

August 7, 2014

To whom it may concern

Yahoo Japan Corporation  
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Stock code: 4689

**Yahoo Japan Corporation Announces Commencement of Tender Offer for Shares of Common Stock and Stock Acquisition Rights of Synergy Marketing, Inc.**

Yahoo Japan Corporation (the “Tender Offeror” or the “Company”) hereby announces that it resolved at its board of directors meeting held on August 7, 2014 to acquire the shares of common stock and the stock acquisition rights of Synergy Marketing, Inc. (the “Target”), listed on the JASDAQ market of the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”), through a tender offer (the “Tender Offer”).

**1. Purpose of Tender Offer**

(1) Overview of Tender Offer

The Company passed a resolution, at the meeting of the board of directors on August 7, 2014, to conduct the Tender Offer, as a part of the transaction to acquire all of the shares of the common stock of the Target listed on the JASDAQ market of the Tokyo Stock Exchange (including shares of the common stock of the Target to be issued upon the exercise of the Stock Acquisition Rights (as defined in “(ii) Stock Acquisition Rights” of “(3) Tender Offer Price” in “2. Outline of Tender Offer and Other Information”; the name of each series of the Stock Acquisition Rights is defined therein as well), and excluding the treasury stock held by the Target) and the Stock Acquisition Rights with the aim of making the Target a wholly-owned subsidiary of the Company (the “Transaction”).

In the Tender Offer, the minimum number of shares to be acquired is set at 6,131,300 shares<sup>(Note)</sup> so that the Company will hold two-thirds or more of the total voting rights in the Target upon the completion of the Tender Offer. If the aggregate of the share certificates and other securities tendered does not reach such minimum number of shares to be acquired, none of the tendered share certificates and other securities will be acquired. On the other hand, as the Company has not set the maximum number of shares to be acquired, if the aggregate of the share certificates and other securities tendered is such minimum number of shares to be acquired or more, all share certificates and other securities tendered will be acquired.

(Note) The number of shares used as the basis for the calculation of the minimum number of shares to be acquired and other proportions in this Announcement is 9,196,857 shares (the “Base Number of Shares”). The Base Number of Shares is obtained by reflecting the status of the holding and exercise of the Stock Acquisition Rights on or prior to July 31, 2014 to the number of shares obtained by subtracting the number of treasury stock held by the Target (i.e., 59,143 shares), as set forth in the Summary of Financial Statements for the Second Quarterly Report of the Fiscal Year Ending in December 2014 (Japan GAAP) (Consolidated) disclosed by the Target on August 7, 2014 (the “Summary of Financial Statements of the Target”) from the total issued shares of the Target as of June 30, 2014 (i.e., 9,128,000 shares), as set forth in the Summary of Financial Statements of the Target, (9,068,857 shares; the “Base Number of Shares without Taking the Stock Acquisition Rights into Consideration”).

Out of 137 units of the First Series Stock Acquisition Rights and 77 units of the Second Series Stock Acquisition Rights that were outstanding as of February 28, 2014, as set forth in the Annual Securities

Report for the 9th Business Period filed by the Target on March 25, 2014, according to the Target, 89 units of the First Series Stock Acquisition Rights and 7 units of the Second Series Stock Acquisition Rights were cancelled or exercised during the period from March 1, 2014 to July 31, 2014. (i) The number of shares of the common stock of the Target to be issued for the remaining Stock Acquisition Rights after taking such cancellation and exercise (the First Series Stock Acquisition Rights (48 units); and the Second Series Stock Acquisition Rights (70 units), respectively) into consideration is 94,400 shares. In addition, according to the Target, (ii) the number of shares of the common stock of the Target increased by the exercise of the Stock Acquisition Rights during the period from July 1, 2014 to July 31, 2014 is 33,600 shares. The Base Number of Shares is obtained by adding the numbers indicated in the above (i) and (ii) (128,000 shares in total) to the Base Number of Shares without Taking the Stock Acquisition Rights into Consideration (i.e., 9,068,857 shares), which is 9,196,857 shares.

The minimum number of shares to be acquired is two-thirds (2/3) of the Base Number of Shares (which is 6,131,238 shares) rounding up the shares less than one (1) unit (100 shares).

If the Company could not acquire all of the shares of the common stock of the Target (excluding the treasury stock held by the Target) through the Tender Offer, the Company will request the Target to implement each of the procedures set forth in “(4) Plan for Reorganizations after the Tender Offer (Matters Relating to Two-Step Takeover)” and make the Target the wholly-owned subsidiary of the Company (“Making Target the Wholly-owned Subsidiary”).

Prior to the Tender Offer, the Company entered into an agreement concerning the tendering of shares in the Tender Offer (the “Tender Agreement”) as of August 7, 2014 by and between: each of (i) Mr. Hitoshi Tanii, the first-ranked shareholder (as of June 30, 2014; the same shall apply hereinafter) and representative director and CEO of the Target (according to Mr. Tanii, the number of shares of the common stock held by Mr. Tanii as of the date of this Announcement is 1,700,000 shares; and holding ratio (which means the ratio of the number of shares held to the Base Number of Shares, and rounded down to the second decimal place; the same shall apply hereinafter): 18.48%); (ii) Mr. Shogo Tabata, the second-ranked shareholder and director of the Target (according to Mr. Tabata, the number of shares of the common stock held by Mr. Tabata as of the date of this Announcement is 1,254,000 shares; and holding ratio: 13.63%) and (iii) Mr. Masao Tashiro, the fourth-ranked shareholder and director of the Target (according to Mr. Tashiro, the number of shares of the common stock held by Mr. Tashiro as of the date of this Announcement is 237,400 shares; and holding ratio: 2.58%). For the outline of the Tender Agreement, please refer to “(i) Tender Agreement” in “(3) Details of Material Agreements Concerning Tender Offer” below.

According to the announcement titled “Announcement of Expression of Opinion Concerning Tender Offer for Shares of Common Stock and Stock Acquisition Rights of Synergy Marketing, Inc. by Yahoo Japan Corporation” (the “Target’s Announcement”) released by the Target on August 7, 2014, at the meeting of the board of directors of the Target held on August 7, 2014, the board of directors of the Target resolved to state an opinion supporting the Tender Offer as well as to recommend that the Target’s shareholders tender their shares of the common stock of the Target in the Tender Offer. In addition, the board of directors of the Target has resolved that a decision whether or not to tender the Stock Acquisition Rights in the Tender Offer will be left up to each of the holders of the Stock Acquisition Rights.

For the details of the resolution of the board of directors of the Target, please refer to “(iv) Unanimous Approval by the Target’s Disinterested Directors” in “(7) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest” below.

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

The Company was jointly established in January 1996 between SoftBank Corp, the parent company of the Company, and Yahoo! Inc. (“Yahoo! Inc.”), for the purpose of providing information search services in Japan that Yahoo! Inc. had thus far provided on the Internet.

Currently, the Company provides advertisement-related services, including search-related ads and displayed advertisements, as well as e-commerce related services, including “YAHUOKU! (auction service)” and “Yahoo! Shopping”. Among other matters, with respect to the advertisement-related services, the Company has promoted its business as one of the largest providers of Internet advertising in Japan, with its overwhelming number of page views and broad range of users. In November 2013, the Company announced a new strategy whereby it would expand the sales target out of its Internet advertising business, which the Company had thus far engaged in, and further expand its marketing solution business by effectively utilizing its multi-big data and technologies. Under said new strategy, the Company plans to offer a scheme, based primarily on the data management platform (“DMP”), that will allow advertisers to post their advertisements more effectively and efficiently, as well as to utilize such multi-big data not only for advertisements but also for other marketing tools.

On the other hand, the Target was jointly established, as a pure holding company, by way of equity transfer (*kabushiki iten*) on June 1, 2005 between IndexDigital Co., Ltd. (which was established on September 25, 2000 by Mr. Tanii, representative director and CEO of the Target, and has provided application software that will assist in the uniform management of customer information assets and customer relationship management (“CRM”) related activities) and Four-Dimension Data, Inc. (which was established on April 3, 2000 by Mr. Genichi Imamura, and has engaged in system development focusing on membership information and customer information management systems). Subsequently, in 2007, the Target was listed on the Nippon New Market Hercules market of the Osaka Securities Exchange Co., Ltd. (now known as the JASDAQ market of the Tokyo Stock Exchange). The Target has mainly engaged in (i) a cloud business providing, through cloud platform (Saas), application software that enables not only the safe storage of customer information assets held by corporations and other entities, but also the positive management and operation of such information assets that will generate increased profitability; and (ii) an agency business, including the development of information systems and Web site design, consulting services, and the distribution of CRM-related services on a contract basis. The Target is one of the leading corporations in the industry, having performed over 4,000 contracts it has entered into thus far in providing the above-mentioned services.

The Company was interested in the above-described Target’s business, and commenced the preliminary consideration of the synergy between the Target and the Company in around February 2014. Subsequently, as the Company thought that CRM and mail marketing, the business of the Target, are highly compatible with DMP solutions and the utilization of multi big data, one of the strategic investment area of the Company, and are expected to continuously grow in the future, the Company made the proposal to the Target, in around February 2014, regarding the possibility of a capital and business alliance for the enhancement of the corporate value of both companies.

On the other hand, according to the Target, the Target also commenced, from around March 2014, the

consideration of a capital and business alliance with a third party for the further enhancement of its CRM business, due to the urgent need for further enhancement of Target's development and sales system as a result of fierce competition in the cloud industry, the business of the Target, caused by the emergence of new competitive enterprises. Subsequently, in around March 2014, the Target decided to implement the procedures for selecting potential partners who would make the greatest contribution to the enhancement of the corporate value of the Target.

As one of the candidate partners in the above-mentioned selection process, the Company conducted due diligence, including the review of reference material concerning the Target's business, finance and legal affairs submitted by the Target and interviews with the management members and key employees of the Target, over a period from March to April in 2014, and proceeded with the analysis and consideration of the acquisition of the shares of the Target. Subsequently, based on the results of such analysis and consideration, the Company expressed its intention to acquire all of the shares of the Target. As a result of the screening by the Target, since the Company has strength in further expanding DMP business and the business synergy is expected via the collaboration with the Company, the Company was selected as the final candidate at the end of April 2014.

In and after May 2014, after being selected as the final candidate, the Company continued the due diligence in more detail, conducted discussions and consultations with the Target regarding the business synergy between the Company and the Target, and deepened its belief that the enhancement of the corporate value of both companies can be expected via the collaboration by and between the Company and the Target with respect to their sales, service development and data assets. Specifically, the Company concluded that there are the following business synergies: (i) the number of accounts is expected to increase by providing the Target's CRM related cloud services to the Company on a OEM basis through the Company's customer base and sales channel; (ii) the monetization of the marketing solution business will be accelerated by the combination of the Target's CRM products with the Company's products utilizing multi big data, including DMP, which will lead to, for example, effective and efficient advertisement distribution; and (iii) profit above the market growth rate can be achieved concurrently with the continuous investment in technology development and the expansion of sales resources through the combination of the added value in services and cost effects due to the business collaboration (for example, the decrease of costs by standardizing the development resources for the cloud base technology is expected through the collaboration between the Company and the Target, since the Company has the world's leading data centers on the cost front and possesses abundant management resources in the cloud services).

Also, in order to maximize the corporate value of both companies, integrated collaboration such as, with respect to sales activity, the joint sales, with respect to service development, the joint development of new services, and, with respect to data assets, the joint use of data assets is required to be conducted under a common business strategy. In addition, the Company and the Target are required to create a situation where the Target can promptly and aggressively concentrate its management resources, and to develop Target's business together with the marketing solution business of the Company. For the purpose of establishing the close collaboration with respect to the many aspects of the material part of the businesses and conducting the integrated business development, the Company decided that it will be necessary to make the Target the wholly-owned subsidiary of the Company. If the above-mentioned measures are implemented with the Target remaining as a listed company, in the short run, there will be the risk of lowering the profit level or deteriorating the cash flow as a result of the

increase in personnel or the additional system investment, and it is highly likely that the shareholders of the Target will incur significant adverse effects. On the other hand, if such measures are downscaled and postponed for the purpose of minimizing such risk, it will be possible that the long-term competitiveness and earning capacity of the Target will be weakened. As such, the Company reached the conclusion that making the Target the wholly-owned subsidiary of the Company, by way of the Company's acquisition of all shares of the Target, is the best solution for achieving (i) the close collaboration with respect to the many aspects of the material part of the businesses and the integrated business development, and (ii) the prompt and aggressive implementation of the collaboration by and between the companies.

As stated thus far, the Company decided to conduct the Tender Offer based on the consideration that the realization of synergy between the Company and the Target, by making the Target the wholly-owned subsidiary of the Company, will contribute to the maximization of the corporate value of both companies.

As to the future management structure of the Target, because the cloud CRM services, which the Target provides, require a high level of expertise and knowledge, the Company requested that two (2) of the current directors of the Target, i.e., Mr. Tanii and Mr. Tashiro remain as directors and executed certain management entrustment agreement as of August 7, 2014 (the "Management Entrustment Agreement"), concerning the management of the Target after the completion of the Tender Offer. With respect to Mr. Tabata, it is expected that he will remain as director after the completion of the Tender Offer. Also, the Company expects to dispatch its personal as officers, including directors, of the Target after the completion of the Tender Offer. It is planned that personal dispatched from the Company will consist the majority of the directors of the Target. With respect to Mr. Akihiro Inoue, the director of the Target, it is expected that Mr. Inoue will resign his office, but will continue, after his resignation, to occupy an important position in the Target and to engage in product planning and development of the Target. The Company will make a decision on the details thereof carefully after having discussions and consultations with the Target.

As to the management policy after the completion of the Tender Offer, based on the above-mentioned enhancement of collaboration as to sales, services and data assets, the Company and the Target will decide on such policy through future discussions. However, the Company plans to aim for the enhancement of the business of the Target with full respect for the strengths and the brand which the Target has developed so far.

### (3) Details of Material Agreements Concerning Tender Offer

#### (i) Tender Agreement

The Company executed the Tender Agreement with the shareholder of the Target, Mr. Tanii, also the representative director and CEO of the Target, Mr. Tabata, also the director, and Mr. Tashiro, also the director (the "Tendering Shareholders") on August 7, 2014, respectively. Each Tendering Shareholder agrees in the Tender Agreement to tender all of the shares of the common stock of the Target which each Tendering Shareholder holds (with respect to Mr. Tabata, excluding 20,000 shares out of 1,254,000 shares of the common stock held) (total number of shares of the common stock held: 3,171,400 shares, holding ratio to the Base Number of Shares: 34.48%) for the Tender Offer. The Tender Agreement does not set forth conditions precedent regarding the tender of shares under the Tender Offer, special termination events of the agreement nor other provisions for the case where the Tendering Shareholders do not tender their shares under the Tender Offer. Moreover, each Tendering Shareholder agrees in the Tender Agreement not to solicit or provide information toward another agreement that conflicts with the Tender Offer or any other consent which would make the completion of the Tender Offer difficult.

(ii) Management Entrustment Agreement

The Company determined that in order to achieve the objective of the Transaction, including the Tender Offer, it is necessary and material to ensure the involvement of Mr. Tanii, the representative director and CEO of the Target, and Mr. Tashiro, the director of the Target, in the management of the Target for at least two years after the completion of the Tender Offer (i.e., commencement date of the settlement) (the “Undertaking Period”). Therefore, the Company executed the Management Entrustment Agreement on August 7, 2014 with Mr. Tanii and Mr. Tashiro, respectively. In order to achieve the above-mentioned objectives of the Management Entrustment Agreement, each of Mr. Tanii and Mr. Tashiro agrees in the Management Entrustment Agreement, during the Undertaking Period, (i) to execute its duties in good faith in accordance with the applicable laws and regulations as the representative director or the director of the Target, (ii) not to resign from the representative director or the director of the Target without prior approval of the Company, and (iii) not to refuse the assumption of such position. Moreover, in order to ensure the viability of the involvement of Mr. Tanii and Mr. Tashiro in the management, both persons agree to each pay certain penalties in the case where they are dismissed from the position of the representative director or the director of the Target for certain cause or in the case where they resign from the position of the representative director or the director of the Target without special circumstances. Other principal material terms of the Management Entrustment Agreement are as follows.

- a. Mr. Tanii and Mr. Tashiro will comply with the duty of care of a prudent manager and the duty of loyalty for the Target and use their best efforts to maximize the corporate value and stock value of the Target group;
- b. Mr. Tanii and Mr. Tashiro will concentrate on duties as the representative director and the director, with the exception of engagement in other certain activities such as non-profit activities, and during the term of the office and for the period until one year passes from their retirement, they assume non-competition obligations with respect to businesses that compete with the business of the Target group; and
- c. The Company determines the remunerations which the Target pays to Mr. Tanii and Mr. Tashiro as consideration for performing the duties of the representative director and the director upon discussion between each person and the Company.

The above details of the agreement will become effective subject to the completion of the Tender Offer. The claim for indemnification including the payment of penalties under the above agreement may be exercised subject to the achievement of Making Target the Wholly-owned Subsidiary.

(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)

As stated in “(1) Overview of the Tender Offer” above, the Company plans to acquire all of the shares of the common stock of the Target (excluding the treasury stock held by the Target), and if the Company fails to acquire all of the shares of the common stock of the Target (excluding the treasury stock held by the Target) through the Tender Offer, the Company plans to acquire all of the shares of the common stock of the Target (excluding the treasury stock held by the Target) by following the steps described below.

In particular, after the Tender Offer is completed, the Company plans to request that the Target hold an extraordinary general meeting of shareholders at which the matters set forth in the following (i) through (iii) shall be proposed as a part of the agenda of the meeting (the “Extraordinary General Meeting of Shareholders”); (i) transform the Target itself into a company issuing class shares (*shurui kabushiki hakkou kaisha*) as provided for in the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same shall apply) by partially amending the Articles of Incorporation of the Target so that the Target is authorized to issue shares of a class other than the

common stock, (ii) partially amend the Articles of Incorporation of the Target so that all of the shares of the common stock of the Target shall be subject to wholly call clause (as prescribed in Article 108, Paragraph 1, Item 7 of the Companies Act; hereinafter the same shall apply), and (iii) acquire all of the shares of the common stock of the Target and deliver the shares of another class of the Target in exchange for such shares of the common stock.

In addition, regarding the implementation of these steps, as the Target will be a company issuing class shares as provided for in the Companies Act after the approval of the above-mentioned agenda item (i) of the meeting at the Extraordinary General Meeting of Shareholders, the partial amendment of the Articles of Incorporation in the above-mentioned agenda item (ii) requires, pursuant to Article 111, Paragraph 2, Item 1 of the Companies Act, a resolution at the general meeting of holders of class shares, the members of which are the holders of the shares of the common stock of the Target which will contain the wholly call clause (the “General Meeting of Holders of Class Shares”) in addition to the resolution at the Extraordinary General Meeting of Shareholders. As such, the Company plans to request that the Target hold the General Meeting of Holders of Class Shares, at which the partial amendment of the Articles of Incorporation in the above-mentioned agenda item (ii) shall be proposed as a part of the agenda of the meeting, on the date the Extraordinary General Meeting of Shareholders is held. The Company plans to approve each of the aforementioned agenda items at the Extraordinary General Meeting of Shareholders and at the General Meeting of Holders of Class Shares.

If the aforementioned steps are implemented, all of the share of the common stock of the Target (excluding the treasury stock held by the Target) will, after being made subject to the wholly call clause, be acquired by the Target, and the shareholders of the Target will receive the shares of another class of the Target in exchange for such shares of the common stock. If, as a result, the shareholders of the Target would receive a fraction of less than one share of such another class, such shareholders will, pursuant to the procedures provided for in Article 234 of the Companies Act and other applicable laws and regulations, receive cash in an amount obtained through a sale of the shares of such another class equivalent to the total number of such less-than-one- shares (fractions of the total of such less-than-one shares shall be rounded down; hereinafter the same shall apply) to the Company.

The amount of cash to be distributed to each shareholder as a result of the sale of such shares of another class equivalent to the total number of such less-than-one shares will be calculated to be equivalent to a price obtained by multiplying (a) the purchase price under the Tender Offer (the “Tender Offer Price”) by (b) the number of shares of the common stock of the Target held by each such shareholder. The class and the number of shares of the Target to be allotted in exchange for the acquisition of the common stock subject to wholly call clause are not determined as of this date; however, in order for the Company to hold all of the shares of the common stock of the Target, such number of shares shall be determined so that the number of shares of the Target to be allotted to the shareholders of the Target who do not tender their shares in the Tender Offer (excluding the Company) will be a fraction of less than one share.

With respect to the above-described method, depending on the interpretation of the applicable laws and regulations by the relevant authority and the status of the holding of the shares by the Company after the Tender Offer as well as the status of the holding of the shares of the common stock of the Target by the Target’s shareholders other than the Company and other factors, it may require some time to follow the above described method, or the Company may change such steps to another method that would generate comparable effects;

however, even in such case, for the shareholders of the Target who do not tender their shares in the Tender Offer, the method of delivering cash will be adopted, and the amount of cash to be finally distributed to each shareholder of the Target will be calculated to be equivalent to a price obtained by multiplying (a) the Tender Offer Price by (b) the number of shares of the common stock of the Target held by each such shareholder. The specific procedures, timing and other matters regarding the Extraordinary General Meeting of Shareholders and the General Meeting of Holders of Class Shares in the above-mentioned cases will be announced promptly after the determination thereof.

The Companies Act sets forth the following measures to protect the interests of minority shareholders in connection with the procedures described above: (a) if the Articles of Incorporation is amended to subject the shares of the common stock to wholly call clause as set forth in (ii) above, the shareholders may request the Target to purchase the shares held by such shareholders pursuant to Articles 116 and 117 of the Companies Act and other related laws and regulations; and (b) if the proposal regarding the acquisition of all of the shares of the common stock of the Target subject to wholly call clause as set forth in (iii) above is approved at the Extraordinary General Meeting of Shareholders, the shareholders may file a petition with a court to determine the price for the acquisition pursuant to Article 172 of the Companies Act and other related laws and regulations. The court will ultimately determine the exercise price or acquisition price per share in these cases (a) and (b). If the wholly call clause of the shares of the common stock comes into effect, the shareholders may be deemed not to be eligible to file a petition with the court to determine the price for the purchase pursuant to Article 117, Paragraph 2 of the Companies Act.

The Tender Offer is not in any way intended to solicit the approval of each shareholder of the Target at the Extraordinary General Meeting of Shareholders and the General Meeting of Holders of Class Shares. Please consult your own tax advisors concerning tax treatment as to the tendering for the Tender Offer, the receipt of cash or equivalents to be delivered as consideration for the execution of the procedures described above, and the case where your shares are purchased pursuant to your request for purchase of shares.

- (5) Process and Other Matters regarding Determination of Tender Offer Price by the Company
  - (i) Procurement by the Company of a Valuation Report from an Independent Third-Party Institution
  - (ii) Background of Determination of Tender Offer Price

Please refer to “(i) Basis of Calculation” and “(ii) Process for Calculation” of “(4) Basis of Calculation of Tender Offer Purchase Price” in “2. Outline of Tender Offer and Other Information” below

- (6) Prospects of, and Reasons for, Delisting

As of this date, the shares of the common stock of the Target are listed on the JASDAQ market of the Tokyo Stock Exchange. However, it is possible that, as a result of the Tender Offer, these shares may be delisted, in accordance with the prescribed procedures, pursuant to the delisting standards of the Tokyo Stock Exchange, since the Company has not set a cap on the number of share certificates and other securities to be acquired through the Tender Offer. Even if the relevant delisting standards are not satisfied at the time of the completion of the Tender Offer, the shares of the common stock of the Target will finally be delisted, in accordance with the prescribed procedures, pursuant to the delisting standards of the Tokyo Stock Exchange, because, after the completion of the



Tender Offer, the Company plans to implement the procedures in order to acquire all of the shares of the common stock of the Target, as stated in “(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover)” above. After the delisting, it will be impossible to trade the shares of the common stock of the Target on the JASDAQ market of the Tokyo Stock Exchange.

(7) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest

The Target took the following measures to ensure the fairness of the Tender Offer taking into consideration the execution of (i) the Tender Agreement between each of Mr. Tanii, who is the representative director and CEO of the Target, and Mr. Tabata, who is the director of the Target, and Mr. Tashiro, who is the director of the Target, and the Company and (ii) the Management Entrustment Agreement between each of Mr. Tanii and Mr. Tashiro and the Company. The Company offers appropriate opportunity for the shareholders of the Target to consider whether or not to tender their shares in the Tender Offer by setting relatively long period of the Tender Offer (the “Tender Offer Period”) (i.e., thirty two business days) as opposed to twenty business days, the shortest tender offer period permitted under the laws and regulations.

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

According to the Target’s Announcement, in stating its opinion on the Tender Offer, the Target requested Deloitte Tohmatsu Financial Advisory Co., Ltd. (“Tohmatsu FA”), which is a third-party valuation institution independent from the Company and the Target, to conduct a valuation of the shares of the common stock of the Target, and it received the valuation report from Tohmatsu FA on August 6, 2014. Tohmatsu FA is not a related party of the Company or the Target, and does not have any material interest in the Company or the Target.

Tohmatsu FA received from the Target’s management the information concerning the current status and forecasts of its business, along with the explanation thereof by the Target in order to collect and examine the information necessary for valuation of the shares of the common stock of the Target, and based on said information, Tohmatsu FA conducted the valuation of the shares of the common stock of the Target.

After considering the analysis methods appropriate for the valuation of the shares of the common stock of the Target from a number of share valuation methods, and based on the assumption that the Target is a going concern and the idea that it is appropriate to value the shares of the common stock of the Target from various perspectives, Tohmatsu FA conducted the valuation of shares of the Target’s common stock by using both a market price analysis and a discounted cash flow analysis (the “DCF Analysis”). The Target has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Tohmatsu FA.

The per share values of shares of the common stock of the Target per share, as calculated by Tohmatsu FA under each of the above-mentioned analyses, are as follows:

Market price analysis:	667 yen to 732 yen
DCF Analysis:	918 yen to 1,065 yen

Under the market price analysis, taking into consideration the current status of the market dealings of the shares of the common stock of the Target, by setting the base date for the valuation as August 6, 2014, the business day immediately preceding August 7, 2014, the per share value of the Target’s common stock was calculated to be 667 yen to 732 yen per share, based upon the simple average closing price during the last six months (667 yen), the last three months (683 yen), the last one month (732 yen) and the last five business days (715 yen) immediately prior to the base date, and the simple average price on the base date (720 yen) of the Target’s shares on the Tokyo Stock Exchange.

In the DCF Analysis, Tohmatsu FA analyzed the corporate value and share value based on the present value obtained by discounting, using a certain discount rate, the free cash flow that the Target is expected to create in the future on the basis of the Target's financial projections in and after the fiscal year ending in December 2014, after taking into consideration various factors, including the Target's business plan and up-to-date business performance trend, and publicly disclosed information. Consequently, the range of the per share value of the common stock of the Target was derived to be 918 yen to 1,065 yen per share. With respect to the financial projections based on which the valuation under the DCF Analysis was conducted, an increase in sales and profits is expected due to the increase of sales amount caused by solidly expanding sales of the main products and as a result, a substantial increase in profits is expected for the periods from the fiscal year ending in December 2014 to the fiscal year ending in December 2015 and from the fiscal year ending in December 2015 to the fiscal year ending in December 2016. In particular, operating income is expected to increase by no less than 30% in each period. In addition, according to the Target, the above-mentioned financial projections are expected to be made without taking into consideration the Tender Offer.

As mentioned above, according to the valuation report that the Target procured from Tohmatsu FA, the ranges for the per share value of the common stock of the Target were derived to be 667 yen to 732 yen per share under the market price analysis, and 918 yen to 1,065 yen per share under the DCF Analysis, respectively. The Stock Acquisition Rights are also included in the subjects of the Tender Offer. In this regard, The Stock Acquisition Rights were issued as a stock option, and as a condition for exercise of the stock acquisition rights, holders of the Stock Acquisition Rights are required to be an officer or employee of the Target or its subsidiaries at the time of exercise. Therefore, taking into consideration that the Company will not be able to exercise the Stock Acquisition Rights even if the Company would acquire the stock acquisition rights through the Tender Offer, the Target has not requested any third-party valuation institution to conduct a valuation of the Stock Acquisition Rights nor has not examined the fairness of unit value of the stock acquisition rights.

(ii) Advice from Target's Independent Law Firm

According to the Target's Announcement, in order to ensure fairness and appropriateness of the decision-making by its board of directors, the Target retained Mori Hamada & Matsumoto ("MH&M") as its legal advisor independent from the Company and the Target, and is obtaining legal advice from MH&M 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 by the Target.

(iii) Target's Obtainment of Opinion from Outside Director and Outside Statutory Auditors who Have no Interests

According to the Target's Announcement, in order to ensure the fairness of the Transaction concerning the acquisition of all common shares of the Target after the procedures for Making Target the Wholly-owned Subsidiary are completed and to avoid conflicts of interest, the Target asked Mr. Akihiro Inoue, outside director of the Target, and Mr. Koichi Izukura and Mr. Masahiro Murashima, outside statutory auditors of the Target, to consult with each other and to consider whether the Transaction would not disadvantage minority shareholders in the case where the Tender Offer is made and completed. The one outside director and two outside statutory auditors mentioned-above consulted with each other and considered, as well as they did in the Target's board of directors on August 7, 2014, the details of the synergy expected by the Transaction and the plausibility of the Tender Offer Price, as well as the other terms and conditions of the Tender Offer, for the shareholders of the Target based on (i) the Target's explanation regarding the significance of the Transaction described in "3. Opinion to this Tender Offer, Background and Reason therefor", "(2) Basis and Reasons of Opinion Regarding Tender Offer", "(iii) Process for Decision-making by Company" of the Target's Announcement, and (ii) the valuation report and other material described in "(i) Procurement by the Target of a Valuation Report from an Independent Third-Party Institution" above. As a result, the Target has obtained joint opinion from the one outside director and two outside statutory auditors mentioned-above that is based on, among other things, the level of premium of the Tender Offer Price over the market price of shares of the Target as described in "3. Opinion to this Tender Offer, Background and Reason therefor", "(2) Basis and Reasons of Opinion Regarding Tender Offer", "(iii) Process for Decision-making by Company" of the Target's Announcement", and the expectation that the procedures described in "(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step

Takeover)” above will be conducted promptly after the completion of the Tender Offer and that the amount of cash to be distributed to each shareholder of the Target will be equivalent to a price obtained by multiplying (a) the Tender Offer Price by (b) the number of shares of the common stock of the Target held by each such shareholder, as of August 7, 2014, providing that: (i) the Transaction will be conducted for the purpose of enhancing the corporate value of the Target and that such purpose is justifiable, (ii) the procedures of the decision-making process concerning the Transaction are appropriate, (iii) the consideration to be delivered to minority shareholders by the Transaction is admitted to be an appropriate price, and (iv) assuming (i) through (iii) and other circumstances, it is admitted that the Transaction does not disadvantage minority shareholders as a whole. There is no such person who falls under the category of controlling shareholder of the Target at the time of the commencement of the Tender Offer, but after the completion of the Tender Offer, the Company will fall under the category of controlling shareholder of the Target. Accordingly, the procedures for Making Target the Wholly-owned Subsidiary (the details are as described above in “(4) Plan for Reorganization after the Tender Offer (Matters Relating to Two-Step Takeover))), which is planned to be conducted after the Tender Offer, will fall under the category of a so-called material transaction with a controlling shareholder. Since the Transaction is a series of transactions, the Target obtained the above opinion at the stage of the Tender Offer. Mr. Inoue, the outside director of the Target, and Mr. Izukura and Mr. Murashima, the outside statutory auditors of the Target, do not have any material interest in the Company or the Target.

(iv) Unanimous Approval by the Target’s Disinterested Directors

According to the Target’s Announcement, at the meeting of the board of directors of the Target held on August 7, 2014, the board of directors concluded that, by entering into the strategic business partnership with the Company and engaging in business as a wholly-owned subsidiary of the Company, the Target will be able to establish solid business ties with the Company under the simplified decision making process, and that such will contribute to the future growth and development and the enhancement of the corporate value of the Target. Furthermore, after carefully reviewing the terms and conditions of the Tender Offer, the board of directors of the Target consequently determined that the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate for the shareholders of the Target and that the Transaction will provide to the shareholders including the minority shareholders of the Target a reasonable opportunity to sell their shares. The board of directors of the Target, therefore, resolved to state an opinion supporting the Tender Offer, as well as to recommend that the Target’s shareholders tender their shares of the common stock of the Target in the Tender Offer. The Stock Acquisition Rights were issued as a stock option, and as a condition for exercise of the stock acquisition rights, holders of the Stock Acquisition Rights are required to be an officer or employee of the Target or its subsidiaries at the time of exercise. Therefore, taking into consideration that the Company will not be able to exercise the Stock Acquisition Rights even if the Company would acquire the stock acquisition rights through the Tender Offer, the Target has not requested any third-party valuation institution to conduct a valuation of the Stock Acquisition Rights nor has not examined the fairness of unit value of the stock acquisition rights. Accordingly, the board of directors of the Target has resolved that a decision whether or not to tender the Stock Acquisition Rights in the Tender Offer will be left up to each of the holders of the Stock Acquisition Rights.

With respect to the above-mentioned resolution at the meeting of the Target’s board of directors on August 7, 2014, since each of Mr. Tanii, Mr. Tabata and Mr. Tashiro had entered into the Tender Agreement with the Company, and each of Mr. Tanii and Mr. Tashiro had entered into the Management Entrustment Agreement with the Company, in order to avoid the question of the existence of any conflict of interest with the Target involving the above-mentioned three persons, as a first step, (i) one director, exclusive of Mr. Tanii, Mr. Tabata and Mr. Tashiro, approved the above-mentioned resolutions, and consequently, in order to ensure a quorum for the resolution of the meeting of the board of directors, (ii) four directors, inclusive of Mr. Tanii, Mr. Tabata and Mr. Tashiro, participated in the deliberation and the resolution, and approved the above-mentioned resolution.

According to the Target, all the three of the statutory auditors of the Target including the two outside statutory auditors of the Target attended the above-mentioned meeting of the board of directors, and all of them did not have any objection to the announcement by the Target’s board of directors regarding the above-mentioned opinion.

## 2. Outline of Tender Offer and Other Information

### (1) Outline of Target

(i)	Corporate Name	Synergy Marketing, Inc.	
(ii)	Head Office	1-6-20, Dojima, Kita-ku, Osaka-city, Osaka, Japan	
(iii)	Name and Title of Representative	Representative Director and CEO Hitoshi Tanii	
(iv)	Description of Business	<ul style="list-style-type: none"> <li>- CRM-related product and service planning, and software development and provision</li> <li>- Support for restructuring CRM strategy, and various agency service regarding CRM businesses</li> <li>- Various original research businesses</li> <li>- Planning and producing advertisements and promotions, and advertising agency business</li> </ul>	
(v)	Paid-in Capital	1,166 million yen (as of March 31, 2014)	
(vi)	Date Established	June 1, 2005	
(vii)	Major Shareholders and Shareholding Ratio (as of December 31, 2013)	Hitoshi Tanii Shogo Tabata Rakuten, Inc. Japan Securities Finance Co., Ltd. Masao Tashiro Salesforce.com Inc. TSURUYA Ltd. Synergy Marketing employee shareholding association SBI SECURITIES Co., Ltd. Yuichi Yamada	18.38% 13.56% 12.49% 2.85% 2.61% 2.58% 1.76% 1.76% 1.54% 1.46%
(viii)	Relationships between the Company and the Target:		
	Capital Relationship	There is no capital relationship between the Company and the Target to be specified.	
	Personnel Relationship	There is no personnel relationship between the Company and the Target to be specified.	
	Transaction Relationship	Currently, there is no transaction relationship between the Company and the Target, but the Company and the Target have entered into an agency agreement concerning the marketing products of the Company as of August 7, 2014, and certain amount of transactions under such agreement is expected hereafter.	
	Status as a Related Party	Not applicable.	

### (2) Schedule and Other Matters

#### (i) Schedule

Resolution of Board of Directors	August 7, 2014 (Thursday)
Date of Public notice of Commencement of Tender Offer	August 8, 2014 (Friday)

Newspaper Listing Public Notice	Public notice will be made electronically and a notice thereof will be published in The Nihon Keizai Shimbun. URL of electronic disclosure: ( <a href="http://disclosure.edinet-fsa.go.jp">http://disclosure.edinet-fsa.go.jp</a> )
Filing Date of tender offer registration statement	August 8, 2014 (Friday)

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

From August 8, 2014 (Friday) through September 24, 2014 (Wednesday) (thirty two business days)

(iii) Possible extension of Tender Offer Period at Target's request

Not applicable.

(3) Tender Offer Purchase Price

(i) Common Stock 1,006 yen per share

(ii) Stock Acquisition Rights

a. Stock acquisition rights issued on August 22, 2006, pursuant to a resolution passed at the Target's ordinary general meeting of shareholders held on March 29, 2006 (the "First Series Stock Acquisition Rights")

1 yen per stock acquisition right

b. Stock acquisition rights issued on Mach 5, 2007, pursuant to a resolution passed at the Target's ordinary general meeting of shareholders held on March 29, 2006 (the "Second Series Stock Acquisition Rights; the stock acquisition rights set forth in a. and b. are collectively referred to as the "Stock Acquisition Rights.")

1 yen per stock acquisition right

(4) Basis of Calculation of Tender Offer Purchase Price

(i) Basis of Calculation

a. Common Stock

In determining the Tender Offer Price, the Company requested Nomura Securities Co., Ltd. ("Nomura Securities"), a financial advisor, a third-party valuation institution that is independent from the Company and the Target, to perform a valuation of the shares of the Target.

Nomura Securities conducted, after consideration on analysis methods that suit the Tender Offer, a valuation of the shares of the Target based on each of an average market share price analysis and the DCF Analysis, and the Company obtained a share valuation report (the "Valuation Report") from Nomura Securities on August 7, 2014. The Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

According to the Valuation Report, the analysis methods so adopted and the per share value ranges of the common stock of the Target calculated by each of those analyses are as follows:

Average market price analysis: 667 yen to 732 yen

DCF Analysis:

894 yen to 1,073 yen

With respect to the average market share price analysis, the base date for valuation was set as August 6, 2014 and the valuation per share of the Target was made based upon the closing price of the Target's shares on the JASDAQ market of the Tokyo Stock Exchange on the base date (720 yen), as well as the simple average closing prices of the last one week, one month, three months and six months immediately prior to the base date (715 yen, 732 yen, 683 yen and 667 yen, respectively (rounded to the nearest yen; the same shall apply hereinafter to the numbers indicating yen, set forth in this paragraph)). Under the average market share price analysis, the price range for the value per share of the Target's shares was derived to be 667 yen to 732 yen per share.

In the DCF Analysis, the free cash flow that the Target is expected to create in or after the fiscal year ending in December 2014 (based on various factors including business plans developed by the Company in its view based on the Target's earnings provided in business plan prepared by the Target, as well as its investment projects, up-to-date trend of Target's business performance, interview with management members of the Target and publicly disclosed information) was discounted to the present value using a certain discount rate, in order to analyze the Target's corporate value and share value. Under the DCF Analysis, the price range for the value per share of the Target's shares was derived to be 894 yen to 1,073 yen per share. The business plan constituting the basis for the above-mentioned calculation in the DCF Analysis includes a fiscal year in which a substantial increase in profits is expected due to the increase of sales amount caused by solidly expanding sales of the main products.

In addition to the valuation results reported in the Valuation Report obtained from Nomura Securities, the Company made a comprehensive review of, among other factors, the results of the due diligence on the Target conducted by the Company, the analysis, based on past precedents, of the possibility of obtaining an opinion in support of the Tender Offer of the share certificates and other securities by the parties other than the issuer, the trend in the market price of the Target's shares and the number of shares expected to be tendered in the Tender Offer and the Company took into consideration the results of the discussions and negotiations with the Target. As a result, the Tender Offer Price was finally determined to be 1,006 yen per share at the meeting of the board of directors of the Company held on August 7, 2014.

The Tender Offer Price per share of 1,006 yen represents premiums over the closing prices of the Target's shares on the JASDAQ market of the Tokyo Stock Exchange as follows: 39.72% (rounded to the second decimal place; the same shall apply hereinafter in this paragraph) on 720 yen, which is the closing price on August 6, 2014, the business day immediately prior to the announcement of the Tender Offer; a premium of 40.66% on 715 yen, which is the simple average closing price for the last five business days up to August 6, 2014; 37.50% on 732 yen, which is the simple average closing price for the last one month up to August 6, 2014; 47.28% on 683 yen, which is the simple average closing price for the last three months up to August 6, 2014 and 50.73% on 667 yen, which is the simple average closing price for the last six months up to August 6, 2014.

b. Stock Acquisition Rights

The Stock Acquisition Rights were issued as a stock option given to the officers and employees of the Target and its subsidiaries, and as a condition for exercise of the Stock Acquisition Rights, holders of the Stock Acquisition Rights are required to be an officer or employee of the Target or its subsidiary at the time of exercise. In addition, the transfer of the Stock Acquisition Rights (including the case where the Stock Acquisition Rights are sold through the Tender Offer) requires an approval by resolution of the board of directors of the Target. Accordingly, since the Company will not be able to exercise the Stock Acquisition Rights due to the above-mentioned conditions and transfer restrictions even if the Company would acquire the Stock Acquisition Rights through the Tender Offer, the Company has not requested any third party valuation institution to conduct a valuation of the Stock Acquisition Rights and has determined that the purchase price of the Stock Acquisition Rights of the Target to be one yen.

(ii) Process of Calculation

(Decision-making Process Concerning Tender Offer Price)

In and after May 2014, after being selected as the final candidate, the Company continued the due diligence in more detail, conducted discussions and consultations with the Target regarding the business synergy between the Company and the Target, and deepened its belief that the enhancement of the corporate value of both companies can be expected via the collaboration by and between the Company and the Target with respect to their sales, service development and data assets. Specifically, the Company concluded that there are the following business synergies: (i) the number of accounts is expected to increase by providing the Target's CRM related cloud services to the Company on a OEM basis through the Company's customer base and sales channel; (ii) the monetization of the marketing solution business will be accelerated by the combination of the Target's CRM products with the Company's products utilizing multi big data, including DMP, which will lead to, for example, effective and efficient advertisement distribution; and (iii) profit above the market growth rate can be achieved concurrently with the continuous investment in technology development and the expansion of sales resources through the combination of the added value in services and cost effects due to the business collaboration (for example, the decrease of costs by standardizing the development resources for the cloud base technology is expected through the collaboration between the Company and the Target, since the Company has the world's leading data centers on the cost front and possesses abundant management resources in the cloud services).

Also, in order to maximize the corporate value of both companies, integrated collaboration such as, with respect to sales activity, the joint sales, with respect to service development, the joint development of new services, and, with respect to data assets, the joint use of data assets is required to be conducted under a common business strategy. In addition, the Company and the Target are required to create a situation where the Target can promptly and aggressively concentrate its management resources, and to develop Target's business together with the marketing solution business of the Company. For the purpose of establishing the close collaboration with respect to the many aspects of the material part of the businesses and conducting the integrated business development, the Company decided that it will be necessary to make the Target the wholly-owned subsidiary of the Company. If the above-mentioned measures are implemented with the Target remaining as a listed company, in the short run, there will be the risk of lowering the profit level or deteriorating the cash flow as a result of the increase in personnel or the additional system investment, and it is highly likely that the shareholders of the Target will incur significant adverse effects. On the other hand, if such measures are downscaled and postponed for the purpose of minimizing such risk, it will be possible that the long-term competitiveness and earning capacity of the Target will be weakened. As such, the Company reached the conclusion that making the Target the wholly-owned subsidiary of the Company, by way of the Company's acquisition of all shares of the Target, is the best solution for achieving (i) the close collaboration with respect to the many aspects of the material part of the businesses and the integrated business development, and (ii) the prompt and aggressive implementation of the collaboration by and between the companies. Accordingly, the Company decided to conduct the Tender Offer, and determined the Tender Offer Price based on the following backgrounds.

a. Hearing from Third Party Concerning Calculation

In determining the Tender Offer Price, the Company referred to the Valuation Report from Nomura Securities, a third-party valuation institution that is independent from the Company and the Target. Nomura 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 has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

b. Outline of Valuation

Nomura Securities used the average market price analysis and the DCF Analysis in the valuation of shares of the Target. The per share value ranges of the common stock of the Target calculated by each of those analyses are as follows:

Average market price analysis:	667 yen to 732 yen
DCF Analysis:	894 yen to 1,073 yen

c. Decision-making Process Concerning Tender Offer Price

In addition to the valuation results reported in the Valuation Report obtained from Nomura Securities, the Company made a comprehensive review of, among other factors, the results of the due diligence on the Target conducted by the Company, the analysis, based on past precedents, of the possibility of obtaining an opinion in support of the Tender Offer of the share certificates and other securities by the parties other than the issuer, the trend in the market price of the Target's shares and the number of shares expected to be tendered in the Tender Offer and the Company took into consideration the results of the discussions and negotiations with the Target. As a result, the Tender Offer Price was finally determined to be 1,006 yen per share at the meeting of the board of directors of the Company held on August 7, 2014.

On the other hand, The Stock Acquisition Rights were issued as a stock option given to the officers and employees of the Target and its subsidiaries, and as a condition for exercise of the Stock Acquisition Rights, holders of the Stock Acquisition Rights are required to be an officer or employee of the Target or its subsidiary at the time of exercise. In addition, the transfer of the Stock Acquisition Rights (including the case where the Stock Acquisition Rights are sold through the Tender Offer) requires an approval by resolution of the board of directors of the Target. Accordingly, since the Company will not be able to exercise the Stock Acquisition Rights due to the above-mentioned conditions and transfer restrictions even if the Company would acquire the Stock Acquisition Rights through the Tender Offer, the Company has not requested any third party valuation institution to conduct a valuation of the Stock Acquisition Rights and has determined that the purchase price of the Stock Acquisition Rights of the Target to be one yen.

(iii) Relationship between Third Party Valuation Institution and Company

Nomura 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
9,196,857 (shares)	6,131,300 (shares)	- (shares)

Note 1: The number of shares described in the column "Number to Be Acquired" above, as the maximum number of share certificates and other securities of the Target to be acquired by the Tender Offeror through the Tender Offer, is the Base Number of Shares (9,196,857 shares).

Note 2: If the aggregate of the tendered share certificates and other securities does not reach such minimum number of shares (6,131,300 shares) to be purchased, tendered share certificates and other securities will not be purchased. If the aggregate of the tendered share certificates and other securities is such minimum number of shares to be purchased or more all of the tendered share certificates and other securities will be acquired.

Note 3: The Tender Offer 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 4: There is no plan to purchase, through the Tender Offer, the treasury stock held by the Target.

Note 5: Any of the Stock Acquisition Rights may be exercised on or prior to the last day of the Tender Offer Period. Shares of the Target that are to be issued or transferred upon such exercise are also subject to the Tender Offer.

(6) Ownership Percentage of Share Certificates and Other Securities after Tender Offer

Number of Voting Rights Represented by Share Certificates and Other Securities held by Tender Offeror prior to Tender offer	- (shares)	(Holding Ratio prior to Tender Offer: - %)
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Number of Voting Rights Represented by Share Certificates and Other Securities held by Special Related Parties prior to Tender Offer	- (shares)	(Holding Ratio prior to Tender Offer: - %)
Number of Voting Rights Represented by Share Certificates and Other Securities held by Tender Offeror after Tender offer	91,968 (shares)	(Holding Ratio after Tender Offer: 100.00%)
Number of Voting Rights Represented by Share Certificates and Other Securities held by Special Related Parties after Tender Offer	- (shares)	(Holding Ratio after Tender Offer: - %)
Total Number of Voting Rights All Shareholders and Holders of Other Securities of the Target	90,375 (shares)	

Note 1: Number of Voting Rights Represented by Share Certificates and Other Securities to Be Acquired” is the number of voting rights represented by the shares to be acquired (9,196,857 shares) to be acquired in the Tender Offer.

Note 2: “Total Number of Voting Rights All Shareholders of Target” is the total number of voting rights of shareholders and Holders of Other Securities of the Target as of March 31, 2014 as set forth in the 10th Business Period First Quarterly Report filed by the Target on May 15, 2014 (with one (1) unit of shares representing 100 shares). However, since the shares less than one unit and the Target’s shares to be issued or transferred upon exercise of the Stock Acquisition Rights shall also be subject to the Tender Offer, for the purpose of calculating the “Holding Ratio prior to Tender Offer” and “Holding Ratio after Tender Offer”, the number of voting rights (91,968 units) represented by the Base Number of Shares (9,196,857 shares) is used as the denominator.

Note 3: “Holding Ratio prior to Tender Offer” and “Holding Ratio after Tender Offer” are rounded to the second decimal place.

(7) Purchase Price: 9,252,038,142 yen<sup>(Note)</sup>

Note: Purchase Price is an amount calculated by multiplying the number of shares to be acquired (9,196,857 shares) by the Tender Offer Price (1,006 yen).

(8) Method of Settlement

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

Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo

(ii) Commencement Date of Settlement

October 1, 2014 (Wednesday)

(iii) Method of Settlement

Promptly after the Tender Offer Period, a notice of purchase by Tender Offer will be mailed to the address of the Tendering Shareholders (in the case of Foreign Shareholders, to their standing proxy in Japan). For those who have given consent through Nomura Net & Call to receipt of documents electronically delivered, the notice will be provided electronically through the website for Nomura Net & Call (<https://nc.nomura.co.jp/>).

The payment for the purchase will be made by cash. The Tendering Shareholders may receive the

proceeds of the Tender Offer promptly after the Commencement Date of Settlement through a method, such as by wire transfer, as directed by the Tendering Shareholders (there may be extra fees incurred in connection with fund transfers).

(iv) Method of Returning Share Certificates and Other Securities

If any share certificates and other securities are not purchased under the terms mentioned in “(i) Conditions Set Forth in Article 27-13, Paragraph 4 of the Act” and “(ii) Conditions for Withdrawal of Tender Offer, Details Thereof and Method of Disclosure for Withdrawal” of “(9) Other Conditions and Methods of Tender Offer” below, the share certificates and other securities required to be returned will be returned to the Tendering Shareholders promptly after the second business day following the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer, if the Tender Offer is withdrawn). The common shares will be returned by causing the record of the shares to be returned, to be restored to its state immediately prior to such tendering, at the Tendering Shareholders Account of the Tender Offer Agent (if the Tendering Shareholders wish that such common share be transferred to the account opened with other financial instruments business operators, please check with the head office or branch offices in Japan of the Tender Offer Agent who accepted the relevant application). The Stock Acquisition Rights required to be returned will be returned either by the personal delivery of the document submitted upon tendering the Stock Acquisition Rights to the Tendering Shareholders, or by such document being mailed to the address of the Tendering Shareholders, according to the Tendering Shareholders’ instruction.

(9) Other Conditions and Methods of Tender Offer

(i) Conditions Set Forth in Article 27-13, Paragraph 4 of the Act<sup>(Note)</sup>

If the aggregate of the share certificate and other securities tendered does not reach such minimum number of share certificate and other securities (6,131,300 shares) to be purchased, no share certificates and other securities tendered will be purchased. If the aggregate of the share certificates and other securities tendered is such minimum number of share certificates and other securities (6,131,300 shares) to be purchased or more, all share certificates and other securities tendered will be purchased.

Note: “Act” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).

(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 and Item 3.10, Item 5, 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.

For the purpose of the Tender Offer, under Article 14, Paragraph 1, Item 3.10 of the Enforcement Order, either of the following events shall be designated as events equivalent to the events set forth in Items 3.1 through 3.9 of the same Paragraph:

- a. where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target submitted in the past; and
- b. any of the events set forth in the said Items 3.1 through 3.9 occurs in respect of the principal

subsidiaries of the Target.

If Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and provide notice thereof 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 Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended) (the “TOB Order”) 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 conducts any act 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 in accordance with the standards prescribed in Article 19, Paragraph 1 of the TOB Order. If the Tender Offeror intends to reduce the tender offer price, the Tender Offeror will give an electronic public notice and provide notice to such effect in The Nihon Keizai Shimbun. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the TOB Order and give public notice immediately after making the announcement. If the tender offer price is reduced, the Tender Offeror will also purchase at the reduced tender offer price, the share certificates and other securities tendered prior to the date on which the public notice is issued.

(iv) Matters Concerning Right of Tendering Shareholders to Cancel Tender

Tendering Shareholders may cancel the agreement related to the Tender Offer at any time during the Tender Offer Period. In the event of cancelling the contract, please provide or send a written notice stating the cancellation of the agreement related to the Tender Offer (the “Document of Cancellation”) to the main office or branch office who accepted the tendering application of the subject individual by 15:30 on the last day of the Tender Offer Period, if sending by mail, the Document of Cancellation must be received by 15:30 on the last day of Tender Offer Period. Note, any cancellation of a contract executed by tendering through Nomura Net & Call must be effected either through the website for Nomura Net & Call (<https://nc.nomura.co.jp/>) or by sending the Document of Cancellation. In the event of cancelling the contract through the website for Nomura Net & Call, please complete the cancellation procedures set forth on such website by 15:30 on the last day of the Tender Offer Period. In the event of cancelling the contract by sending the Document of Cancellation, please request a form of the Document of Cancellation from Nomura Net & Call Customer Support in advance and send the Document of Cancellation to Nomura Net & Call. With respect to Nomura Net & Call, the Document of Cancellation must be also received by 15:30 on the last day of Tender Offer Period.

Party with right to accept Document of Cancellation:

Nomura Securities Co., Ltd.  
1-9-1 Nihonbashi, Chuo-ku, Tokyo  
(Other Nomura Securities offices throughout Japan)

Even in the event of the Tendering Shareholders cancelling the agreement, the Tender Offeror will not demand the Tendering Shareholders to pay compensation for damages or make penalty payments. In addition, fees in connection with the return of Tendering share certificates and other securities will be borne by the Tender Offeror.

(v) Method of Disclosure of Change in Conditions of Tender Offer

The Tender Offeror may change the terms and conditions of the Tender Offer unless it is prohibited under Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order during the Tender Offer Period. If any changes are made to any of the terms and conditions concerning the acquisition, the Tender Offeror will give an electronic public notice and provide notice thereof in The Nihon Keizai Shimbun. However, if it is difficult to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the TOB Order and give public notice immediately after making the announcement. If the terms and conditions of the acquisition are changed, the Tender Offeror will also acquire the share certificates and other securities tendered on or before the date of the public notice in accordance with the changed conditions of the purchase.

(vi) Method of Disclosure of Amendment Statement

If the Tender Offeror files an amendment statement with the Director of the Kanto Local Finance Bureau, the Tender Offeror will immediately announce the content thereof that is relevant to the content of the public notice of the commencement of the Tender Offer, in accordance with the manner set out in Article 20 of the TOB Order. The Tender Offeror will also immediately amend the Tender Offer Explanation Statement and distribute the amendment to the Tender Offer Explanation Statement to the Tendering Shareholders who have received the Tender Offer Explanation Statement. However, if the Tender Offeror amends only small parts of the Tender Offer Explanation Statement, it may instead distribute to the Tendering Shareholders a document stating the reason for the amendments, the matters having been amended, and the details thereof.

(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 TOB Order on the day after the last day of the Tender Offer Period.

(10) Date of Public Notice

August 8, 2014 (Friday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd.  
1-9-1 Nihonbashi, Chuo-ku, Tokyo

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

(1) Policies, etc. subsequent to Tender Offer

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

(2) Future Prospects of Business Results

The impact of the Tender Offer on the Company’s forecast of business results for the current fiscal year is expected to be minimal.

**4. Other Matters**

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

(i) Agreements between Tender Offeror and Target; Terms Thereof

According to the Target’s Announcement, the board of directors of the Target held on August 7, 2014 resolved to state an opinion supporting the Tender Offer, as well as to recommend that the Target’s shareholders tender their shares of the common stock of the Target in the Tender Offer. The Stock Acquisition Rights were issued as a stock option, and as a condition for exercise of the stock acquisition rights, holders of the Stock Acquisition Rights are required to be an officer or employee of the Target or its subsidiaries at the time of exercise. Therefore, taking into consideration that the Tender Offeror will not be able to exercise the Stock Acquisition Rights even if the Tender Offeror would acquire the stock acquisition rights through the Tender Offer, the Target has not requested any third-party valuation institution to conduct a valuation of the Stock Acquisition Rights nor has not examined the fairness of unit value of the stock acquisition rights. Accordingly, the board of directors of the Target has resolved that a decision whether or not to tender the Stock Acquisition Rights in the Tender Offer will be left up to each of the holders of the Stock Acquisition Rights.

For the details of the decision-making process of the Target, please refer to the Target’s Announcement or “(iv) Unanimous Approval by the Target’s Disinterested Directors” of “(7) Measures to Ensure Fairness of Tender Offer Including Those to Ensure Fairness of Tender Offer Price and to Avoid Conflicts of Interest” in “1. Purpose of Tender Offer”

(ii) Agreements between Tender Offeror and Officers of Target; Terms thereof

Please refer to “(3) Details of Material Agreements Concerning Tender Offer” in “1. Purpose of Tender Offer” above.

(2) Other Information Deemed Necessary for Decision-Making by Investors Concerning Tender Their Shares

(i) The Target released the “Summary of Financial Statements for the Second Quarter of the Fiscal Year Ending in December, 2014 (Japan GAAP) (Consolidated)” on August 7, 2014. According to such release, the profits and losses and other financial results on a consolidated basis for the relevant period of the Target are as follows. The results contained in such release are not audited by the auditors. The following summary of the release are excerpted from those released by the Target. For details, please see the relevant release by the Target

a. Profits and Losses (Consolidated)

Fiscal Year	December 2014 (10th Term-Second Quarter)
Net sales	1,938 million yen
Cost of sales	1,005 million yen
Selling, general and administrative expenses	772 million yen
Non-operating incomes	21 million yen
Non-operating expenses	4 million yen
Quarterly Net income	300 million yen

b. Per Share Data (Consolidated)

Fiscal Year	December 2014 (10th Term-Second Quarter)
Quarterly Net income per share	33.19 yen
Dividends per share	-
Net assets per share	455.60 yen

- (ii) As of August 7, 2014, the Target released the “Notice regarding recording of extraordinary income and revised business forecast, and revised dividend forecast”. The revisions of the consolidated business forecast for the second quarter of 2014 Fiscal Year ending in December of the Target (accumulated total) (for the period from January 1, 2014 to June 30, 2014), subsequent to the aforementioned announcement, are as follows. The following summary of said announcement is an abstract from the announcement released by the Target. For details, please refer to the relevant announcement released by the Target.

	Net sales	Operating income	Ordinary income	Quarterly net income	Quarterly net income per share
Last announcement (A)	In millions of yen 1,957	In millions of yen 177	In millions of yen 182	In millions of yen 210	In yen 23.22
Revised forecast (B)	1,938	160	177	300	33.19
Change (B-A)	▲19	▲17	▲5	90	
Change (%)	▲1.0%	▲9.9%	▲3.0%	43.0%	
(Reference) Actual results of the second quarter of fiscal year ending in December 2013	1,769	119	181	146	16.24

In addition, the Target resolved at its board of directors meeting held on August 7, 2014 to revise its dividend forecast and not to distribute year-end dividend of the fiscal year ending in December 2014 on condition that the Tender Offer will complete. For the details of the resolution, please refer to the above-mentioned announcement of the Target.

(Reference: the Company)

Forecast of consolidated business results for second quarter of fiscal year ending March 31, 2015 (accumulated) (announced as of July 31, 2014) and actual results for second quarter of fiscal year ending March 31, 2014

(accumulated)

(Millions of yen)

	Consolidated Net sales	Consolidated Operating Income
Second quarter of fiscal year ending March 31, 2015 (accumulated)	201,000	93,400
Second quarter of fiscal year ending March 31, 2014 (accumulated)	188,040	97,880

\* For the forecast of consolidated business results for the second quarter of the fiscal year ending March 31, 2015, International Financial Reporting Standards (IFRS) are applied. In addition, the actual results for the second quarter of the fiscal year ending March 31, 2014 (accumulated) are based on Japan GAAP.

Consolidated business results, actual results for full fiscal year ending March 31, 2014

(Millions of yen)

	Consolidated Net Sales	Consolidated Operating Income	Consolidated Ordinary Income	Consolidated Net Income
Consolidated business results for full fiscal year ending March 31, 2014	386,284	197,416	197,634	125,116

\* The consolidated business results, the actual results for the fiscal year ending March 31, 2014, are based on Japan GAAP.

End

- The Tender Offer will be conducted in accordance with the procedures and the information disclosure standards prescribed by the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) of Japan, and these procedures and standards may differ from the procedures and the information disclosure standards in the United States. In particular, Section 13 (e) and Section 14 (d) of the Securities Exchange Act of 1934 and the rules subordinate to these Sections, do not apply to the Tender Offer, and the Tender Offer is not conducted in accordance with the procedures and standards thereunder. Additionally, not all of the financial information contained in this Announcement is corresponding to that which is contained in financial statements prepared in accordance with the accounting standards in the United States. Moreover, because the Tender Offeror is a corporation established outside of the United States, it may be difficult to exercise the rights or claims enforceable due to violation of the securities-related laws of the United States. Furthermore, it may be impossible to file a suit in the courts outside of the United States, against a corporation outside of the United States or the employees thereof, for a violation of the securities-related laws of the United States. In addition, there is no guarantee that it will be possible to compel the companies and their subsidiaries and affiliates outside of the United States to subject themselves to the jurisdiction of the courts in the United States.
- This Announcement contains “forward-looking statements” as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from any explicit or implicit predictions made as “forward-looking statements” due to known and unknown risks, uncertainty and other factors. No assurance is given by the Tender Offeror or its affiliates that any such explicit or implicit predictions made as “forward-looking statements” will be achieved. The “forward-looking statements” contained in this Announcement were made based on information available to the Tender Offeror as of the date of this Announcement, and except where required by laws or regulations, neither the Tender Offeror nor its affiliates shall be required to change or revise the statements to reflect future events or circumstances.
- The respective financial advisors to the Tender Offeror and the Target (including their respective affiliates) may, within their ordinary course of business and to the extent permitted under Japan’s financial instruments laws and other applicable laws and regulations, in accordance with the requirements of Rule 14e-5(b) under the Securities Exchange Act of 1934, prior to the commencement of, or during the period of the Tender Offer Period, engage in the purchase, or arrangement to purchase, of shares of the Target for their own account or for their customers’ accounts by means other than pursuant to the Tender Offer. If any information concerning such purchase is disclosed in Japan, disclosure will be made on the English homepage of the financial advisors who conduct such purchase (or through other public disclosure methods).
- Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. While all or any part of the documents relating to the Tender Offer are prepared in the English language, if there is any inconsistency between the English-language documents and the Japanese-language documents, the Japanese-language documents will prevail.