

February 5, 2019

Company Name: Nippon Telegraph and Telephone Corporation  
Representative: Jun Sawada, President and Chief Executive Officer  
(Code No.: 9432, First section of Tokyo Stock Exchange)

**NOTICE REGARDING NTT DATA CORPORATION'S COMMENCEMENT OF TENDER OFFER  
FOR SHARES OF NETYEAR GROUP CORPORATION  
AND ENTRY INTO CAPITAL AND BUSINESS ALLIANCE AGREEMENT  
BETWEEN NTT DATA CORPORATION AND NETYEAR GROUP CORPORATION**

NTT DATA CORPORATION ("NTT DATA"), a subsidiary of Nippon Telegraph and Telephone Corporation ("NTT"), has announced today its decision, adopted at its board of directors meeting held today, to commence a tender offer ("Tender Offer") to acquire common stock of Netyear Group Corporation ("Netyear Group") and to enter into a capital and business alliance agreement between NTT DATA and Netyear Group. For more details, please see the attached press release by NTT DATA.

The Tender Offer will not have a material impact on NTT's consolidated results of operations.

For further inquiries, please contact:  
Takumi Matsumoto or Takayuki Kimura  
Investor Relations Office  
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Contact us by email:  
[http://www.ntt.co.jp/ir/form\\_e/ref\\_contact.html](http://www.ntt.co.jp/ir/form_e/ref_contact.html)

February 5, 2019

Company Name: NTT DATA CORPORATION  
Representative Director: Yo Honma, President and Chief Executive Officer  
(Code No.: 9613, First section of Tokyo Stock Exchange)  
Contact: Hiroshi Setoguchi, Senior Executive Manager  
Investor Relations Office  
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## **Notice Regarding Commencement of Tender Offer for Shares of Netyear Group Corporation (TSE Code 3622) and Entry Into Capital and Business Alliance Agreement with the Company**

NTT DATA Corporation (the “Offeror”) hereby announces that it decided at its Board of Directors’ meeting held today, February 5, 2019 (referred to below as “today”), to acquire the common shares of Netyear Group Corporation (Tokyo Stock Exchange Mothers Market (“TSE Mothers”) Code: 3622) (the “Target”, and such shares, the “Target Shares”) through a tender offer (the “Tender Offer”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948) (as amended, the “Act”).

### **1. Purpose of the Tender Offer**

#### **(1) Overview of the Tender Offer**

The Offeror adopted a resolution at its Board of Directors’ meeting held today to conduct a Tender Offer for the shares of the Target, which is listed on TSE Mothers, for the purpose of making the Target a consolidated subsidiary of the Offeror. As of today, the Offeror does not own any Target Shares.

Furthermore, the Offeror adopted a resolution at its Board of Directors’ meeting held today to enter into a capital and business alliance agreement (the “Capital and Business Alliance Agreement”) with the Target. For the details of the Capital and Business Alliance Agreement, please refer to “① Capital and Business Alliance Agreement” in “(3) Important Matters Regarding the Agreement Relating to the Tender Offer” below.

In regard to the Tender Offer, the Offeror today entered into a tender offer agreement (the “Tender Offer Agreement”) with Konica Minolta Japan, Inc. (the “Prospective Tendering Shareholder”), which is the largest shareholder of the Target, and based on the Tender Offer Agreement, the Prospective Tendering Shareholder has agreed to tender all of the Target Shares it owns (2,130,200 shares, 30.44% of voting rights<sup>(Note 1)</sup> of the Target) (the “Anticipated Tendered Shares”) into the Tender Offer. For the details of the Tender Offer Agreement, please refer to “② Tender Offer Agreement” in “(3) Important Matters Regarding the Agreement Relating to the Tender Offer” below.

In the Tender Offer, 2,130,200 shares (30.44% of voting rights), the same number as the Anticipated Tendered Shares, has been set as the expected minimum number of shares to be purchased, and if the total number of share certificates offered for sale (the “Tendered Share Certificates”) according to the Tender Offer does not reach the expected minimum number of shares to be purchased, none of the Tendered Share Certificates will be purchased.

In addition, the Offeror has set a limit of 4,198,300 shares (60.00% of voting rights) for the expected maximum number of shares to be purchased in the Tender Offer as of today, but after the commencement of the Tender Offer, the Offeror plans to revise the expected maximum number of shares to be purchased on or around February 19, 2019 to a number of shares calculated by deducting

the number of Target Shares owned by special related parties of the Offeror (rounded down to the nearest unit) from 4,618,200 shares (66.00% of voting rights). If the total number of Tendered Share Certificates exceeds the expected maximum number of shares to be purchased (4,198,300 shares or, in the case of a revision, the revised number), the Offeror will not purchase all or any part of the excess portion and will conduct transfers and other settlement procedures pertaining to tenders for shares using the pro rata method set out in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance.

The Offeror intends to continue to maintain the public listing of the Target Shares in order to maintain and respect the brand and management autonomy of the Target after the completion of the Tender Offer, and has therefore set a maximum number of shares to be purchased, but in order to provide more shareholders of the Target with the opportunity to sell, the Offeror plans to revise the expected maximum number of shares to be purchased to a number of shares calculated by deducting the number of Target Shares owned by special related parties of the Offeror (rounded down to the nearest unit) from 4,618,200 shares (66.00% of voting rights). However, since the Offeror plans to conduct a detailed review of holdings of Target Shares by its special related parties after the commencement of the Tender Offer, the Offeror has set a limit of 4,198,300 shares (60.00% of voting rights) as of today and plans to revise the upper limit after its review is complete.

(Note 1) The percentage of voting rights means the ratio of voting rights of the Target compared to the voting rights of all Target shareholders as of September 30, 2018 (69,973), as stated in the quarterly securities report for the second quarter of the fiscal year ending March 31, 2019 submitted by the Target to the Director of the Kanto Local Finance Bureau on November 8, 2018, with fractions rounded to the second decimal place. The term “voting rights” shall have the same meaning hereafter.

According to the “Notice Regarding an Expression of Opinion Concerning the Tender Offer for the Company’s Share Certificates by NTT DATA Corporation and the Entry into a Capital and Business Alliance with NTT DATA” of the Target released today (the “Target Press Release”), the Target adopted a resolution at a meeting of its Board of Directors held today to declare its approval of the Tender Offer. The Target also resolved to leave the question of whether or not to subscribe to the Tender Offer to the judgment of its shareholders, and resolved to enter into the Capital and Business Alliance Agreement.

Regarding the opinion and the process of decision making at the Target concerning the Tender Offer, please refer to the Target’s press release and “③ Approval by All Directors Who Do Not Have Any Interests in the Target (including Corporate Auditors)” in “(4) Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Ensure the Fairness of the Tender Offer Price and Measure to Avoid Conflicts of Interest” below.

**(2) Background Leading to the Decision to Conduct the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy after the Tender Offer**

*① Background Leading to the Decision to Conduct the Tender Offer, and Purpose and Decision-Making Process of the Tender Offer*

The Offeror was established in May 1988 and belongs to the NTT Group, which comprises Nippon Telegraph and Telephone Corporation and its Group subsidiaries. The Offeror and its subsidiaries and affiliates (collectively referred to herein as the “Offeror Group”) are as of today engaged in five principal businesses: Public & Social Infrastructure, Financial, Enterprises & Solutions, North America, and EMEA & LATAM. The activities of the principal businesses are as follows:

- (i) Public & Social Infrastructure: This business provides high-value-added IT services that underpin government, medical, telecommunications, electric power and other social infrastructure that invigorate regions.
- (ii) Financial: This business provides high-value-added IT services that contribute to service and operational efficiency at financial institutions.
- (iii) Enterprise & Solutions: This business provides high-value-added IT services that support business activities in the manufacturing, distribution and service industries, as well as payment services and platform solutions services such as credit cards linked with IT services in each field.
- (iv) North America: This business provides high-value-added IT services that take into account market characteristics for North American businesses.
- (v) EMEA & LATAM: This business provides high-value-added IT services that take into account market characteristics for businesses in Europe, the Middle East, Africa, and Latin America.

The Offeror celebrated its 30th anniversary in May 2018 while furthering the expansion of its scope of operations, particularly in the businesses mentioned in (i) to (v) above. Taking advantage of this occasion, NTT DATA has set out its new Group Vision of “Trusted Global Innovator,” which embraces the concept of “becoming a partner to achieve business innovations in the future together by using technology,” and NTT DATA is currently undertaking a three-year Medium-Term Management Plan (the “Medium-Term Management Plan”), for which the fiscal year ending March 31, 2019 is the final year. Specifically, the Medium-Term Management Plan adopts the core theme of increasing NTT DATA’s local presence and has set financial objectives of over ¥2 trillion in consolidated net sales and a 50% increase in consolidated adjusted operating income<sup>(Note 2)</sup> compared to fiscal year 2015. Based on the plan, NTT DATA is undertaking its global common strategy of “further developing remarketing” and “creating value through technological innovation.” In the case of “further development of remarketing,” NTT DATA is working to further expand existing markets and striving to accelerate the creation of new services and new markets. In the case of “creating value through technological innovation,” NTT DATA is endeavoring to rapidly and flexibly provide systems and services based on production technology innovation that will become the core of customers’ competitiveness and is also working to jointly develop unprecedented systems and businesses with customers by utilizing global leading-edge technologies.

(Note 2): Amounts for consolidated adjusted operating income exclude increased investments in new fields.

Meanwhile, the Target was established as a subsidiary of Netyear Group, Inc. in the United States. Netyear Group, Inc. was established in October 1997 as a subsidiary of ISI-Dentsu of America, Inc., a U.S. corporation owned by Information Services International-Dentsu, Ltd., which belongs to the Dentsu Group. Netyear Group, Inc. had previously operated a SIPS (Strategic Internet Professional Service) business, which provided Internet technology-based solutions to issues faced by companies in the United States, as well as an incubation business, but in October 1998, it became independent from the Dentsu Group following a management buyout (MBO) by the management team at that time.

Although Netyear Group, Inc. was developing business in the United States, the Internet-related market in Japan at that time was immature compared to the U.S. market, and consequently there were

expected to be more business opportunities in Japan. Therefore, in July 1999, Netyear Group, Inc. established the Target (known as Netyear Knowledge Capital Partners, Inc. at the time) in Minato-ku, Tokyo to serve as a domestic business base in Japan. In January 2000, the Target changed its company name to Netyear Group Corporation, and on March 6, 2008, it was listed on TSE Mothers, where it currently remains listed.

The Target and its subsidiaries (collectively, the “Target Group”) have a Group vision that is expressed as “creating the future of business digitally, creating the future of business with users, with everything beginning with the user experience.” Based on this vision, the Target Group provides unique issue resolution methods related to such services as digital marketing strategy formulation for client companies, user experience design, web development, data analysis, social media marketing planning, system development, and advertising and sales promotion in order to assist companies to create new customer experiences with users through the Internet.

At present, the collection of information by consumers has been shifting from media such as television and newspapers to the Internet, and needs for digital marketing involving advertisement and promotion activities using digital (ICT) technology are rapidly expanding. Moreover, the use of digital technology is no longer limited to the area of marketing. The number of companies that are undertaking “digital transformation” to reform corporate business models and business processes by using AI, IoT and other digital technology, and aim to change customer experiences, create value and establish competitive advantages through new products, services and business models, is also increasing.

The size of the digital marketing market, which was estimated to be 328.8 billion yen in 2016, is expected to have a compound annual growth rate (CAGR) from 2016 to 2021 of 7.0% and increase to 460.5 billion in 2021 (according to IDC Japan in 2017). Meanwhile, owing to the expansion of this digital marketing market, companies in Europe and the United States, primarily IT consulting companies and major advertising agencies, are pursuing investment and M&A with the objective of acquiring a competitive edge in the market, and consequently the competitive environment in the digital marketing market is becoming increasingly intense. In addition, as the introduction of digital technology has come to have a substantial impact on the management of client companies, the degree of difficulty has increased due to projects becoming more sophisticated, specialized and large-scale, including advanced linkage of several systems, the creation of systems that span divisions within client companies, and the advance of projects based on the participation of several vendors.

In such a business environment, starting in the April 2017, the Target Group has undertaken measures such as strengthening its proposal and order processes as well as its project management systems throughout the entire Target Group. In order to aim for further growth in the future, however, large-scale, advanced system construction capabilities in the marketing field and in user experience design, which are the strengths of the Target, are necessary. Therefore, the Target Group believes it is urgently necessary to strengthen all of its organizational functions from management to personnel, recruitment, service development and marketing and to create an organizational base that will enable enduring growth, while making use of its excellent customer base, and has considered a wide range of options, including capital and business alliances with other companies. In February 2016, the Target entered into a capital and business alliance agreement with the Prospective Tendering Shareholder (known as Konica Minolta Business Solutions Inc. at the time) and worked together on joint sales and the creation of new businesses, but in mid-January 2018, reviewed the alliance relationship between the two parties in order to further improve the corporate value of the Target, and both the Target and the Prospective Tendering Shareholder reached the conclusion that building an alliance relationship

with a new partner would be useful. The Target then recommended to the Prospective Tendering Shareholder several prospective buyers, including the Offeror, that had potential synergies with the Target, and the Prospective Tendering Shareholder therefore began to consider transferring the Target Shares that it owns to a new partner. Beginning around July 2018, the Prospective Tendering Shareholder started a bidding process for the transfer of the Target Shares that it owns by consulting with several potential buyers, including the Offeror.

Meanwhile, as part of its measures for achieving the current Medium-Term Management Plan, the Offeror has collaborated with the Target since May 2016 to promote the implementation of Omni Channel<sup>(Note 3)</sup> to companies primarily in the distribution industry. Recently, consumer behavior has changed due to increases in the information and channels available to consumers (points of contact with customers), requiring companies to respond to such changes. As one way of responding, an increasing number of companies has been considering Omni Channel as one approach to integrating multiple channels they possess, but there are many companies currently struggling to find a way to introduce Omni Channel, including with respect to setting objectives and goals and determining methods of introduction or implementation.

The alliance was formed based on the belief that combining the Target's strength of having the "capability to support the transformation of companies required in the digital age through user experience design<sup>(Note 4)</sup>" and the Offeror's strength of "comprehensive project management and system development capabilities cultivated in the development of numerous critical systems" could support the initiatives of customers intending to implement Omni Channel, from goal-setting to implementation.

(Note 3) "Omni Channel" is a mechanism for improving convenience across e-commerce and brick-and-mortar stores for both the implementing company and its customers, by centrally managing customer, product, inventory and other information to, among other things, optimize inventories, implement appropriate campaigns to match the demographics and preferences of customers.

(Note 4) "User experience design" means a method of designing services and systems that are centered on the experience received through the service by the user of the service.

The Offeror currently provides services based on its system development capabilities, primarily for its customers' IT departments. However, customers in industries such as the distribution industry, the manufacturing industry, the service industry and other industries require the provision of comprehensive digital market services across their management, marketing and IT departments.

Under these circumstances, the Offeror deliberated regarding the acquisition of the Target Shares from the Prospective Tendering Shareholder and evaluated whether or not to acquire the Target Shares. As a result, the Offeror believed that it would become possible to offer a wide range of services that it could not in the past, and that it could become a top-class corporate group in Japan that could provide comprehensive digital marketing services across customers' management, marketing, and IT, by means of closely linking the resources and know-how of both companies by merging the ability to solve problems in management and marketing areas through the use of data in owned media<sup>(Note 5)</sup> and earned media<sup>(Note 6)</sup>, cultivated over many years by the Target, with the Offeror's solutions such as digital commerce<sup>(Note 7)</sup> and payment services<sup>(Note 8)</sup>, abundant system development experience, and ability to engage with IT divisions. In addition, the Offeror also believed that the best option to mutually utilize the human resources and know-how of both sides would be for the Target to become a member of the Offeror Group and grow with the Offeror.

Therefore, the Offeror conducted a review with respect to the bidding process of the Prospective Tendering Shareholder described above and the submission of an initial letter of intent, and submitted an initial letter of intent in late October 2018. The Offeror then conducted due diligence on the Target from early November 2018 until mid-December 2018, and submitted its final letter of intent concerning the acquisition of the Target Shares owned by the Prospective Tendering Shareholder in late December 2018.

Based on the Target's and the Prospective Tendering Shareholder's evaluations of new partner candidates based on the contents of the final letters of intent submitted by other potential buyers, and on the negotiations over the acquisition price per share of the Target Shares in the Tender Offer (the "Tender Offer Price"; for additional details on the Tender Offer Price, please refer to "① Basis of the Calculation" under "(4) Basis of Calculation of the Tender Offer Price" in "2. Overview of the Tender Offer") between the Prospective Tendering Shareholder and the Offeror, the Target and the Prospective Tendering Shareholder selected the Offeror as a new partner in mid-January 2019.

Furthermore, as a result of discussions and negotiations conducted between the Offeror, the Target, and the Prospective Tendering Shareholder beginning in mid-January 2019 over specific measures regarding the creation of business synergies between the Offeror and the Target, the management structure after the Tender Offer, the details of the conditions of the Tender Offer and other matters, the Offeror resolved to conduct the Tender Offer in a meeting of its Board of Directors held today, leading to the entry into the Capital and Business Alliance Agreement with the Target and the Tender Offer Agreement with the Prospective Tendering Shareholder.

(Note 5) "Owned media" means media transmitted to consumers that is owned by a company or organization itself, such as public relations magazines and pamphlets issued by the company and the company's websites and blogs.

(Note 6) "Earned media" means media such as blogs and SNS where consumers and other companies are the source of information.

(Note 7) "Digital commerce" means new retail that can be achieved through the use of mobile applications, AI and marketing technology.

(Note 8) "Payment services" means services relating to non-cash payment settlements, such as online bank charges and transfers and credit card payments.

## *② Management Policy after the Tender Offer*

The Offeror plans to maintain the listing of the Target Shares on TSE Mothers, and to maintain and respect the brand and management autonomy of the Target after the completion of the Tender Offer.

Furthermore, closer coordination between both parties will be made possible by the Target becoming a member of the Offeror Group, and the Target will become a core company responsible for the digital marketing strategy of the Offeror Group. The Target will collaborate with the Offeror to promote activities including marketing and sales activities, product development and market development, improvement of the Target's business process management, and development and training of human resources. The specific synergies expected in the future to be created are as follows.

(i) *Promotion of Digital Marketing and Expansion of Operational Support by Merging System Development and Operational Capabilities*

The Offeror has system development experience in a wide variety of industries, such as finance and public and business corporations in Japan and abroad, and possesses development management methods and development standards cultivated through this experience. Meanwhile, the Offeror believes the Target to be skilled in providing marketing PDCA operational support focused on customer experiences, data utilization, and media utilization in a similarly wide variety of industries. Therefore, by combining the characteristics of both parties, the Offeror believes that the Target's project management related to marketing PDCA operational support can be strengthened, enabling the provision of a higher level of support for the continued growth and evolution of customers' marketing activities to the customers of both companies.

(ii) *Expansion of Support for Digital Marketing Strategy Plans to Combine Management, Marketing, and IT*

To date, the Offeror has succeeded with a market approach centered on problem solving for IT divisions. Meanwhile, the Target has succeeded with an approach involving engagement with customers' management and marketing divisions to determine how to implement "systems that sell" customers' products and services based on customer experiences. Through their collaboration, both parties will promote coordination between customers' management, marketing, and IT, and support digital transformation that connects digital marketing to customers' "earning power."

(iii) *Creation of New Business Combining Digital Marketing and System Integration*

The Offeror will create new services that combine the customer contact point optimization know-how related to data analysis, effectiveness measurement and marketing automation cultivated by the Target with the Offeror's system construction and operation know-how with respect to customer management systems, EC systems and other systems, and settlement services. Furthermore, through these initiatives, the Offeror intends to improve the sales ratio for capital-intensive services such as tools and SaaS.

Regarding the composition of the Board of Directors of the Target after the completion of the Tender Offer, Mr. Tadashi Kuribayashi, who is a director of the Target, is expected to resign as director on the commencement date of the settlement of the Tender Offer as he is a director who was appointed by the Prospective Tendering Shareholder, and the Prospective Tendering Shareholder will be selling its shares of the Target in the Tender Offer. Furthermore, the Offeror will nominate director candidates constituting a majority of the board of directors of the Target to achieve the synergies described above, and plans to ask the Target to submit a proposal to elect these candidates as directors at the Ordinary General Shareholders' Meeting of the Target scheduled to be held in June 2019.

**(3) Important Matters Regarding the Agreement Relating to the Tender Offer**

**① Capital and Business Alliance Agreement**

The Offeror entered into the Capital and Business Alliance Agreement with the Target dated as of today. An overview of the Capital and Business Alliance Agreement is provided below.



*(i) Purpose*

The Offeror and Target stipulate the basic arrangements related to the Business Alliance and the Capital Alliance (each as defined below) for the purpose of ① establishing a comprehensive business alliance that implements stronger coordination in all phases of product planning, marketing/sales, system development, and system operation/operational support, with the Target acting as a core company responsible for the digital marketing strategy of the Offeror Group, and to sustainably increasing the corporate value of both parties (the “Business Alliance”), and ② also making the Target a consolidated subsidiary of the Offeror as a means of maintaining and strengthening the Business Alliance, thereby establishing a capital and business alliance relationship between the two parties (the “Capital Alliance”).

*(ii) Matters Related to the Tender Offer*

As a prerequisite of the Capital Alliance, the Offeror and the Target affirm that they have no objection to the implementation of the Tender Offer, subject to the condition that the Board of Directors of the Target expresses its approval of the Tender Offer.

*(iii) Details of the Alliance*

*(A) Overview of the Alliance*

The subjects of consultation for the Business Alliance between the Offeror and the Target shall be the following areas in relation to expansion of business, strengthening of earning power, and coordination of human resources of the two parties, among other matters.

(a) Collaboration related to marketing and selling

(b) Collaboration related to product development and securing market position (including, but not limited to, joint research and development related to new services that utilize data and AI)

(c) Collaboration related to business process management of the Target

(d) Human resource coordination aimed at implementation of strategy

*(B) Appointment of Board Members*

The Offeror has the right to nominate director candidates constituting a majority of the board of directors of the Target during the effective period of the Capital and Business Alliance Agreement.

*(C) Additional Acquisitions of the Target’s Shares*

The Offeror shall consult in good faith with the Target in advance in the event that it conducts additional acquisitions of the Target Shares, based on the financial condition and management performance of the Target and the progress of the business alliance.

*(D) Termination of the Capital and Business Alliance Agreement*

The Capital and Business Alliance Agreement shall be terminated upon the occurrence of certain events, such as (i) in the event the Tender Offer fails, (ii) in the event the Offeror and Target agree to terminate the Agreement, (iii) in the event the other party suspends payments or is unable

to make payments, or (iv) in the event there is a material breach of the Agreement in relation to the other party, and such breach is not remedied within 30 days of notice concerning the violation.

## *② Tender Offer Agreement*

The Offeror has concluded the Tender Offer Agreement dated as of today with the Prospective Tendering Shareholder as stated in “(1) Overview of the Tender Offer” above. The Prospective Tendering Shareholder agrees to tender all of the Target Shares that it owns (2,130,200 shares, 30.44% of voting rights) in the Tender Offer based on the Tender Agreement.

Under the Tender Offer Agreement, the performance of the Prospective Tendering Shareholder’s obligation to tender is conditioned upon (i) the Tender Offer having commenced, (ii) the representations and warranties of the Offeror being true and accurate in all material respects<sup>(Note 9)</sup>, (iii) the Offeror performing and complying with all material points concerning obligations to be performed or complied with by the commencement date of the Tender Offer<sup>(Note 10)</sup>, (iv) there being no unpublished material facts about the Target (main section of Article 166, Paragraph (1) of the Act) or related to the implementation or cancellation of the Tender Offer, etc. (main section of Article 167, Paragraph (1) of the Act), and (v) there have been no court judgments, rulings, orders, or other dispositions (not limited to those that have been finalized) restricting or prohibiting the Tender Offer, and there have been no court filings by third parties demanding these. However, the Prospective Tendering Shareholder has also stipulated that it may waive these conditions at its discretion.

(Note 9) Regarding the Tender Offer Agreement, the Offeror represents and warrants to the Prospective Tendering Shareholder, as of the date of the Tender Offer Agreement and the date of the commencement of the execution of the tender by the Prospective Tendering Shareholder and the settlement pertaining to the Tender Offer, matters related to (a) the establishment and continuation of the Offeror, (b) the possession of authority and performance of all internal procedures required for the conclusion and performance of the Tender Offer Agreement by the Offeror, (c) the effectiveness, legal binding power, and enforceability of the Tender Offer Agreement, (d) the absence of contravention of laws and regulations, etc. by the entry into and performance of the Tender Offer Agreement, (e) the absence of bankruptcy procedures, etc. and (f) the absence of any relationships with antisocial forces .

(Note 10) Regarding the Tender Offer Agreement, the Offeror has (a) the obligation to make necessary preparations for the commencement of the Tender Offer, (b) the obligation to provide notification in the event of a violation of representations and warranties, (c) obligations related to confidentiality and publication, (d) the obligation not to assign contractual rights and obligations, (e) the obligation to bear expenses, etc. it incurs, and (f) the obligation to change the expected maximum number of shares to be purchased after the commencement of the Tender Offer to the number obtained by deducting the number of the Target Shares owned by special related parties of the Offeror (rounding down those less than one trading unit of shares) from 4,618,200 shares (66.00% of voting rights) before the date of the commencement of the settlement of the Tender Offer.

## **(4) Measures to Ensure the Fairness of the Tender Offer such as Measures to Ensure the Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest**

Although the Offeror does not own any shares in the Target as of the current date, in order to ensure the fairness of the Tender Offer Price and to eliminate any arbitrariness in the decision making process in determining execution of the Tender Offer, the Offeror and the Target have each implemented certain measures, as described below.

*① Obtaining a Share Valuation Report from an Independent Third-Party Valuation Agent by the Offeror*

In determining the Tender Offer Price, the Offeror requested a valuation of the Target Shares from a financial advisor, Daiwa Securities Co., Ltd. (“Daiwa Securities”), which is a third party valuation agent that is independent from the Offeror, the Target, and the Prospective Tendering Shareholder. Daiwa Securities is not a related party of the Offeror, the Target, or the Prospective Tendering Shareholder, and does not have any material interest in the Tender Offer.

For details of the Share Valuation Report for the Target share price obtained by the Offeror from Daiwa Securities (the “Share Valuation Report”), please refer to “① Basis of Calculation” in “(4) Basis of Calculation of the Tender Offer Price” in “2. Overview of the Tender Offer” below.

*② Advice from an Independent Law Firm to the Target*

According to the Target Press Release, the Target, in order to ensure the fairness and appropriateness of the decision-making process of its Board of Directors, selected and appointed the Shibata, Suzuki & Nakada law firm as a legal advisor that is independent from the Offeror and the Target, and has received legal advice on decision-making methods and processes of the Board of Directors of the Target, including procedures with respect to the Tender Offer and the Capital and Business Alliance Agreement.

*③ Approval by All Directors Who Do Not Have Any Interests in the Target (including Corporate Auditors)*

According to the Target’s Press Release, the Target resolved at the meeting of its Board of Directors held today that it would declare its approval of the Tender Offer and that the question of whether or not to subscribe to the Tender Offer would be left to the judgment of its shareholders.

The aforementioned resolutions of the Board of Directors at the Target were adopted in the presence of all directors (including corporate auditors) except for Mr. Tadashi Kuribayashi, and were unanimous among all directors present (including corporate auditors). In conducting the Tender Offer, the Offeror has entered into an agreement with the Prospective Tendering Shareholder, and Mr. Tadashi Kuribayashi, who is a director at the Target, holds a position as an employee of the Prospective Tendering Shareholder. Therefore, according to the Target Press Release, in order to increase fairness, transparency, and objectivity in decision-making and for the avoidance of any conflict of interest at meetings of the Target’s Board of Directors, Mr. Tadashi Kuribayashi has not participated in any discussions or voted on any agenda items pertaining to the Tender Offer, and has also not participated in discussions or negotiations with the Offeror through his position at the Target.

**(5) Plans for Acquisition of Shares of the Target after the Tender Offer**

The Offeror is conducting the Tender Offer with the objective of making the Target its consolidated subsidiary, and therefore, if it is able to achieve this objective through the Tender Offer, then it has no plan to acquire further shares of the Target after this Tender Offer at the present time. On the other hand, if the Tender Offer does not achieve the objective of making the Target its consolidated subsidiary, the Offeror plans to discuss with the Target other methods of making it a consolidated subsidiary of the Offeror, but neither the timing of such discussions nor the actual method has yet been determined.

**(6) Likelihood of Delisting, and Reasons Therefor**

Although the Target Shares are currently listed on TSE Mothers, the Tender Offer is not intended to delist the shares of the Target, and the Offeror is conducting the Tender Offer with a specified expected maximum number of shares to be purchased. The number of shares of the Target to be held by the Offeror after the Tender Offer is scheduled to be a maximum of 4,618,200 shares (66.0% of the voting rights, including the number of shares held by special related parties). Therefore, listing of the Target Shares on TSE Mothers is expected to be maintained even after the completion of the Tender Offer.

**2. Overview of the Tender Offer**

**(1) Overview of the Target**

|                                     |   |   |
|-------------------------------------|---|---|
| ①                                   | Name  | Netyear Group Corporation   |
| ②                                   | Address   | 15-2, Ginza 2-chome, Chuo-ku, Tokyo   |
| ③                                   | Title and Name of the Representative                                  | Fujiyo Ishiguro, President, Representative Director   |
| ④                                   | Businesses  | Marketing operations support that utilizes Internet technology  |
| ⑤                                   | Capital   | 570,966 thousand yen (as of September 30, 2018)   |
| ⑥                                   | Date of Company Incorporation   | July 7, 1999  |
| ⑦                                   | Major Shareholders and Shareholding Ratios (as of September 30, 2018) | KONICA MINOLTA JAPAN, INC. 30.43%   |
|                                     |   | Fujiyo Ishiguro 7.08%   |
|                                     |   | Hirohiko Sasaki 2.43%   |
|                                     |   | Tomohiro Suzuki 1.77%   |
|                                     |   | Yoshihisa Uchida 1.76%  |
|                                     |   | Yoshio Shinozuka 1.25%  |
|                                     |   | Yuji Izumi 1.23%  |
|                                     |   | Rakuten Securities, Inc. 0.85%  |
|                                     |   | Masayoshi Nakajima 0.75%  |
| kabu.com Securities Co., Ltd. 0.69% |   |   |
| ⑧                                   | Relationship of the Target with a Listed Company                      |   |
|                                     | Capital Relationship  | None applicable   |
|                                     | Personnel Relationships   | Not applicable; however, the Offeror is planning to nominate director candidates constituting a majority of the board of directors of the Target at the Target's Annual General Meeting of Shareholders after completion of the Tender Offer. |
|                                     | Business Relationships  | There are transactions between the Offeror and the Target including provision of software and similar matters.  |
|                                     | Status as Related   | Not applicable.   |

## (2) Schedule and Related Matters

### ① Schedule

|   |   |
|---|---|
| Resolution of the Board of Directors                      | Tuesday, February 5 2019  |
| Date of Public Notice of Commencement of the Tender Offer | Wednesday, February 6, 2019<br>A public notice will be provided electronically and a notice thereof will be posted on Nihon Keizai Shimbun.<br>(Address for the electronic public notice: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> ) |
| Date of Submission of the Tender Offer Statement          | Wednesday, February 6, 2019   |

### ② Initial Period of the Tender Offer in the Statement

From Wednesday, February 6, 2019 until Wednesday, March 6, 2019 (20 business days).

### ③ Possibility of Extending the Above Period Upon Request of the Target

If an opinion report stating a request to extend the tender offer period is submitted by the Target under the provisions of Article 27-10, Paragraph 3 of the Act, then the tender offer period will be extended to 30 business days, until Wednesday March 20, 2019.

### ④ Contact Information for Confirmation of Extension of the Period

Contact: NTT DATA CORPORATION  
3-3, Toyosu 3-chome, Koto-ku, Tokyo  
(03) 5546-8119  
Hiroshi Setoguchi, Senior Executive Manager, IR Office

Operating Hours for Confirmation: 09:00 to 17:00 on weekdays

## (3) Tender Offer Price

850 yen per ordinary share

## (4) Basis of Calculation of the Tender Offer Price

### ① Basis of the Calculation

In determining the Tender Offer Price, the Offeror requested a valuation of the Target Shares from a financial advisor, Daiwa Securities, which is a third party valuation agent that is independent from the Offeror, the Target, and the Prospective Tendering Shareholder. Daiwa Securities is not a related party of the Offeror, the Target, or the Prospective Tendering Shareholder, and does not have any material interest in the Tender Offer.

Daiwa Securities considered various share valuation methods when determining the calculation method that should be used for valuation of the Target Shares. Daiwa Securities chose to use the market price method and the discounted cash flow method (the “DCF method”) to value the Target

Shares, and the Offeror received a share valuation report dated February 4, 2019 from Daiwa Securities (the “Share Valuation Report”).

According to the Share Valuation Report, the selected method and the share price range per Target Share as calculated by the selected method are as follows.

Market Share Price Method: 408 yen to 479 yen

DCF Method: 556 yen to 948 yen

Pursuant to the market share price method, using a calculation reference date of February 4, 2019 (“Reference Date”) (the date that is one business day before the date of the announcement of the Tender Offer), and based on the closing price of 416 yen for the Target Shares on TSE Mothers on the Reference Date, the simple average closing price of 408 yen for the most recent one-month period (rounded to the nearest yen, as are other calculations for the simple average closing prices for other periods described below), the simple average closing price of 428 yen for the most recent three-month period, and the simple average closing price of 479 yen for the most recent six-month period, the valuation range of the Target Shares was calculated to be between 408 yen and 479 yen per share.

Pursuant to the DCF method, the Offeror made adjustments to the profit forecast of the Target, taking into account the business plan of the Target that was developed by the Target, recent performance trends, the results of due diligence on the Target conducted by the Offeror, anticipated synergies, and general publicly available information, and the free cash flow expected to be generated by the Target from the third quarter of the fiscal year ending March 31, 2019 was discounted at a certain rate to the current value to calculate the corporate value and the equity value of the Target, and the valuation range of the Target Shares per share was calculated to be between 556 yen and 948 yen per share.

Upon taking into account the results presented in the Share Valuation Report of Daiwa Securities, the results of the due diligence on the Target conducted by the Offeror, and the results of discussions and negotiations pertaining to the Tender Offer that were held with the Target and the Prospective Tendering Shareholder, the Offeror finalized the Tender Offer Price at 850 yen per share at the meeting of its Board of Directors that was held today.

The Tender Offer Price of 850 yen represents a 104.33% premium (rounded to two decimal points, as are the calculations of premiums described below) over the closing price of 416 yen for the Target Shares on TSE Mothers on the Reference Date (one business day before the date of the announcement of the Tender Offer), a 108.33% premium over the average closing price of 408 yen over the most recent one-month period, a 98.60% premium over the average closing price of 428 yen over the most recent three-month period, and a 77.45% premium over the average closing price of 479 yen over the most recent six-month period.

## ② *Background of the Calculation*

The Offeror determined the Tender Offer Price through the following process.

### *(i) Names of the Third Parties from Whom Opinions Were Sought During Calculation*

In determining the Tender Offer Price, the Offeror requested a valuation of the share value of the Target Shares from a financial advisor, Daiwa Securities, which is a third party valuation

agent that is independent from the Offeror, the Target, and the Prospective Tendering Shareholder, and the Offeror received the Share Valuation Report for the shares from Daiwa Securities on February 4, 2019. Daiwa Securities is not a related party of the Offeror, the Target, or the Prospective Tendering Shareholder, and does not have any material interest in the Tender Offer.

*(ii) Overview of the Opinion*

According to the Share Valuation Report, the ranges of the per-share value of shares of the Target as calculated based on the selected methods are as follows.

Market Share Price Method: 408 yen to 479 yen

DCF Method: 556 yen to 948 yen

*(iii) Background Leading to the Determination of the Tender Offer Price Based on Such Opinion*

The Offeror finalized the Tender Offer Price at 850 yen per share today by taking in to account the results of the due diligence on the Target conducted by the Offeror and the results of discussions and negotiations pertaining to the Tender Offer that were held with the Target and the Prospective Tendering Shareholder in addition to the results presented in the Share Valuation Report of Daiwa Securities.

**③ Relationship with the Valuation Agent**

Daiwa Securities, the valuation agent for the Offeror, is not a related party of the Offeror, the Target, or the Prospective Tendering Shareholder, and does not have any material interest in the Tender Offer.

**(5) Expected Amount of Shares to be Purchased**

| Expected Number of Shares to be Purchased | Expected Minimum Number of Shares to be Purchased | Expected Maximum Number of Shares to be Purchased |
|---|---|---|
| 4,198,300                                 | 2,130,200   | 4,198,300   |

(Note 1) If the total number of Tendered Share Certificates received does not reach the expected minimum number of shares to be purchased (2,130,200 shares), none of the Tendered Share Certificates will be purchased.

(Note 2) If the total number of Tendered Share Certificates exceeds the expected maximum number of shares to be purchased (4,198,300), the Offeror will not purchase all or any part of the excess portion, and will conduct transfers and other settlements pertaining to tenders for shares according to the pro rata method set out in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance.

(Note 3) After commencement of the Tender Offer, the Offeror plans to revise the expected maximum number of shares to be purchase on or around February 19, 2019 to a number of shares calculated by deducting the number of shares of the Target held by special related parties of the Offeror (rounded down to the nearest unit) from 4,618,200 shares.

(Note 4) Shares representing less than one unit are also subject to the Tender Offer. If a shareholder exercises the right to require purchase of shares representing less than one unit in accordance with the Companies Act (Act No. 86, 2005) (as amended, the “Companies Act”), the Target may purchase their treasury shares during the tender offer period in accordance with the procedures set forth in applicable laws and regulations.

(Note 5) There is no plan to acquire treasury shares held by the Target through this Tender Offer.

**(6) Change in Ownership Percentage of Shares through the Tender Offer**

|   |              |  |
|---|--------------|--|
| Number of voting rights pertaining to the shares held by the Offeror prior to the Tender Offer:             | - units      | (Percentage of ownership of share certificates prior to the Tender Offer: -%)  |
| Number of voting rights pertaining to the shares held by special related parties prior to the Tender Offer: | - units      | (Percentage of ownership of share certificates prior to the Tender Offer: -%)  |
| Number of voting rights pertaining to the shares held by the Offeror after the Tender Offer:                | 41,983 units | (Percentage of ownership of share certificates after the Tender Offer: 59.99%) |
| Number of voting rights pertaining to the shares held by special related parties after the Tender Offer:    | - units      | (Percentage of ownership of share certificates after the Tender Offer: -%)     |
| Number of voting rights for all shareholders of the Target:   | 69,973 units |  |

(Note 1) The Offeror plans to conduct a review of holdings of Target Shares by its special related parties after the commencement of the Tender Offer. In the event that it becomes necessary to amend the Tender Offer Statement based on the results of that investigation, the Offeror plans to submit an amendment to the Tender Offer Statement.

(Note 2) The “number of voting rights for all shareholders of the Target” is the number of voting rights of all of the shareholders (listing the number of shares in one unit as 100) based on the list of shareholders as of September 30, 2018 as stated in the quarterly securities report for the second quarter of the fiscal year ending March 31, 2019 filed by the Target on November 8, 2018. However, the Tender Offer also covers shares representing less than one unit, and therefore, in calculating the “percentage of ownership of share certificates prior to the Tender Offer” and the “percentage of ownership of share certificates after the Tender Offer,” the denominator used in the calculation is the number of voting rights (69,988) pertaining to the number of shares (6,998,887) which was calculated by deducting the treasury shares held by the Target as of December 31, 2018 (113) as listed in the “Summary of Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 [Japanese GAAP] (Consolidated)” (the “Financial Results”) released by the Target today from the total number of issued shares of the Target (6,999,000) as of December 31, 2018 as shown in the Financial Results.

(Note 3) The “percentage of ownership of share certificates prior to the Tender Offer” and the “percentage of ownership of share certificates after the Tender Offered” have been rounded to two decimal points.

**(7) Purchase Price: 3,568,555,000 yen**

(Note) The purchase price is the amount obtained by multiplying the number of shares expected to be purchase (4,198,300) by the Tender Offer Price per share (850 yen).



## **(8) Method of Settlement**

### *① Name and Address of Principal Office of Financial Instruments Business Operator: Bank or Other Institution for Settlement of the Tender Offer*

Daiwa Securities Co. Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

### *② Commencement Date of the Settlement*

March 13, 2019 (Wednesday)

(Note) If an opinion report stating a request to extend the tender offer period is submitted by the Target under the provisions of Paragraph 3 of Article 27-10 of the Act, then the commencement date of settlement would be Thursday, March 28, 2019.

### *③ Method of Settlement*

After the completion of the tender offer period, a notice of purchase through the Tender Offer will be posted without delay to the addresses or locations of tendering shareholders (or, in the case of foreign shareholders, their standing proxy).

The purchases are to be made in cash. Money for sales pertaining to share certificates that were tendered will be remitted (potentially subject to a transfer cost) without delay to the location specified by the tendering shareholder (or, in the case of a foreign shareholder, their standing proxy) by the Tender Offer Agent, or to the account of the tendering shareholder whose offer was taken by the Tender Offer Agent.

### *④ Method of Returning Share Certificates, Etc.*

In the event that all or some of the shares tendered are not purchased based on the criteria described in “① Conditions Listed in Article 27-13, Paragraph 4 of the Act and Details Thereof” and under “② Conditions for Withdrawals of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal” in “(9) Other Conditions and Methods of the Tender Offer,” the share certificates that need to be returned will be promptly returned by restoring them to the account of the tendering shareholder which was opened with the Tender Offer Agent at the time of the application, from two business days after the end of the tender offer period (or, in the event that the Tender Offer is withdrawn, then the date of such withdrawal).

## **(9) Other Conditions and Methods of the Tender Offer**

### *① Conditions Listed in Article 27-13, Paragraph 4 of the Act and Details Thereof*

If the total number of Tendered Share Certificates received does not reach the expected minimum number of shares to be purchased (2,130,200 shares), none of the Tendered Share Certificates will be purchased. If the total number of Tendered Share Certificates exceeds the expected maximum number of shares to be purchased (4,198,300 shares or, in the case of a revision, the revised number), the Offeror will not purchase all or any part of the excess portion, and will conduct transfers and other settlements pertaining to tenders for shares according to the pro rata method set out in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance (in the event the number of each of the Tendered Share Certificates includes shares

representing less than one trading unit, the number of shares purchased calculated using the pro rata method will be limited to each number of Tendered Share Certificates).

In the event that the total number of shares purchased from each Tendering Shareholder calculated by rounding off shares representing less than one trading unit arising as a result of calculation using the pro rata method is less than the expected maximum number of shares to be purchased, one unit of Tendered Share Certificates (the number up to the number of Tendered Share Certificates in the event the number of Tendered Share Certificates is exceeded when an additional trading unit is purchased) shall be purchased from each Tendering Shareholder in descending order of the number of shares rounded down as a result of rounding until the expected maximum number of shares to be purchased is reached. However, in the event that the expected maximum number of shares to be purchased is exceeded when purchasing or acquiring using this method from all of multiple Tendering Shareholders who have the same number of shares rounded down, the shareholder from whom the purchase or acquisition will be made shall be determined by drawing lots from among the relevant Tendering Shareholders to an extent that does not fall below the expected maximum number of shares to be purchased.

In the event that the total number of shares purchased from each Tendering Shareholder calculated by rounding off shares representing less than one trading unit arising as a result of calculation using the pro rata method exceeds the expected maximum number of shares to be purchased, the number of shares to be purchased from each Tendering Shareholder will be decreased by one trading unit (the number of shares less than one trading unit in the event the number of shares to be purchased calculated using the pro rata method includes a portion of shares less than one trading unit) in descending order of the number of shares rounded up as a result of rounding until the expected maximum number of shares to be purchased is reached. However, in the event that decreasing the number of shares purchased using this method from multiple Tendering Shareholders with the same number of shares rounded up is less than the expected maximum number of shares to be purchased, the shareholder for whom the number of shares purchased will be decreased shall be determined by drawing lots from among the relevant Tendering Shareholders to an extent that does not fall below the expected maximum number of shares to be purchased.

## *② Conditions for Withdrawals of the Tender Offer, Details Thereof and Method of Disclosing the Withdrawal*

Upon the occurrence of any event falling under the provisions of Article 14, Paragraph (1), item (i), sub-items (a) through (i) and sub-items (l) through (r), item (iii), sub-items (a) through (h) and sub-item (j), and Article 14, Paragraph (2), items (iii) through (vi) of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965 (as amended, the “Order”), the Offeror may withdraw the Tender Offer. The “facts equivalent to those set forth in sub-item (a) to sub-item (i)” prescribed in Article 14, paragraph (1), item (iii), sub-item (j) of the Order means cases where it is found that there is a false statement about material facts or an omission of material facts that should be mentioned in statutory disclosure documents submitted by the Target in the past.

If the Offeror decides to withdraw the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the final day of the tender offer period, the Offeror will make an announcement

by the method prescribed in Article 20 of the Cabinet Office Ordinance and thereafter give public notice without delay.

③ *Conditions for Reducing the Tender Offer Price, Details Thereof and Method of Disclosing the Reduction*

If the Target conducts any act prescribed in Article 13, Paragraph (1) of the Order during the tender offer period, the purchase price may be reduced in accordance with the standards prescribed in Article 19, Paragraph (1) of the Cabinet Office Ordinance pursuant to the provisions of Article 27-6, Paragraph (1), item (i) of the Act. If the Offeror decides to reduce the Tender Offer Price, the Offeror will make a public notice electronically and publish a notice in the *Nihon Keizai Shimbun*. However, if it is difficult to make a public notice by the final day of the tender offer period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and thereafter give public notice without delay. If the Tender Offer Price is reduced, the Tendered Share Certificates that were tendered before the date of that public notice will also be purchased at the reduced Tender Offer Price.

④ *Matters Concerning the Rights of Tendering Shareholders to Cancel Agreements*

Any Tendering Shareholder may cancel any agreement relating to the Tender Offer at any time during the tender offer period. If an agreement is to be cancelled, the relevant Tendering Shareholder is to deliver or send a copy of the tender offer application receipt or tender offer application form and a document stating that the agreement pertaining to the Tender Offer will be cancelled (the “Cancellation Documents”) to the head office or any branch in Japan of the Tender Offer Agent that received an application of tender no later than 16:00 on the last day of the tender offer period. However, if the Cancellation Documents are sent, they must reach the person specified below no later than 16:00 on the last day of the tender offer period.

Person with authority to receive the Cancellation Documents:

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

(Other branches of Daiwa Securities Co. Ltd. throughout Japan)

The Offeror will not make any claim for damages or the payment of a penalty to a Tendering Shareholder in connection with the cancellation of an agreement by that Tendering Shareholder. In addition, the Offeror will bear the costs of returning the Tendered Share Certificates. If a request for cancellation is submitted, the Tendered Share Certificates will be returned by the method set out in “④ Method of Returning of Share Certificates, etc.” in “(8) Method of Settlement” above promptly after completion of the procedures.

⑤ *Method of Disclosure if Conditions or Other Terms of the Tender Offer are Changed*

The Offeror may change the conditions of the Tender Offer during the tender offer period, except for any change prohibited by Article 27-6, Paragraph (1) of the Act or Article 13 of the Order. If the Offeror intends to change the conditions or other terms of the Tender Offer, the Offeror will make a public notice electronically and publish a notice in the *Nikkan Kogyo Shimbun* detailing those changes. However, if it is difficult to make a public notice by the final day of the tender offer period, the Offeror will make an announcement by the method prescribed in Article 20 of the Cabinet Office Ordinance and thereafter give public notice without delay. If the conditions or other

terms of the Tender Offer, are changed, the Tendered Share Certificates that were tendered before the date of that public notice will also be purchased under those changed conditions.

*⑥ Method of Disclosure When Submitting an Amended Statement*

If the Offeror submits an amended statement to the Director-General of the Kanto Local Finance Bureau (excluding the case prescribed in the proviso of Article 27-8, Paragraph (11) of the Act), the Offeror will immediately announce the details set out in that amended statement that relate to the contents of the public notice of the commencement of the Tender Offer by the method prescribed in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the tender offer explanation and deliver the amended tender offer explanation to each Tendering Shareholder that has received a tender offer explanation. However, if an amendment is only minor in nature, the Offeror will prepare a document stating the reasons for that amendment, the items that have been amended and the amended contents, and deliver that document to the Tendering Shareholders.

*⑦ Method of Disclosing the Results of the Tender Offer*

The Offeror will publicly announce the results of the Tender Offer the day immediately following the last day of the tender offer period, in accordance with the provisions of Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance.

*⑧ Other*

The Tender Offer is not intended, directly or indirectly, for U.S. shareholders in the U.S. or for U.S. shareholders that are clearly excluded from the Tender Offer, or for the benefit of such shareholders. Applications to participate in the Tender Offer will not be accepted from U.S. shareholders, from U.S. addresses or accounts, from the U.S. Postal Service, or from any methods falling within the jurisdiction of the U.S. This document, cover letter and any other documents relating to the Tender Offer are not addressed to U.S. shareholders or their agents, and shall not be sent or distributed to the United States. The Tender Offer agent may, at its sole discretion, reject any applications to the Tender Offer which appear to directly or indirectly violate the foregoing restrictions on the applications of U.S. shareholders or applications for the benefit of such shareholders.

Each party tendering to the Tender Offer (or, in the case of a foreign shareholder, its standing proxy) is required to make the following representations and warranties to the Tender Offer Agent.

The applicant is not located in the United States at the time of the tender or at the time of sending the Tender Offer application form; the applicant has not received or sent any information concerning the Tender Offer or documents concerning the purchase within, to or from the United States; there are no direct or indirect uses of the United States Postal Service, or any methods or means of interstate commerce, international commerce (including, but not limited to, telephone, telex, facsimile, email and Internet communication), or securities exchange facilities within the United States, regarding the purchase or the execution and delivery of the Tender Offer application Form; and no party is acting as the agent, trustee or the mandatory of another party without that party's discretionary power (excluding cases where such party gives all instructions regarding the purchase from outside the United States).

**(10) Date of Public Notice of Commencement of the Tender Offer**

February 6, 2019 (Wednesday)

**(11) Tender Offer Agent**

Daiwa Securities Co. Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

**3. Policy after the Tender Offer and Future Outlook**

See “(2) Background Leading to the Decision to Conduct the Tender Offer, Purpose and Decision-Making Process of the Tender Offer, and Management Policy after the Tender Offer,” “(5) Plans for Acquisition of Shares of the Target after the Tender Offer,” and “(6) Likelihood of Delisting and Reasons Thereof” in “1. Purpose of the Tender Offer” above for information such as the policy after the Tender Offer.

**4. Other**

**(1) Agreements between the Offeror and the Target or its Officers, and the Terms Thereof**

*① Endorsement of the Tender Offer*

According to the Target Press Release, the Target adopted a resolution at a meeting of its Board of Directors held today to declare its approval of the Tender Offer. The Target also resolved to leave the question of whether or not to subscribe to the Tender Offer to the judgment of its shareholders, and resolved to enter into the Capital and Business Alliance Agreement.

For information on the decision-making process for the Tender Offer within the Target, see the Target Press Release and “③ Approval by All Directors Who Do Not Have Any Interests in the Target (including Corporate Auditors)” under “(4) Measures to Ensure the Fairness of the Tender Offer, Such as Measures to Avoid Conflicts of Interest and Measures to Ensure the Fairness of the Tender Offer Price” in “1. Purpose of the Tender Offer” above.

*② Agreements Between the Offeror and the Target*

The Offeror entered into the Capital and Business Alliance Agreement with the Target dated as of today. See “(3) Important Matters Regarding the Agreement Relating to the Tender Offer” in “1. Purpose of the Tender Offer” above for an overview of the Capital and Business Alliance Agreement.

**(2) Other Information Necessary for Investors to Decide whether to Accept the Tender Offer**

*① Revision of Earnings Forecast by the Target*

The Target has published a “Notice on Revision of Earnings Forecast” today, as summarized below. The following overview is a partial excerpt of the content published by the Target, and the Offeror is not in a position to independently verify the accuracy and truth thereof, and has not actually performed any such verification. See the content of the Target’s announcement for details.

Revision of Consolidated Earnings Forecast Figures for the Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

|   | Net Sales                | Operating Income        | Ordinary Income         | Net Income Attributable to Owners of Parent | Net Income per Share |
|---|--------------------------|-------------------------|-------------------------|---|----------------------|
| Previously Announced Forecast (A)   | Millions of yen<br>6,100 | Millions of yen<br>80   | Millions of yen<br>79   | Millions of yen<br>56                       | Yen<br>8.00          |
| Revised forecast (B)  | 5,400                    | (70)                    | (71)                    | (168)                                       | (24.00)              |
| Change (B-A)  | (700)                    | (150)                   | (150)                   | (224)                                       | —                    |
| Percentage Change (%)   | (11.5)                   | —                       | —                       | —   | —                    |
| (Reference)<br>Previous Fiscal Year Results<br>(Fiscal year ended March 31, 2018) | Millions of yen<br>6,189 | Millions of yen<br>(51) | Millions of yen<br>(53) | Millions of yen<br>312                      | Yen<br>44.71         |

② *Announcement of the “Financial Results for the Nine Months Ended December 31, 2018 (Japanese GAAP) (Consolidated)” by the Target*

The Target published its financial results today, as summarized below. The following overview is a partial excerpt of the content published by the Target, and the Offeror is not in a position to independently verify the accuracy and truth thereof, and has not actually performed any such verification. See the Target’s financial results for details.

(i) Profit and Loss (Consolidated)

| Accounting Period                            | Third Quarter of the Fiscal Year Ending March 31, 2019 |
|--|--|
| Net Sales                                    | 3,860 million yen                                      |
| Cost of Sales                                | 3,401 million yen                                      |
| Selling, General and Administrative Expenses | 634 million yen  |
| Operating Loss                               | (175) million yen                                      |
| Non-Operating Income                         | 1 million yen  |
| Non-Operating Expenses                       | 1 million yen  |
| Ordinary Loss                                | (175) million yen                                      |
| Net Loss Attributable to Owners of Parent    | (188) million yen                                      |

(ii) Per Share Information (Consolidated)

| Accounting Period    | Third Quarter of the Fiscal Year ending March<br>31, 2019 |
|----------------------|---|
| Net Loss per Share   | (26.97) yen   |
| Dividends per Share  | — yen   |
| Net Assets per Share | 260.31 yen  |

End