sharing the knowhow, held by both companies, of system development which were conducted taking into account the access data and the opinions of the users received in customer support, and by sharing future plans, development of an increasingly attractive service for the users can be expected.

(iv) Synergy regarding gathering of customers

Increased gathering of customers can be expected through: effective advertising through the Internet media other than the Company's based on past data of both companies leveraging effective measures; and improved SEM (search engine marketing, a method of increasing the gathering of customers through search) through the exchange of knowledge between both companies.

In addition to the above, even after the Transaction, the Company intends to carefully decide the policy regarding strengthening the alliance for the creation of business synergies through discussions with the Target. Moreover, the Company intends to maintain the favorable relationships which the Target has fostered with publishing companies, and to fully utilize the high-end customer base.

The Company and the Target have agreed to conclude a Capital and Business Alliance Agreement, and conduct business alliance after the Transaction, and according to the Capital and Business Alliance Agreement, the Company and the Target intend to enter into a separate business alliance agreement which includes the following:

(a) With regard to "Yahoo! Bookstore", e-book service provided by the Company, the Company will consign the operational duties to the Target, including planning, organization, production, procurement of e-books etc.;
(b) The Company and the Target will jointly implement measures towards sales promotion and other promotional measures in regards to the e-book services provided by both companies; and
(c) The Company and the Target will discuss and consider the pros and cons of the integration of the e-book services provided by each company.

In order to increase the business value of both companies, the Company and the Target will discuss and consider the business alliance and collaboration regarding the paper book sales business provided by each company, after the Transaction.

As a result of the Transaction, the Target will become a consolidated subsidiary of the Company. Furthermore, according to the Target Press Release, the Target intends to allocate the funds which it will acquire from the Allocation of New Shares to Third Parties, which is part of the Transaction, to: system and security investment, strengthening of marketing and promotion, and expansion of their office space.

In relation to the Capital and Business Alliance Agreement, the Company has confirmed with the Target to implement the following as management policies of the Target, namely (i) to maintain the listing of the Target Shares, and as a listing company, to care for the interest of the Target's minority shareholders, (ii) not to change, and maintain the trading name of the Target for the time being, and (iii) not to change, and maintain the name of "eBookJapan" provided by the Target for the time being.

Furthermore, after the completion of the Transaction, based on the Capital and Business Alliance Agreement, the Company can appoint the minimum number of directors to obtain the majority of all directors as the Target's directors and, as the auditors of the Target, two auditors from the Company. Therefore, after the completion of the Transaction, the Company intends to appoint four directors of the Target which is the minimum number required to obtain a majority of all of the directors of the Target, and appoint two auditors of the Target, and to request the Target to hold an extraordinary shareholders meeting and at such shareholders meeting, request the Target to submit agendas to elect the above members as nominees for directors and auditor respectively. There is a possibility that the Company will designate nominees from the auditors of the Target as of June 9, 2016 as the Target's auditors, but the specifics of the nominees are undecided as of today. If the Company designates nominees from the auditors of the Target as of June 9, 2016, these auditors will not have completed their term of office, thus they will not be subject to the agenda for the selection of auditors described above.

With regard to the three directors of the Target as of June 9, 2016, the current President and CEO Mr. Hitoshi Koide and two other current directors shall remain in their roles in the Target after the completion of the Transaction. Therefore, the total number of directors of the Target is expected to be seven. Also, the total number of auditors of the Target is expected to be three.

(3) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and Measures to Avoid Conflicts of Interest

The Company and the Target have taken the following measures to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest. The descriptions of measures taken by the Target are

written based on the explanation by the Target.

(i) Procurement by the Tender Offeror of a Valuation Report from an Independent Third-Party Institution

In deciding the Tender Offer Price, the Company requested a valuation report for the Target from Daiwa Securities Co. Ltd. ("Daiwa Securities") which is a third-party valuation institution independent from the Company and the Target. Daiwa Securities is not a related party of the Company or the Target, and does not have any material interest in the Tender Offer.

For the outline of the share valuation report regarding the value of the share of the Target obtained by the Company from Daiwa Securities (the "Valuation Report") please refer to, "2. Outline of Tender Offer and Other Information", "(4) The Basis of Calculation, etc. of Tender Offer Price", "(i) Basis of Calculation" and "(ii) Process of Calculation"

(ii) Procurement by the Target of a Valuation Report from an Independent Third-Party Institution

In stating its opinion on the Tender Offer, the Target requested a valuation report for the Target Shares from KPMG FAS Co., Ltd. ("KPMG FAS"), a third-party valuation institution independent from the Company and the Target, and acquired a share valuation report as of June 8, 2016. KPMG FAS is not a related party of the Company or the Target, and does not have any material interest in the Tender Offer. The Target has not acquired an opinion regarding the fairness of the Tender Offer Price (Fairness Opinion).

KPMG FAS received information and explanations on the current business operations and business forecast from the management team of the Target in order to evaluate and calculate the value of the Target Shares, and has conducted the valuation of the Target Shares based on such information.

KPMG FAS considered the appropriate valuation method among various share valuation methods and under the assumption that the Target is a going concern, KPMG FAS evaluated the Target from various perspectives using the following valuation methods. KPMG FAS applied the market price method because the Target is listed on the Tokyo Stock Exchange and market share price exists; and also applied the discounted cash flow method (the "DCF Method") in order to reflect the circumstance of future business activities in the valuation. As a result, according to each method, the value per Target Share calculated by KPMG FAS is as follows:

Market price method : JPY 618 – JPY 718

DCF Method : JPY 830 – JPY 1,093

Under the market price method, setting the base date for the valuation at June 8, 2016, the business day preceding the announcement of the Tender Offer, it is analyzed that the range of the price for one Target Share should be between JPY 618 and JPY 718, based on JPY 680 as the closing price of the Target Share on the First Section of the Tokyo Stock Exchange as of the base

date, JPY 718 (rounded to the nearest decimal point; hereinafter, the same shall apply to the calculation of average amount of share price) as a simple average closing price in the previous one month, JPY 618 as a simple average closing price in the previous three months, and JPY 624 as a simple average closing price in the previous six months.

As for the DCF Method, it is analyzed that the range of the price for one Target Share should be between JPY 830 an JPY 1,093 based on the business plan from the fiscal year ending in January 2017 to fiscal year ending in January 2021 and up-to-date business performance trends and, by analyzing the present share value and corporate value of the Target by discounting the expected free cash flow which the Target is expected to generate after the 2nd quarter of the fiscal year ending January 2017 to the present value using a certain discount rate. The business plan, which was considered in the DCF Method, is expecting a drastic increase of profit at each fiscal year during the business plan period (the fiscal years from January 2017 to January 2021). This is because the operating deficit is expected to be eliminated in the fiscal year ending in January 2017 and recovery in which operating profit is expected in the fiscal year ending in January 2018, due to sales increase mainly led by the development of BtoB business and cross-media marketing during the fiscal years ending January 2017 and ending January 2018. Moreover, during the fiscal year ending January 2019 to January 2021, operating profit is expected to increase from the previous year, by approximately 289% in the fiscal year ending January 2019, by approximately 175% year on year in the fiscal year ending January 2020, and by approximately 80% year on year in the fiscal year ending January 2021, due to: further enhancement of product variety; improvement in the usability of sales websites; increase in the Target's market share in e-book distribution due to business alliances with competing bookstores, and capital alliances, etc.; and efficiency in operations, etc. The business plan does not assume the execution of the Transaction.

For its valuation of the Target Shares, in principle, KPMG FAS used the information received from the Target, the information acquired through interviews and information disclosed in public for calculation of the value of the Target Shares and with an assumption that the materials and information are accurate and complete and that no information which could affect the valuation of Target Shares is undisclosed to KPMG FAS. KPMG FAS has not performed an independent review on the accuracy and completeness of the above. KPMG FAS also has not independently audited, reviewed or evaluated the assets and debt (including off-balance-sheet asset and debt, and other contingency liability) of the Target, its subsidiaries or affiliated companies, including analysis and evaluation of specific assets and debt. KPMG FAS also did not engage any third party institution for evaluation, review or audits.

The calculation of the value of the Target Shares by KPMG FAS reflects the economic situation and information available as of June 8, 2016. The business plan of the Target considered in the DCF Method is analyzed by KPMG FAS on the assumption that it is reasonably created based on

the best speculation and business judgment that is currently available from the Target's management team.

(iii) Advice from Target's Independent Law Firm

In order to ensure the fairness and appropriateness of the decision-making by its board of directors, the Target retained Anderson Mori & Tomotsune ("AM&T") who is independent from the Company and the Target as its legal advisor, and is obtaining legal advice from AM&T in relation to the methods, procedures and other notes concerning the decision-making by its board of directors with respect to the Transaction including the Tender Offer.

(iv) Opinion from Independent Third Party Committee of the Target

Upon the successful completion of the Tender Offer and the execution of the Allocation of New Shares to Third Parties, since the newly issued shares which will be issued as a result of the Allocation of New Shares to Third Parties will be 2,373,400 shares (23,734 voting rights) at maximum, such shares will amount to 44.32% (the ratio to the total 49,520 voting rights as of April 30, 2016 will be 47.93%) of the total number of shares issued by the Target of 5,354,800 shares as of April 30, 2016, and there is a possibility that there will be more than 25% of dilution of the Target Shares. In such case, the Allocation of New Shares to Third Parties will fall under major allocation of new shares to third parties stipulated under "Notes (23-6) described in the form 2 under the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.". In addition, as stated in "(2) Background, Purposes and Decision-making Process Concerning Tender Offer, and Management Policies Subsequent to the Tender Offer", since it is expected that the Company will hold the right to nominate majority of the Target's directors, and as a result, such nominees will occupy majority of the Target's board of directors, the Company, to whom the shares are planned to be allocated, is expected to be the controlling shareholder of the Target.

Therefore, in order to obtain an opinion regarding the Allocation of New Shares to Third Parties from those independent from the Target and the Target management team, the Target has appointed an independent third party committee constituted by independent third parties who do not, now or in the past, have any personnel, business or capital relationship with the Target and the Company, namely, Mr. Hitoshi Ito of ABE IKUBO & KATAYAMA law firm, Mr. Shinichiro Sakagami of Sakagami Shinichiro Certified Accountant Firm and Ms. Michiko Ashizawa, associated professor at Yokohama City University, International College of Arts and Science (the "Third-Party Committee") to request an opinion regarding the necessity and reasonability of the Allocation of New Shares to Third Parties. As stated below, the Third-Party Committee provided an opinion which endorses the necessity and reasonability of the Allocation of New Shares to Third Parties, as of June 8, 2016.

For the summary of such opinion, please refer to the "Notice Concerning the Issuance of New Shares by Means of Allocation of New Shares to Third Parties" announced by the Target on June 9, 2016.

(v) Unanimous Approval by the Target's Disinterested Directors and No Objection from Auditors

As stated above in "(2) Background, Purposes and Decision-making Process Concerning Tender Offer, and Management Policies Subsequent to the Tender Offer", the Target has diligently discussed with the Company and considered the content of the Capital and Business Alliance, the necessity of the Allocation of New Shares to Third Parties and its conditions, and the Tender Offer Price and other conditions to the Tender Offer. In the course of such discussion and consideration, as is written in "(3) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and Measures to Avoid Conflicts of Interest", the Target requested the valuation of the Target Shares and acquired the Valuation Report from KPMG FAS which is a third party institution independent both from the Target and the Company. The Target also acquired legal advice from AM&T as its legal adviser.

As a result of the above consideration and discussion, the Target considered that, through the Transaction, the Company that has a distinguished client basis and marketing know-how, and that operates "Yahoo! Bookstore" whose majority of the purchasers are female users, and the Target that has rich expertise in e-books and good relations with authors and publishers and whose majority of the purchasers are male users, will be part of the same group. By mutually and smoothly utilizing the management resources of both companies based on strong capital relationship, service proposals that are differentiated form competitors (specifically, (i) synergy regarding provision of content, (ii) synergy regarding sales promotion, (iii) synergy regarding system development (iv) synergy regarding gathering of customers), can be realized and that the creation and expansion of business values exceeding the level that it can achieve on its own is possible. As a result, the Target, at the board of directors meeting of the Target held on June 9, 2016, with all directors attending, unanimously resolved to execute the Capital Business Alliance Agreement and resolved to express consent to the Tender Offer.

Meanwhile, since the Tender Offer is not intended to involve the delisting of the Target Shares, and the Target Shares are going to continue to be listed after the successful completion of the Tender Offer, the Target has resolved that it is up to the decision of the shareholders of the Target whether or not the shareholders should apply for the Tender Offer.

None of the directors of the Target have a special interest as defined in Article 369-2 of the Companies Act. Therefore, all directors of the Target attended the Target board of directors meeting of June 9, 2016, to discuss and resolve the Transaction including the resolutions on the Tender Offer.

All three auditors of the Target attended the board of directors meeting, and expressed their opinion that they have no objections against the resolution. None of the directors or the auditors mentioned above have any interests in this Transaction.

(4) Important Agreements etc. regarding Tender Offer

The outline of the Capital and Business Alliance Agreement is as follows:

(i) Objective

The Company and the Target will execute the Capital and Business Alliance Agreement with the aim of establishing a stable capital relationship by making the Target a consolidated subsidiary of the Company through the Transaction, and establishing strong alliance relationship through business alliance including the discussions and considerations (the "Business Alliance"), in order to achieve the following matters:

(a) To achieve No.1 market share in Japan in the e-comics business (eventually No.1 market share in the world) by gathering the assets, knowledge and know-how possessed by the Company and the Target.

(b) To collaborate in procurement operation, marketing operation and system development, etc. in the field of e-book business operated by the Company and the Target, and to maximize the business synergies through such collaboration.

(c) To consider future integration of the e-book business operated by the Company and the Target.

(ii) Matters related to the Tender Offer

The Target will pass a resolution at the board of directors meeting regarding the statement of consent to the Tender Offer (unanimous approval by attended directors and no objections from all of the attended auditors; the "Consent Resolution") and will not revise, revoke or amend the Consent Resolution, and will not make any contradicting resolution against the Consent Resolution. However, this will not apply if sustaining the Consent Resolution or expressing disagreement to the counter-tender offer reasonably and objectively constitutes a threat for violation of the duty of care as prudent manager or duty of royalty of the director of the Target.

(iii) Matters related to the Allocation of New Shares to Third Parties

(a) The Target will pass a resolution at the board of directors meeting regarding the statement of consent to the Allocation of New Shares to Third Parties (unanimous approval by attended directors and no objections from all of the attended auditors; the "Issuance Resolution") and will not revise, revoke or amend the Issuance Resolution, and will not make any

contradicting resolution against the Issuance Resolution. However, this will not apply if sustaining the Issuance Resolution reasonably and objectively constitutes a threat for violation of the duty of care as prudent manager or duty of royalty of the director of the Target.

(b) The Company and the Target mutually confirm that in the event of the successful completion of the Tender Offer, upon confirming the outcome of the Tender Offer, the Company will make necessary amount of payment for the acquisition of the Target Shares to allow the Company to own 41.00% (rounding up any amount less than 100 shares) of the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties, including the shares which the Company acquires under the Tender Offer, and in the event of the Tender Offer not being executed, the Company will not make any necessary payment to acquire the Target Shares.

(iv) Business Alliance

The Company and the Target agree to execute the Business Alliance which generally includes the following points, in order to enhance the business value of both companies. In order to execute the Business Alliance, the Company and the Target will separately execute a business alliance agreement which will include the following points, promptly after the execution of the Transaction.

(a) With regard to "Yahoo! Bookstore", e-book service provided by the Company, the Company will consign the operational duties to the Target, including planning, organization, production, procurement of e-books etc.;

(b) The Company and the Target will jointly implement measures towards sales promotion and other promotional measures in regards to the e-book services provided by both companies.

(c) The Company and the Target will discuss and consider the pros and cons of the integration of the e-book services provided by each company.

Furthermore, in order to increase the corporate value of both companies, the Company and the Target will discuss and consider the business alliance and collaboration regarding the paper book sales business provided by each company, after the Transaction.

(v) Operation of the Target after the Transaction

(a) The Company and the Target mutually confirm to maintain the listing of the Target Shares for the time being, and as a listing company, to care for the interest of the Target's minority shareholders.

(b) The Company and the Target mutually confirm not to change, and maintain the trading name of the Target for the time being.

(c) The Company and the Target mutually confirm not to change, and maintain the name "eBookJapan", the service name of the e-book sales business provided by the Target for the time being.

(vi) Management team of the Target after the Transaction

(a) After the Transaction, the Company may appoint directors so that the number of nominees for directors will be the minimum number required to obtain a majority of all the directors of the Target.

(b) The number of the auditors of the Target after the Transaction will be three, and the Company may appoint two nominees for auditors after the Transaction.

(c) The Target will convene extraordinary shareholder's meeting as soon as practically possible after the Transaction, and will submit agendas to elect the members designated by the Company as nominees for directors and auditors respectively, and will make reasonably best effort so that the agendas will be approved and resolved as proposed. In the event where all or part of the agendas were disapproved at the extraordinary shareholder's meeting, upon the Company's request, the Target will convene extraordinary shareholder's meeting as soon as practically possible. At such extraordinary shareholder's meeting or the first ordinary shareholder's meeting after the shareholder's meeting where the agendas are disapproved, the Target will submit agendas to elect the members designated by the Company as nominees for directors and auditors respectively, and will make reasonably best effort so that the agendas will be approved and resolved as proposed.

(d) The Company and the Target mutually confirm that Mr. Hitoshi Koide, the CEO of the Target as of the execution date of the Capital and Business Alliance Agreement will continue his duty as CEO of the Target after the Transaction.

(vii) Termination clause

The Capital and Business Alliance Agreement will terminate upon the following events.

(a) If the Company and the Target agree in writing to terminate the Capital and Business Alliance Agreement.

(b) If the Capital and Business Alliance Agreement is cancelled by the Company or the Target.

(c) If the Tender Offer does not commence by September 30, 2016 (however, if the Company reasonably request for an extension on the ground of the Tender Offer requiring a longer period, and the Target consents to the request, such requested date).

(d) If the Tender Offer failed to complete.

(5) Plans to Acquire Additional Share Certificates and Other Securities after Tender Offer

According to the Target Securities Registration Statement etc., the Target has passed a resolution at the Target's board of directors meeting on June 9, 2016, to issue shares by third party allotment which allocates the shares to the Company (If the shareholding ratio on a fully diluted basis before the Allocation of New Shares to Third Parties is below 41.00%, the amount of issued common shares necessary to reach the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties of 41.00%, at maximum 2,373,400 common shares, with an amount to be paid in of JPY 850 per share, the same amount as the Tender Offer Price, for a total amount of issue price of approximately JPY 2,017 million. This total amount of issued shares is the amount of shares that will be issued when the Tender Offer is completed at the minimum level, and the total amount of issue price is the maximum amount calculated based on the amount to be paid in for all issued shares when the Tender Offer is completed at the minimum level.).

In relation to the Allocation of New Shares to Third Parties, if the Tender Offer is successfully completed, upon confirming the outcome of the Tender Offer, the Company will make a necessary amount of payments to allow the Company to own 41.00% (rounding up any amount less than 100 shares) of the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties, including the Target Shares which the Company will acquire through the Tender Offer and Target Shares that the Company owns (100 shares) as of today. On the other hand, if the Tender Offer is not successfully completed, the Company will not make payments for the Allocation of New Shares to Third Parties. Therefore, there is a possibility that the Company will not make payment for all or part of the shares allocated (2,373,400 of common shares) in the Allocation of New Shares to Third Parties as resolved by the Target depending on the outcome of the Tender Offer.

According to the Target Securities Registration Statement etc., the funds which the Target will acquire through the Allocation of New Shares to Third Parties will be allocated for (i) JPY 900 Million for system and security investments, (ii) JPY 1,000 Million for strengthening of marketing and promotion, and (iii) JPY 100 Million for office space expansion. The remaining funds will be allocated to working capital.

As written above, there is a possibility that the Company will not make payment for all or part of the allocated shares (2,373,400 of common shares) in the Allocation of New Shares to Third Parties as resolved by the Target depending on the result of the Tender Offer. According to the Target Securities Registration Statement, etc., in such case, the Target will implement the above plans by acquiring capital assistance such as loans from the Company with which it has a Capital and Business Alliance, and loans from financial institutions or others. In such case, the investment schedule and priority have not yet been decided, but considering the funding schedule and amounts, etc., the Target will make discussions with the Company and confirm the effect of each investment and make investments according to priority.

As a result of the Transaction, if the Company acquires enough shares to allow the Company to own

41.00% of the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties, the Company does not currently have any plans to acquire additional Target Shares.

(6) Prospects of and Reasons for Delisting

The Target Shares are listed on the First Section of the Tokyo Stock Exchange as of today. This Tender Offer is not intended to involve the delisting of the Target Shares, and the Company will set the maximum number of shares to be acquired at 2,427,700 shares (Ownership ratio: 49.00%) in this Tender Offer. As written above in "(5) Plans to Acquire Additional Share Certificates and Other Securities after Tender Offer," even after the successful completion of the Tender Offer and the Company's completion of payment for Allocation of New Shares to Third Parties, the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties will be 41.00% to 41.63%. Therefore, it is planned that the Target will continue to be listed on the First Section of the Tokyo Stock Exchange after the Tender Offer.

2. Outline of Tender Offer and Other Information

(1) Outline of Target

(i)	Corporate Name	eBOOK Initiative Japan Co., Ltd.	
(ii)	Head Office	2-9 Kanda Surugadai, Chiyoda-ku, Tokyo	
(iii)	Name and Title of Representative	President and CEO Hitoshi Koide	
(iv)	Description of Business	Distribution of e-books	
(v)	Paid-in Capital	JPY 779,589 thousand (as of January 31, 2016)	
(vi)	Date Established	May 17, 2000	
(vii)	Major Shareholders and Shareholding Ratio (as of January 31, 2016)	Cookpad Inc.	9.98%
		eBOOK Initiative Japan Co., Ltd.	7.47%
		Hitoshi Koide	3.17%
		SHOGAKUKAN Inc.	2.99%
		Kohei Terada	2.42%
		Japan Trustee Services Bank ,Ltd. (Trust Account 9)	2.38%
		Yusuke Suzuki	1.59%
		Tomohiro Onuki	1.31%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	1.28%
		Japan Trustee Services Bank ,Ltd. (Trust Account)	1.27%
(viii)	Relationships between the Company and the Target:		
	Capital Relationship	The Company owns 100 Target Shares.	

	Personnel Relationship	There is no personnel relationship between the Company and the Target to be specified.
	Transaction Relationship	There is no transaction relationship between the Company and the Target to be specified.
	Status as a Related Party	Not applicable.

(Note) The shareholding ratio of the "Major Shareholders and Shareholding Ratio (as of January 31, 2016)" is the ratio of the holding shares to the total number of shares issued by the Target (rounded to the second decimal place)

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(2) Schedule and Other Matters

(i) Schedule

Date on which the Tender Offer was decided	June 9, 2016 (Thursday)
Date of Public Notice of Commencement of Tender Offer	June 10, 2016 (Friday)
Name of the newspaper where Public Notice is published	Public notice will be made electronically and a notice thereof will be published in The Nihon Keizai Shimbun. (URL of electronic disclosure: http://disclosure.edinet-fsa.go.jp)
Filing Date of Tender Offer Registration Statement	June 10, 2016 (Friday)

(ii) Tender Offer Period determined at time of filing of the tender offer registration statement

From June 10, 2016 (Friday) through July 22, 2016 (Friday) (thirty business days)

(iii) Possibility of Extension Pursuant to Request by Target

Not applicable.

(3) Tender Offer Price

JPY 850 per common share

(4) Basis of Calculation, etc. of Tender Offer Price

(i) Basis of Calculation

In determining the Tender Offer Price, the Company requested that Daiwa Securities, a third-party valuation institution that is independent from the Company and the Target, to perform a valuation of the shares of the Target. Daiwa Securities is not a related party of the Company or the

Target and does not have any material interest in the Tender Offer.

Based on the above request by the Company, Daiwa Securities used the market price method and the DCF Method to calculate the value of the Target Shares, and on June8, 2016, the Company received the Valuation Report from Daiwa Securities and report on the results of the calculation of the share value. The Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.

The results of the calculation of per share value of the Target Shares calculated by Daiwa Securities are as follows:

Market value method:	JPY 618	-	JPY 718
DCF Method:	JPY 774	-	JPY 978

Under the market value method, by setting the base date as June 8, 2016, the per share value is calculated to be JPY 618 - JPY 718, based on JPY 680 as the closing price of the Target Share on the First Section of the Tokyo Stock Exchange as of the base date, JPY 718 as a simple average closing price in the previous one month, JPY 618 as a simple average closing price in the previous three months, and JPY 624 as a simple average closing price in the previous six months.

Under the DCF Method, the share value is calculated to be JPY 774 - JPY 978 based on the share value evaluated by discounting the free cash flows that the Target is expected to generate after the fiscal year ending January 2017 to the present value using an appropriate discount rate in accordance with business risks, upon taking into consideration reasonable assumptions including profit forecast and investment plan, etc. based on the business plan of the Target from the fiscal year ending January 2017 to the fiscal year ending January 2021 amended by the Company.

In addition to the results described in the Valuation Report obtained from Daiwa Securities, the Company referred to the due diligence on the Target conducted by the Company, the trend in the market price of the Target Shares for the latest six months and the process of discussion and negotiation, etc. with the Target, and finally determined the Tender Offer Price to be JPY 850 on June 9, 2016.

The Tender Offer Price of JPY 850 per share represents the amount derived by adding the premiums of 25.00% (rounded to the second decimal place; hereinafter, the same shall apply for the premiums to the share value) to JPY 680, which is the closing price of the Target Shares on the First Section of the Tokyo Stock Exchange on June 8, 2016, the business day immediately prior to

the announcement of the Tender Offer by the Company; 18.38% on JPY 718, which is the simple average closing price for the last one month (from May 9, 2016 to June 8, 2016); 37.54% on JPY 618, which is the simple average closing price for the last three months (from March 9, 2016 to June 8, 2016); and 36.22% on JPY 624, which is the simple average closing price for the last six months (from December 9, 2015 to June 8, 2016).

(ii) Process of Calculation

The Company made a proposal to the Target whereby they would enter into a capital and business alliance and the Target would become a consolidated subsidiary of the Company on February 17, 2016. Thereafter, the Company started full-scale discussions and examinations with the Target on the pros and cons and the method of a capital and business alliance and the Target becoming a consolidated subsidiary of the Company, and conducted due diligence of the Target and held multiple discussions and examinations regarding the creation of synergies between the Company and the Target.

Meanwhile, during the period between the beginning of March 2016 and mid-April 2016, the Company held multiple meetings with Mr. Hitoshi Koide, the President and CEO of the Target, to explain the Company's view on future collaborative efforts with the Target and to discuss and negotiate the pros and cons and the method of a capital and business alliance, including the Target becoming a consolidated subsidiary of the Company.

As a result of such discussions, examinations and negotiations, on April 26, 2016, the Company made a proposal to the Target that they enter into a capital and business alliance, and the Target become a consolidated subsidiary of the Company through this Transaction; namely, the Company conducting the Tender Offer of the Target Shares and executing the Allocation of New Shares to Third Parties, allocating such shares to the Company.

Following further discussions and negotiations, on June 9, 2016, the Company decided to combine the Tender Offer and the Allocation of New Shares to Third Parties, in other words, with the aim of making the Target a consolidated subsidiary of the Company, the Target and the Company enter into the Capital and Business Alliance Agreement, the Company conduct the Tender Offer, and, that if the condition that the Target Securities Registration Statement that the Company produced to the Director-General of the Kanto Local Finance Bureau in relation to the Allocation of New Shares to Third Parties comes into effect, accept the Target Shares issued through the Allocation of New Shares to Third Parties by the Target. The Company then determined the Tender Offer Price based on the process described below.

(a) Hearing from Third Party Concerning Calculation

In determining the Tender Offer Price, the Company requested that Daiwa Securities, a third-party valuation institution that is independent from the Company and the Target,

conduct a valuation of the shares of the Target. Daiwa Securities is not a related party of the Company or the Target and does not have any material interest in the Tender Offer.

The Company received the Valuation Report from Daiwa Securities on June 8, 2016, and received a report on the result of the calculation of the share value. The Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Daiwa Securities.

(b) Outline of Valuation

The results of the calculation of per share value of the Target Shares by Daiwa Securities are as follows:

Market value method:	JPY 618 - JPY 718
DCF Method:	JPY 774 - JPY 978

(c) Decision-making Process Concerning Tender Offer Price

Referring to the Valuation Report obtained from Daiwa Securities in determining the Tender Offer Price, the Company made a comprehensive review of, among other factors; the results of the due diligence on the Target conducted by the Company; the expected synergy by making the Target a consolidated subsidiary of the Company and other expected advantages by executing the Capital and Business Alliance Agreement; the trend in the market price of the Target Shares for the latest six months; and the process of discussions and negotiations with the Target. As a result, the Company finally determined the Tender Offer Price to be JPY 850 on June 9, 2016.

(iii) Relationship with Valuation Institution

Daiwa Securities, the financial advisor of the Company, is not a related party of the Company or the Target and does not have any material interest in the Tender Offer.

(5) Number of Share Certificates and Other Securities to Be Acquired

Number to Be Acquired	Minimum Number to Be Acquired	Maximum Number to Be Acquired
2,427,700 shares	990,800 shares	2,427,700 shares

(Note 1) If the aggregate number of the Tendered Share Certificates does not fulfill the minimum number of shares to be acquired (990,800 shares), the Company will not

purchase etc. any of the Tendered Share Certificates. If the aggregate number of the Tendered Share Certificates exceeds the maximum number of shares to be acquired (2,427,700 shares), all or part of the excess Tendered Share Certificates will not be acquired, and the transfer and other settlements relating to the purchase of the shares will be conducted under the pro rata method in Article 27-13 (5) of the Act and Article 32 of the Cabinet Office Ordinance.

(Note 2) The Company also targets the shares less than one unit. If the right to request purchase of shares less than one unit is exercised by a shareholder pursuant to the Companies Act, the Target may purchase its own shares from such shareholder during the Tender Offer Period in accordance with the statutory procedures.

(Note 3) The Company will not purchase the Target's treasury shares through the Tender Offer.

(Note 4) Any of the Share Acquisition Rights may be exercised on or prior to the last day of the Tender Offer Period. The Target Shares that are to be issued upon such exercise are also subject to the Tender Offer.

(Note 5) The minimum number of shares to be acquired is: 20% (990,900 shares) of the difference (4,954,600 shares) between the aggregate number of issued shares (5,354,800 shares) as of April 30, 2016 stated in the Summary of Financial Statements for the First Quarter submitted by the Target on June 7, 2016 and the number of treasure shares as of April 30, 2016 (400,200 shares) stated in the Summary of Financial Statements for the First Quarter, minus the Target Shares owned by the Company as of the date this statement is submitted (100 shares) (rounding down any amount less than 100 shares).

(Note 6) The maximum number of shares to be acquired is: 49% (2,427,800 shares) of the difference (4,954,600 shares) between the aggregate number of issued shares (5,354,800 shares) as of April 30, 2016 stated in the Summary of Financial Statements for the First Quarter submitted by the Target on June 7, 2016 and the number of treasure shares as of April 30, 2016 (400,200 shares) stated in the Summary of Financial Statements for the First Quarter, minus the Target Shares owned by the Company as of the date this statement is submitted (100 shares) (rounding down any amount less than 100 shares).

(6) Changes in Ownership Percentage of Share Certificates and Other Securities through Tender Offer

Number of Voting Rights Represented by Share Certificates and Other Securities Held by the Company prior to Tender Offer:	1 (units)	(Ownership Percentage of Share Certificates before Tender Offer: 0.00 %)
Number of Voting Rights Represented by Share Certificates and Other Securities	- (units)	(Ownership Percentage of Share Certificates before Tender Offer: - %)

Held by Special Related Parties prior to Tender Offer:		
Number of Voting Rights Represented by Share Certificates and Other Securities Held by the Company after Tender Offer:	24,278 (units)	(Ownership Percentage of Share Certificates after Tender Offer: 49.00%)
Number of Voting Rights Represented by Share Certificates and Other Securities held by Special Related Parties after Tender Offer:	- (units)	(Ownership Percentage of Share Certificates after Tender Offer: - %)
Total Number of Voting Rights of Shareholders of the Target	49,520(units)	

(Note 1) "Number of Voting Rights Represented by Share Certificates and Other Securities Held by the Company after Tender Offer" is the number of voting rights (1 unit) represented by the share certificates and other securities that the Company has before the tender offer (100 shares), plus the number of voting rights (24,277 units) represented by the share certificates and others securities to be acquired (2,427,700 shares) in the Tender Offer.

(Note 2) "Total Number of Voting Rights of Shareholders of the Target" is the total number of voting rights of all shareholders of the Target as of January 31, 2016 (100 shares constitute one unit) described in the Annual Securities Report. However, since Target's shares less than one unit is also subject to the Tender Offer, for the purpose of calculating "Number of Voting Rights Represented by Share Certificates Held by the Company after Tender Offer", 49,546 voting rights, represented by 4,954,600 shares as calculated below, is used as the denominator. Such 4,954,600 shares are calculated by deducting 400,200 treasury shares held by the Target as of April 30, 2016 described in the Summary of Financial Statements for the First Quarter from 5,354,800 shares of the Target's shares outstanding as of April 30, 2016 described in the Summary of Financial Statements for the First Quarter.

(Note 3) "Ownership Percentage of Share Certificates before Tender Offer" and "Ownership Percentage of Share Certificates after Tender Offer" are rounded to the second decimal place.

(Note 4) The maximum number of common shares of the Target that may be issued, etc. as a result of the Share Acquisition Rights issued by the Target as of June 9, 2016 is 477,300 shares. If the common shares of the Target is issued upon the execution of such Share Acquisition Rights, the "Ownership Ratio of Share Certificates after Tender Offer" described above will fall under 49.00%.

(Note 5) The Target has passed a resolution at its board of directors meeting on June 9, 2016, to conduct the Allocation of New Shares to Third Parties. In relation to the Allocation of New Shares to Third Parties, if the Tender Offer is successfully concluded, upon confirming the outcome of the Tender Offer, the Company will make necessary amount of payments to allow the Company to own 41.00% (rounding up any amount less than 100 shares) of the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties, including the Target Shares which the Company will acquire through the Tender Offer and the Target Shares that the Company owns as of today (100 shares). On the other hand, if the Tender Offer is not successfully concluded, the Company will not make payment for the Allocation of New Shares to Third Parties. Therefore there is possibility that the Company does not make payment to all or part of the shares allocated (2,373,400 shares) in the Allocation of New Shares to Third Parties as resolved by the Target depending on the outcome of the Tender Offer.

(7) Purchase Price JPY 2,063,545,000

(Note) "Purchase Price" is the total number of shares to be acquired in the Tender Offer (2,427,700 shares) multiplied by Tender Offer Price (JPY 850).

(8) Method of Settlement

(i) Name and Address of Head Office of Financial Instruments Business Operators and Banks in Charge of Settlement ("Tender Offer Agent")

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

(ii) Commencement Date of Settlement

July 29, 2016 (Friday)

(iii) Method of Settlement

A notice of purchase, etc. by Tender Offer will be mailed to the address or location of each tendering shareholder (or address of the standing proxy in the case of foreign shareholders) promptly after the end of the Tender Offer Period.

Payment for the purchase will be made in cash. The Tender Offer Agent will, in accordance with the instructions of the tendering shareholders, remit the proceeds from the sale of tendered share certificates and other securities promptly after the commencement date of settlement to the place designated by the tendering shareholder (or the standing proxy in the case of foreign shareholders) (remittance fee may be charged) or pay the proceeds to the tendering shareholder's account in which the Tender Offer Agent has received the tendered shares.

(iv) Method of Returning Share Certificates and Other Securities

If all or part of the shares tendered are not purchased in accordance with the terms described in "(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act" and "(ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal" under "(9) Other Conditions and Methods of Tender Offer", the tendered shares, etc. that should be returned will be returned to the tendering shareholders, without delay, two business days after the last date of the Tender Offer Period (or the date of withdrawal of Tender Offer if the Tender Offer is withdrawn) by restoring the account of the tendering shareholders set up at the Tender Offer Agent to its state at the time of the tender.

(9) Other Conditions and Methods of Tender Offer

(i) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act

If the aggregate number of Tendered Share Certificates does not fulfill the minimum number of shares to be acquired (990,800 shares), the Company will not purchase any of the Tendered Share Certificates. If the aggregate number of the Tendered Share Certificates exceeds the maximum number of shares to be acquired (2,427,700 shares), all or part of the excess Tendered Share Certificates will not be acquired. Instead, the transfer and other settlements relating to the purchase of the share certificates will be conducted under the pro rata method as provided in Article 27-13 (5) of the Act and Article 32 of the Cabinet Office Ordinance. If the total number of purchased shares from the tendering shareholders, which is calculated under the pro rata method and the number of shares less than one unit are rounded, does not meet the maximum number of shares to be purchased, one unit of the Tendered Share Certificates will be purchased from each tendering shareholder in an order starting from the tendering shareholder with the most number of shares being rounded down as a result of the rounding calculation procedure, until the number of purchased shares exceeds the maximum number of shares to be purchased (if the purchase of one additional unit results in exceeding the number of the Tendered Share Certificates, the purchase is made up to the number of the Tender Shares Certificates). However, if the purchase of additional shares, conducted in this manner from all of the tendering shareholders for whom the number of shares being rounded down are the same, results in exceeding the maximum number of shares to be purchased, the purchase will be made from the shareholders among the tendering shareholders selected by lottery, to the extent that the number of purchased shares does not fall below the maximum number of shares to be purchased. If the total number of purchased shares from the tendering shareholders, which is calculated under the pro rata method and the number of shares less than one unit are rounded exceeds the maximum number of shares to be purchased, one unit (or the number of shares less than one unit if a portion of the purchased number of shares, calculated under the pro rata method, consists of shares constituting less than one unit) will be reduced from each tendering shareholder in an order starting from the tendering shareholder with

the most number of shares being rounded up as a result of the rounding calculation procedure to the extent that the number of purchased shares does not fall below the maximum number of shares to be purchased. However, if the reduction of shares, conducted in this manner from all of the tendering shareholders for whom the number of shares being rounded up are the same, results in falling below the maximum number of shares to be purchased, the number of purchased shares will be reduced from the shareholders among the tendering shareholders selected by lottery, to the extent that the number of purchased shares does not fall below the maximum number of shares to be purchased.

(ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal

The Tender Offeror may withdraw the Tender Offer if any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9, Items 1.12 through 1.18, Items 3.1 through 3.8, Item 3.10, and Item 4, and Article 14, Paragraph 2, Items 3 through 6, of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No.321 of 1965, as amended, the "Enforcement Order"), occurs. In the Tender Offer, "matters equivalent to the matters listed in Items 1.1 through 1.9" in Article 14, Paragraph 1, Item 3.10 of the Enforcement Order means the case where it is found that the statutory disclosure documents that the Target previously submitted are proven to contain erroneous descriptions of material matters, or not to include matters that are required to be stated.

In the case where by the day immediately preceding the last day of the Tender Offer Period (includes the case in which an extension has been made), in connection with the prior notification of the Tender Offeror, (i) the Tender Offeror has received prior notice of a cease and desist order demanding the transfer of part of the Target's business from the Fair Trade Commission, (ii) the period of the cease and desist order has not ended, or (iii) the Tender Offeror has had an urgent temporary suspension order filed against it in a court of law on the grounds that the Tender Offeror is a party who conducts acts with the likelihood of violating the provisions of Article 10, Paragraph 1 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, including subsequent amendments); withdrawal, etc. of the Tender Offer may be conducted as a case in which a "permission, etc." set forth in Article 14, Paragraph 1, Item 4 of the Enforcement Order could not be acquired.

Should the Tender Offeror intend to withdraw the Tender Offer, it will give public notice through electronic disclosure as well as in the Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of Cabinet Office Ordinance and give public notice immediately after making the announcement.

(iii) Conditions of Reduction of Tender Offer Price and Method of Disclosure of Reduction

Under the provisions of Article 27-6, Paragraph 1, Item 1 of the Act, if the Target takes any action set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price pursuant to standards set forth in Article 19, Paragraph 1, of the Cabinet Office Ordinance. Should the Tender Offeror intend to reduce the Tender Offer Price, it will give notice through electronic disclosure and give notice of such disclosure in the Nihon Keizai Shimbun. However, if it is difficult to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Office Ordinance and give public notice immediately after making the announcement. If the Tender Offer Price is reduced, the Tender Offeror will purchase any Tendered Share Certificates tendered prior to the notice at the reduced Tender Offer Price.

(iv) Matters Concerning Tendering Shareholders' Right of Cancellation of Application

Tendering shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In the event of such cancellation, the tendering shareholders must deliver or mail a written request for cancellation (a written request to cancel the application for the Tender Offer and the receipt of application for the Tender Offer) (the "Written Request for Cancellation"), to the head office or any branch offices in Japan of the Tender Offer Agent by 4:00 p.m. on the last day of the Tender Offer Period. If by mail, the cancellation of the application of the Tender Offer will not be effective unless the Written Request for Cancellation is received by the entity defined below by 4:00 p.m. on the last day of the Tender Offer Period.

Entity authorized to receive the Written Request for Cancellation:

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

(and other branch offices of Daiwa Securities Co. Ltd. in Japan)

No compensation for damages or penalty payment will be demanded of any tendering shareholder by the Company in the event that the application by the tendering shareholder is canceled. The cost of returning the Tendered Share Certificates will be borne by the Company. When cancellation is requested, the Tendered Share Certificates will be returned immediately after the completion of the process in the method prescribed in "(iv) Method of Returning Share Certificates and Other Securities" of "(8) Method of Settlement".

(v) Method of Disclosure if the Conditions or other Terms of Tender Offer are Changed

The Company may change the terms and conditions of the Tender Offer during the Tender Offer Period, unless such change is prohibited under the items of Article 27-6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Enforcement Order.

Should any of the terms and conditions of the Tender Offer be changed, the Tender Offeror will give electronic public notice thereof and give notice of such disclosure in the Nihon Keizai Shimbun. However, if it is deemed difficult to make such notice within the Tender Offer Period, the Tender Offeror will make an official announcement in accordance with Article 20 of the Cabinet Office Ordinance, and give public notice immediately after making the announcement. The purchase of the Tendered Share Certificates tendered prior to such public notice will also be made in accordance with the changed terms and conditions.

(vi) Method of Disclosure of Amendment Statement

If the Company submits an amendment statement of the tender offer registration statement to the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the provisions of Article 27-8, Paragraph 11 of the Act), the Tender Offeror will promptly make an official announcement of the content of such amended statement to the extent relevant to the content of the public notice of the commencement of the Tender Offer, pursuant to Article 20 of the Cabinet Office Ordinance. The Tender Offeror will also promptly amend the tender offer explanation statement ("Tender Offer Explanation Statement") and provide an amended Tender Offer Explanation Statement to the tendering shareholders who have received the original Tender Offer Explanation Statement. If the amendments are limited in extent, however, the Tender Offeror may make the amendment by preparing and delivering a document stating the reason for the amendments, the matters amended and the details thereof to the tendering shareholders.

(vii) Method of Disclosure of Results of Tender Offer

The results of the Tender Offer will be made public by the method set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

(viii) Other

The Tender Offer shall not, directly or indirectly, be carried out in the United States or be directed toward the United States, or by the U.S. postal service, or any other means or instrument of interstate or international commerce (including, but not limited to, telephone, telexes, facsimile transmissions, electronic mail, and internet communications) or through securities exchange facilities in the United States. Application for the Tender Offer by the aforementioned methods/means, or through the aforementioned facilities, or from the United States, shall not be permitted.

In addition, this announcement and related documents concerning the Tender Offer shall not be mailed or distributed in, to, or from the United States via the postal service or any other means,

and accordingly, such delivery or distribution shall not be permitted. Applications to the Tender Offer which violate the above restriction, directly or indirectly, shall not be tendered.

In the event of applying for the Tender Offer, the tendering shareholders (or the standing proxy in case of foreign shareholders) may be required to attest and commit to the following conditions to the Tender Offer Agent:

The tendering shareholder is not a U.S. resident or located in the United States at the time of the tender nor at the time the application form for the Tender Offer was mailed; the tendering shareholder has not, directly or indirectly, received or sent any information (including a copy of the information) pertaining to the Tender Offer in, directed to, or from within the United States; in engaging the Tender Offer or in signing an application from for the Tender Offer, the tendering shareholder has not, directly or indirectly, used the U.S. postal service or any other means or instrument of interstate or international commerce (including, but not limited to, telephone, telexes, facsimile transmissions, electronic mail and internet communications) or securities exchange facilities in the United States; and the tendering shareholder is not a person acting as an agent or entrustee, without discretion, of another person (except where such other person provides all instructions pertaining to the Tender Offer from outside the United States).

(10) Date of Public Notice

June 10, 2016 (Friday)

(11) Tender Offer Agent

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

3. Policies, etc. after Tender Offer and Future Prospects

With respect to the policies, etc. after the Tender Offer and future prospects, please refer to “(2) Background, Purposes and Decision-making Process Concerning Tender Offer, and Management Policies Subsequent to the Tender Offer” and “(6) Prospects of and Reasons for Delisting” in “1. Purpose of the Tender Offer”.

4. Others

(1) Agreements between Company and Target or Its Officers; Terms Thereof

(i) Support for Tender Offer

According to the Target Press Release, the Target has determined that through the Transaction, the Company that has a distinguished client basis and marketing know-how, and that operates “Yahoo! Bookstore” in which female users constitute the majority of purchasers, and the Target that has rich expertise in e-books and favorable relations with authors and publishers and whose

male users constitute the majority of purchasers, will be part of the same group. Based on strong capital ties and by mutually and smoothly utilizing the management resources of both companies, service proposals that are differentiated form competitors (specifically, (i) synergy regarding provision of content, (ii) synergy regarding sales promotion, (iii) synergy regarding system development (iv) synergy regarding gathering of customers), can be realized and that the creation and expansion of business values exceeding the level that it can achieve on its own is possible. Therefore, the Target, at the board of directors meeting of the Target held on June 9, 2016, with all directors attending, unanimously resolved to execute the Capital Business Alliance Agreement and resolved to express consent to the Tender Offer.

Also, according to the Target Press Release, since the Tender Offer is not intended to involve the delisting of the Target Shares, and the Target Shares are going to continue to be listed after the Tender Offer, the Target has resolved that it is up to the decision of the shareholders of the Target whether or not the shareholders should apply for the Tender Offer.

None of the directors of the Target have special interests in the Tender Offeror as defined in Article 369-2 of the Companies Act. Therefore the discussion and resolution on the Transaction including the Consent Resolution was participated by all directors in the Target's board of directors meeting held on June 9, 2016.

Also all of the three auditors who participated in this board of directors meeting expressed their opinion that they do not oppose to the Target's board of directors expressing their consent to the Tender Offer. None of the directors or auditors have special interests in the Transaction.

For more details, please refer to the Target Press Release and "(v) Unanimous Approval by the Target's Disinterested Directors and No Objection from Auditors" in "(3) Measures to Ensure Fairness of Tender Offer Such as Measures to Ensure Fairness of Tender Offer Price and Measures to Avoid Conflicts of Interest" in "1. Purpose of the Tender Offer".

(ii) Allocation of New Shares to Third Parties

The Target has passed a resolution at the Target's board of directors meeting on June 9, 2016, to issue shares by third party allotment which allocates the shares to the Company (If the shareholding ratio on a fully diluted basis before the Allocation of New Shares to Third Parties is below 41.00%, the amount of issued common shares necessary to reach the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties of 41.00%, is at maximum 2,373,400 common shares, with an amount to be paid in of JPY 850 per share, the same amount as the Tender Offer Price, for a total amount to be paid in of approximately JPY 2,017 million. This total amount of issued shares is the amount of shares that will be issued when the Tender Offer is completed at the minimum level). In relation to the Allocation of New Shares to Third Parties, if the Tender Offer is successfully completed, upon confirming the outcome of the Tender Offer, the

Company will make a necessary amount of payments to allow the Company to own 41.00% (rounding up any amount less than 100 shares) of the shareholding ratio on a fully diluted basis after the Allocation of New Shares to Third Parties, including the Target Shares which the Company will acquire through the Tender Offer and the Target Shares that that the Company owns as of today (100 shares). On the other hand, if the Tender Offer is not successfully completed, the Company will not make payments for the Allocation of New Shares to Third Parties. Therefore, there is a possibility that the Company will not make payment for all or part of the shares allocated (2,373,400 of common shares) in the Allocation of New Shares to Third Parties as resolved by the Target depending on the outcome of the Tender Offer. For the details of the Allocation of New Shares to Third Parties, please refer to "(5) Plans to acquire additional share certificates after Tender Offer" in "1. Purpose of the Tender Offer".

(iii) Capital and Business Alliance Agreement

The Company and Target have entered into the Capital and Business Alliance Agreement as of June 9, 2016. For the details of the Capital and Business Alliance Agreement, please refer to "(4) Important Agreements etc. regarding Tender Offer" in "1. Purpose of the Tender Offer".

(2) Other Information Deemed Necessary for Investors in Evaluating the Tendering of their Shares

The Target announced the Summary of Financial Statements for the First Quarter on June 7, 2016. The outline of the Target's Summary of Financial Statements for the First Quarter is as below. According to the Target, the Summary of Financial Statements for the First Quarter has not been audited by the audit firm pursuant to Article 193-2, Paragraph 1 of the Act. For the details, please refer to the Target's announcement.

(i) Status of Income (consolidated)

Fiscal Period	Cumulative First Quarter ending in January 2017 (thousand)
Net Sales	JPY2,223,125
Cost of Goods Sold	JPY 1,447,474
Selling and General Administrative Expenses	JPY 831,641
Non-operating Income	JPY 2,481
Non-operating Expenses	JPY 865
Quarterly Net Loss Attributable to the Owners of the Parent	-JPY 54,926

(ii) Status per Share (consolidated)

Fiscal Period	Cumulative First Quarter ending in January 2017
Quarterly Net Loss per Share	-JPY11.09
Dividends per Share	JPY 0.00

Disclaimer

This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.