

March 10, 2017

To whom it may concern:

Name of company: USEN CORPORATION
Name of representative: Kimimasa Tamura,
President and Representative Director
(Code Number: 4842, JASDAQ)
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(Amendment) Notice of some amendment of “Position statement and recommendation to tender in response to the tender offer for share certificates of USEN Corporation by Kabushiki Kaisha U-NEXT SPC1 and announcement of execution of the basic agreement for consolidation with U-NEXT Co., Ltd.”

USEN Corporation (hereinafter the “Company”) announced that there are some amendment of the “Position statement and recommendation to tender in response to the tender offer for share certificates of USEN Corporation by Kabushiki Kaisha U-NEXT SPC1 and announcement of execution of the basic agreement for consolidation with U-NEXT Co., Ltd.” disclosed on February 13, 2017 (the revision by “(Revision) Notice of some revision of the “Position statement and recommendation to tender in response to the tender offer for share certificates of USEN Corporation by Kabushiki Kaisha U-NEXT SPC1 and announcement of execution of the basic agreement for consolidation with U-NEXT Co., Ltd.”” disclosed on February 23, 2017 is included; hereinafter the same) due to the fact that the Tender Offeror executed a contract with GS on March 10, 2017, under which GS agreed to tender all of the Company’s Shares held by GS in response to the Tender Offer and reduced the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer.

According to the Tender Offeror, considering the fact there are some trading cases at the price exceeding the Tender Offer Price of the Company’s Shares after the commencement of the Tender Offer and reviewing the reasonability of the minimum number of share certificates, etc. scheduled to be tendered, the Tender Offeror decided to reduce the minimum number of share certificates, etc. scheduled to be tendered with respect for the Company’s shareholders who agreed with the policy of the Tender Offer but did not apply for the Tender Offer as much as possible so that the Tender Offer will successfully complete and the Company will be able to secure the minimum voting right in the Company’s Shares to approve the agenda in connection with the Share Consolidation at shareholder’s meeting because the Tender Offeror hopes to avoid making the status of the Company’s shareholders who had not applied for the Tender Offer (excluding the Tender Offeror, Mr. Uno and Hikari Tshushin) unstable due to being unclear to approve the agenda in connection with the Share Consolidation.

The structure of Consolidation (the implementation of the Tender Offer and the policy for organizational restructuring, etc. after the Tender Offer including the Squeeze Out) will not be changed by the amendment as mentioned above.

At the meeting of the board of directors of the Company held on March 10, 2017, the Company carefully conferred and considered the Tender Offer again with the reduction of the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer and resolved to maintain the expression of an opinion in favor of the Tender Offer and the recommendation to shareholders of the Company to accept the Tender Offer by the unanimous approval of all five

directors, other than Mr. Uno, the director of the Company, taking into account of the reduction in the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer.

The points of the amendment are indicated with under lines.

I. The points of the amendment

“(1) Contents of the opinion”, ”(2) Basis of and reason for the opinion”, “(4) Matters regarding material agreement(s) related to the Tender Offer”, ” (6) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” and “(7) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)” of “3. Contents of, basis of, and reason for opinion related to the Tender Offer” in the section titled “I. Outline of the Tender Offer” of “Position statement and recommendation to tender in response to the tender offer for share certificates of USEN Corporation by Kabushiki Kaisha U-NEXT SPC1 and announcement of execution of the basic agreement for consolidation with U-NEXT Co., Ltd.” disclosed on February 13, 2017.

II. Contents of amendment

3. Contents of, basis of, and reason for opinion related to the Tender Offer

(1) Contents of the opinion

Original text:

At the meeting of the board of directors of the Company held on February 13, 2017, the Company expressed an opinion in favor of the Tender Offer and resolved to recommend to shareholders of the Company to tender in response to the Tender Offer based on the basis and reason stated in “(2) Basis of and reason for opinion” below.

The board of directors of the Company resolved such matters in the manner described in “(iv) Approvals from all directors without conflicts of interest and opinions from all statutory auditors that they have no objections” in the section titled “(7) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” below

Amended text:

At the meeting of the board of directors of the Company held on February 13, 2017, the Company expressed an opinion in favor of the Tender Offer and resolved to recommend to shareholders of the Company to tender in response to the Tender Offer based on the basis and reason stated in “(2) Basis of and reason for opinion” below.

At the meeting of the board of directors of the Company held on March 10, 2017, the Company resolved to maintain the expression of an opinion in favor of the Tender Offer and the recommendation to shareholders of the Company to accept the Tender Offer, taking into account of the reduction in the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer made by the Tender Offeror on March 10, 2017.

The board of directors of the Company resolved such matters in the manner described in “(iv) Approvals from all directors without conflicts of interest and opinions from all statutory auditors that they have no objections” in the section titled “(7) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer” below.

(2) Basis of and reason for the opinion

① Outline of the Tender Offer

Original text:

[...]

In connection with the Tender Offer, the Tender Offeror executed with Mr. Yasuhide Uno (“Mr. Uno”) (who is the chairman and director of the Company, the largest shareholder of the principal shareholder of the Company, the president and representative director of U-NEXT which is 100% parent company of Tender Offeror, and the sole shareholder of Kabushiki Kaisha UNO-HOLDINGS (“UNO-HOLDINGS”) which is the controlling shareholder of U-NEXT) the contract under which Mr. Uno agreed not to tender any of the Company’s Shares held by Mr. Uno (63,400,402 shares (Note 1) and Shareholding Ratio (Note 2) of 30.77%) in response to the Tender Offer (the “Non-tender Agreement”). The Tender Offeror also executed with HIKARI TSUSHIN, INC. (“Hikari Tsushin”)

(which is the second largest shareholder of the Company) the contract under which Hikari Tsushin agreed to tender part of the Company's Shares held by Hikari Tsushin (28,205,437 shares and Shareholding Ratio of 13.69% if Tender Offer Agreement 2 (as defined below) is executed and 29,380,335 shares and Shareholding Ratio of 14.26% if Tender Offer Agreement 2 is not executed) and all of Company's Shares held by Kabushiki Kaisha Infoservice ("Infoservice") (which is the fifth largest shareholder of the Company and subsidiary of Hikari Tsushin) (4,146,300 shares and Shareholding Ratio of 2.01%) and Kabushiki Kaisha Broad Peak ("Broad Peak") (which is the subsidiary of Hikari Tsushin) (224,100 shares and Shareholding Ratio of 0.11%) (32,575,837 shares and Shareholding Ratio of 15.81% in total for the 3 companies if Tender Offer Agreement 2 is executed and 33,750,735 shares and Shareholding Ratio of 16.38% in total for the 3 companies if Tender Offer Agreement 2 is not executed) in response to the Tender Offer (the "Tender Offer Agreement 1"). The Tender Offeror has also agreed with Hikari Tsushin under the Tender Offer Agreement 1 that Hikari Tsushin would not tender its Non-tendered Shares (as defined below) (9,204,023 shares and Shareholding Ratio of 4.47% if Tender Offer Agreement 2 is executed and 8,029,125 shares and Shareholding Ratio of 3.90% if Tender Offer Agreement 2 is not executed) in response to the Tender Offer (Company's Shares not subject to tender under the Tender Offer Agreement 1 and Non-tender Agreement (Mr. Uno: 63,400,402 shares and Shareholding Ratio of 30.77%; Hikari Tsushin: 9,204,023 shares and Shareholding Ratio of 4.47% if Tender Offer Agreement 2 is executed and 8,029,125 shares and Shareholding Ratio of 3.90% if Tender Offer Agreement 2 is not executed; and total: 72,604,425 shares and Shareholding Ratio of 35.24% if Tender Offer Agreement 2 is executed and 71,429,527 shares and Shareholding Ratio of 34.67% if Tender Offer Agreement 2 is not executed) shall be individually and collectively referred to as "Non-tendered Share(s)". (Note 3)

During the purchase period for the Tender Offer (the "Tender Offer Period"), the Tender Offeror wishes to execute with GSTK2 Holdings Godo Kaisha ("GS") (which is the third largest shareholder of the Company) the contract under which GS agrees to tender part of Company's Shares held by GS (13,695,951 shares and Shareholding Ratio of 6.65%) and GS agrees not to tender remaining Company's Shares held by GS (10,813,859 shares and Shareholding Ratio of 5.25%) (the "Expected Non-tendered Shares") in response to the Tender Offer (the "Tender Offer Agreement 2") (as defined below; hereinafter the same). With respect to the execution of Tender Offer Agreement 2, the Tender Offeror is discussing with GS in good faith as of the filing date of this Statement and plans to proceed with necessary procedures.

Mr. Uno, who is the chairman and director of the Company, the largest shareholder of the principal shareholder of the Company, the president and representative director of U-NEXT which is 100% parent company of the Tender Offeror, and the sole shareholder of UNO-HOLDINGS which is the controlling shareholder of U-NEXT. Due to the fact that the Tender Offer will be conducted under the leadership of Mr. Uno who is the chairman and director of the Company and the largest shareholder of the principal shareholder of the Company, U-NEXT views the Consolidation as a transaction equivalent to so-called management buyout (MBO) (Note 4).

For details of Non-tender Agreement, Tender Offer Agreement 1, Tender Offer Agreement 2, please see "(i) Non-tender Agreement" "(ii) Tender Offer Agreement 1" and "(iv) Tender Offer Agreement 2" of "(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company".

[...]

(Note 3) As stated above, the number of the Non-tendered Share out of the Company's Shares held by Hikari

Tsushin differs depending on the success or failure of Tender Offer Agreement 2 so that the voting right ratio of U-NEXT between GS and Hikari Tsushin becomes same after the Consolidation with each case. If Tender Offer Agreement 2 is executed and GS does not tender the Expected Non-tendered Shares in response to the Tender Offer (case (a)), GS is expected to receive the common stock in U-NEXT as a shareholder of the Company under the Merger ② (please see“(e) Implementation of Merger in which U-NEXT Is Surviving Company and Company Is Merged Company” of “③ Structure of Consolidation” of “(i) Background, Purpose and Decision-making Process Leading up to Decision to Implement Tender Offer” of “(2) Background, purpose and decision-making process leading to decision to conduct the Tender Offer and management policy for after the Tender Offer” below; hereinafter the same). However, if Tender Offer Agreement 2 is not executed and GS tenders the Expected Non-tendered Shares in response to the Tender Offer, GS is not expected to receive the common stock in U-NEXT under the Merger ② (case (b)). In case of (a) above where the total number of voting rights of all shareholders increases after GS receives the common stock in U-NEXT when compared with case (b), U-NEXT decides that the number of the Non-tendered Share out of the Company’s Shares held by Hikari Tsushin should be adjusted so that the voting right ratio of U-NEXT between GS and Hikari Tsushin becomes same as the case (b) after the Consolidation.

(Note 4) Management buyout (MBO) means the tender offer in which the tender offeror is a director or officer of target company (including the tender offer in which the tender offeror is a person who is conducting the tender offer based on the request from director or officer of target company and who has a common interest with director or officer of target company). Due to the fact that there are no direct capital ties between the Tender Offeror and Mr. Uno and that Mr. Uno and the Tender Offeror did not always have a common interest due to the absence of such direct capital ties, U-NEXT views that the Consolidation is not a pure management buyout. However, the Consolidation will be handled as equivalent to management buyout (MBO) since the possibility cannot be ruled out that the Consolidation may have conflict of interest between Mr. Uno, who is the chairman and director of the Company, and the Company in terms of its structure as in the standard management buyout.

The Tender Offeror sets 71,465,300 shares (Shareholding Ratio of 34.68%) as the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer and if the total number of share certificates, etc. tendered under the Tender Offer (the “Share Certificates of Tendered Shares”) does not reach the minimum number of share certificates, etc. scheduled to be tendered (71,465,300 shares), the Tender Offeror will not purchase, etc. all of Share Certificates of Tendered Shares. The minimum number of share certificates, etc. scheduled to be tendered (71,465,300 shares) is the number of shares in the Company equal to the difference (142,645,285 shares) between (i) the total number of issued shares in the Company as of November 30, 2016 (207,148,891 shares) as provided in the Company’s Quarterly Report and (ii) the sum of number of treasury shares owned by the Company (1,103,104 shares) as of November 30, 2016 as provided in the Company’s Earnings Summary, the number of Company’s Shares owned by the Tender Offeror (100 shares) and the number of Company’s Shares owned by Mr. Uno (63,400,402 shares), who agreed not to tender his Company’s Shares in response to the Tender Offer, after

multiplying such difference by 50.1% and rounding it up to the nearest whole unit (100 shares). On the other hand, due to the fact that the Tender Offeror's purpose is to acquire all of Company's Shares (excluding treasury shares owned by the Company and Non-tendered Shares and if Tender Offer Agreement 2 is executed, excluding the Expected Non-tendered Shares), the Tender Offer has not set the maximum number of share certificates, etc. scheduled to be tendered and therefore, if the total number of Share Certificates of Tendered Shares is no less than the minimum number of share certificates, etc. scheduled to be tendered (71,465,300 shares), the Tender Offeror will purchase all of Share Certificates of Tendered Shares. If the Tender Offer is implemented, the Tender Offeror will acquire by itself at least 714,653 units of voting rights in the Company (34.93% of total number of voting rights of all shareholders) out of the total number of voting rights of all shareholders of the Company as of August 31, 2016 (2,046,095 units of voting rights) as provided in the Company's Quarterly Report, and the sum of number of such voting rights to be acquired by the Tender Offeror and the number of voting rights relating to the Non-tendered Shares (Mr. Uno: 63,400,402 shares and shareholding ratio of 30.77%; Hikari Tsushin: 8,029,125 shares and Shareholding Ratio of 3.90% (in case Tender Offer Agreement 2 is not executed); and total: 71,429,527 shares and Shareholding Ratio of 34.67%) will be 714,295 units of voting rights in the Company (69.84% of total number of voting rights of all shareholders), which will result in holding at least 2/3 of total number of voting rights of all shareholders of the Company, by the Tender Offeror, Mr. Uno and Hikari Tshusin.

If the Tender Offeror fails to acquire all of Company's Shares (excluding treasury shares owned by the Company and Non-tendered Shares and if Tender Offer Agreement 2 is executed, excluding the Expected Non-tendered Shares), the Tender Offeror plans to implement a series of procedures as provided in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "Two-Step Acquisitions"))" below after the implementation of Tender Offer. After the implementation of such procedures, the Tender Offeror also plans to implement a series of reorganizations as a part of Consolidation. For details, please see "(C) Structure of Consolidation" of "(i) Background, Purpose and Decision-making Process Leading up to Decision to Implement Tender Offer" of "② Background, purpose and decision-making process leading to decision to conduct the Tender Offer and management policy for after the Tender Offer" below.

[...]

Amended text:

[...]

In connection with the Tender Offer, the Tender Offeror executed with Mr. Yasuhide Uno ("Mr. Uno") (who is the chairman and director of the Company, the largest shareholder of the principal shareholder of the Company, the president and representative director of U-NEXT which is 100% parent company of Tender Offeror, and the sole shareholder of Kabushiki Kaisha UNO-HOLDINGS ("UNO-HOLDINGS") which is the controlling shareholder of U-NEXT) the contract under which Mr. Uno agreed not to tender any of the Company's Shares held by Mr. Uno (63,400,402 shares (Note 1) and Shareholding Ratio (Note 2) of 30.77%) in response to the Tender Offer (the "Non-tender Agreement"). The Tender Offeror also executed with HIKARI TSUSHIN, INC. ("Hikari Tsushin") (which is the second largest shareholder of the Company) the contract under which Hikari Tsushin agreed to tender part of the Company's Shares held by Hikari Tsushin (29,380,335 shares and Shareholding Ratio of 14.26%) and all of Company's Shares held by Kabushiki Kaisha Infoservice ("Infoservice") (which is the fifth largest shareholder of the Company and subsidiary of Hikari Tsushin) (4,146,300 shares and Shareholding Ratio of 2.01%) and

Kabushiki Kaisha Broad Peak (“Broad Peak”) (which is the subsidiary of Hikari Tsushin) (224,100 shares and Shareholding Ratio of 0.11%) (33,750,735 shares and Shareholding Ratio of 16.38% in total for the 3 companies) in response to the Tender Offer (the “Tender Offer Agreement 1”). The Tender Offeror has also agreed with Hikari Tsushin under the Tender Offer Agreement 1 that Hikari Tsushin would not tender its Non-tendered Shares (as defined below) (8,029,125 shares and Shareholding Ratio of 3.90%) in response to the Tender Offer (Company’s Shares not subject to tender under the Tender Offer Agreement 1 and Non-tender Agreement (Mr. Uno: 63,400,402 shares and Shareholding Ratio of 30.77%; Hikari Tsushin: 8,029,125 shares and Shareholding Ratio of 3.90%; and total: 71,429,527 shares and Shareholding Ratio of 34.67%) shall be individually and collectively referred to as “Non-tendered Share(s)”).

During the purchase period for the Tender Offer (the “Tender Offer Period”), the Tender Offeror wished to execute with GSTK2 Holdings Godo Kaisha (“GS”) (which is the third largest shareholder of the Company) the contract under which GS agrees to tender part of Company’s Shares held by GS (13,695,951 shares and Shareholding Ratio of 6.65%) and GS agrees not to tender remaining Company’s Shares held by GS (10,813,859 shares and Shareholding Ratio of 5.25%) (the “Expected Non-tendered Shares”) in response to the Tender Offer (the “Tender Offer Agreement 2”). However, GS subsequently decided and informed to the Tender Offeror to the effect that GS cooperates with the Tender Offer to tender all of Company’s Shares held by GS (20,549,810 shares and Shareholding Ratio of 11.90%) in response to the Tender Offer. The Tender Offeror entered into the contract under which GS agrees to tender all of Company’s Shares held by GS (20,549,810 shares and Shareholding Ratio of 11.90%) in response to the Tender Offer as of March 10, 2017 (the “Tender Offer Agreement 3”), instead of entering into the Tender Offer Agreement 2.

Mr. Uno, who is the chairman and director of the Company, the largest shareholder of the principal shareholder of the Company, the president and representative director of U-NEXT which is 100% parent company of the Tender Offeror, and the sole shareholder of UNO-HOLDINGS which is the controlling shareholder of U-NEXT. Due to the fact that the Tender Offer will be conducted under the leadership of Mr. Uno who is the chairman and director of the Company and the largest shareholder of the principal shareholder of the Company, U-NEXT views the Consolidation as a transaction equivalent to so-called management buyout (MBO) (Note 3).

For details of Non-tender Agreement, Tender Offer Agreement 1, Tender Offer Agreement 2 and Tender Offer Agreement 3, please see “(i) Non-tender Agreement”, “(ii) Tender Offer Agreement 1”, “(iv) Tender Offer Agreement 2” and “(v) Tender Offer Agreement 3” of “(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company”.

[...]

(Note 3) Management buyout (MBO) means the tender offer in which the tender offeror is a director or officer of target company (including the tender offer in which the tender offeror is a person who is conducting the tender offer based on the request from director or officer of target company and who has a common interest with director or officer of target company). Due to the fact that there are no direct capital ties between the Tender Offeror and Mr. Uno and that Mr. Uno and the Tender Offeror did not always have a common interest due to the absence of such direct capital ties, U-NEXT views that the Consolidation is not a pure management buyout. However, the Consolidation will be handled as equivalent to management buyout (MBO) since the possibility cannot be ruled out that the Consolidation may have conflict of interest between Mr. Uno, who is the chairman and director of the Company, and the Company

in terms of its structure as in the standard management buyout.

The Tender Offeror sets 65,934,200 shares (Shareholding Ratio of 32.00%) as the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer and if the total number of share certificates, etc. tendered under the Tender Offer (the “Share Certificates of Tendered Shares”) does not reach the minimum number of share certificates, etc. scheduled to be tendered (65,934,200 shares), the Tender Offeror will not purchase, etc. all of Share Certificates of Tendered Shares. The minimum number of share certificates, etc. scheduled to be tendered (65,934,200 shares) is the number of shares in the Company equal to 659,342 units of voting rights in the Company obtained by (i) 1,373,638 units of voting rights in the Company calculated by 2,060,457 units of voting rights in the Company 206,045,787 shares (the total number of issued shares in the Company as of November 30, 2016 (207,148,891 shares) as provided in the Company’s Quarterly Report minus the sum of number of treasury shares owned by the Company (1,103,104 shares) as of November 30, 2016 as provided in the Company’s Earnings Summary) by two-thirds minus (ii) 714,296 unit of voting right in the Company’s Shares (1 unit of voting right in the Company’s Shares owned by the Tender Offeror (100 shares), 634,004 unit of voting right in the Non-tendered Shares owned by Mr. Uno (63,400,402 shares) and 80,291 unit of voting right in the Non-tendered Shares owned by Hikari Tsushin (8,029,125 shares)). On the other hand, due to the fact that the Tender Offeror’s purpose is to acquire all of Company’s Shares (excluding treasury shares owned by the Company and Non-tendered Shares), the Tender Offer has not set the maximum number of share certificates, etc. scheduled to be tendered and therefore, if the total number of Share Certificates of Tendered Shares is no less than the minimum number of share certificates, etc. scheduled to be tendered (65,934,200 shares), the Tender Offeror will purchase all of Share Certificates of Tendered Shares. The minimum number of share certificates, etc. scheduled to be tendered (71,465,300 shares) was set out as the number of shares in the Company equal to the difference (142,645,285 shares) between (i) the total number of issued shares in the Company as of November 30, 2016 (207,148,891 shares) as provided in the Company’s Quarterly Report and (ii) the sum of number of treasury shares owned by the Company (1,103,104 shares) as of November 30, 2016 as provided in the Company’s Earnings Summary, the number of Company’s Shares owned by the Tender Offeror (100 shares) and the number of Company’s Shares owned by Mr. Uno (63,400,402 shares), who agreed not to tender his Company’s Shares in response to the Tender Offer, after multiplying such difference by 50.1% and rounding it up to the nearest whole unit (100 shares), which is equivalent to the majority of the Company’s Shares held by the shareholders of the Company (including Hikari Tsushin which is expected to tender the majority of the Company’s Shares holdings in response to the Tender Offer but excluding Mr. Uno), for whom the Tender Offeror regards as having no conflict of interest with. However, considering the fact there are some trading cases at the price exceeding the Tender Offer Price (to be defined in “(b) Procedures to Make the Shareholders of Company Only Tender Offeror and Remaining Shareholders” of “③ Structure of Consolidation” of “(i) Background, Purpose and Decision-making Process Leading up to Decision to Implement Tender Offer” of “(2) Background, purpose and decision-making process leading to decision to conduct the Tender Offer and management policy for after the Tender Offer” below) of the Company’s Shares after the commencement of the Tender Offer and reviewing the reasonability of the minimum number of share certificates, etc. scheduled to be tendered, the Tender Offeror decided to reduce the minimum number of share certificates, etc. scheduled to be

tendered with respect for the Company’s shareholders who already applied for the Tender Offer as much as possible so that the Tender Offer will successfully complete and the Company will be able to secure the minimum voting right in the Company’s Shares to approve the agenda in connection with the Share Consolidation (to be defined in (5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”) below; the same shall apply hereinbelow) at shareholder’s meeting because the Tender Offeror hopes to avoid making the status of the Company’s shareholders who had not applied for the Tender Offer (excluding the Tender Offeror, Mr. Uno and Hikari Tshushin) unstable due to being unclear to approve the agenda in connection with the Share Consolidation.

If the Tender Offeror fails to acquire all of Company’s Shares (excluding treasury shares owned by the Company and Non-tendered Shares), the Tender Offeror plans to implement a series of procedures as provided in “(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” below after the implementation of Tender Offer. After the implementation of such procedures, the Tender Offeror also plans to implement a series of reorganizations as a part of Consolidation. For details, please see “ (C) Structure of Consolidation” of “(i) Background, Purpose and Decision-making Process Leading up to Decision to Implement Tender Offer” of “② Background, purpose and decision-making process leading to decision to conduct the Tender Offer and management policy for after the Tender Offer” below.

[...]

② Background, purpose and decision-making process leading to decision to conduct the Tender Offer and management policy for after the Tender Offer

(i) Background, Purpose and Decision-making Process Leading up to Decision to Implement Tender Offer

(B) Decision-making Process

Original text:

[...]

Due to the fact that U-NEXT also viewed that Hikari Tsushin and GS are large shareholders of Company and that enhancement in stability of shareholder composition and business synergy is expected by having Hikari Tsushin, which has strong business relationships with U-NEXT and Company, cooperate with the Consolidation and become a stable shareholder of U-NEXT which became a holding company, U-NEXT made a proposal of Consolidation to both Hikari Tsushin and GS in the middle of January 2017. After such proposal, U-NEXT discussed with Hikari Tsushin on the terms and conditions of Consolidation including tender offer price and on the details of business tie-up among U-NEXT, Company and Hikari Tsushin after the Consolidation and executed the Tender Offer Agreement 1 on the Tender Offer with Hikari Tsushin on February 13, 2017. The Tender Offeror is also discussing with GS in good faith as of the filing date of this Statement and plans to proceed with the necessary procedures with respect to the execution of Tender Offer Agreement 2.

[...]

Amended text:

[...]

Due to the fact that U-NEXT also viewed that Hikari Tsushin and GS are large shareholders of Company and that enhancement in stability of shareholder composition and business synergy is expected by having Hikari Tsushin, which has strong business relationships with U-NEXT and Company, cooperate with the Consolidation and become a stable shareholder of U-NEXT which became a holding company, U-NEXT made a proposal of Consolidation to both Hikari Tsushin and GS in the middle of January 2017. After such proposal, U-NEXT discussed with Hikari Tsushin on the terms and conditions of Consolidation including tender offer price and on the details of business tie-up among U-NEXT, Company and Hikari Tsushin after the Consolidation and executed the Tender Offer

Agreement 1 on the Tender Offer with Hikari Tsushin on February 13, 2017. Upon the discussion in good faith with GS, GS subsequently decided and informed to the Tender Offeror to the effect that GS cooperates with the Tender Offer to tender all of Company’s Shares held by GS (20,549,810 shares and Shareholding Ratio of 11.90%) in response to the Tender Offer. The Tender Offeror entered into the Tender Offer Agreement 3 with GS as of March 10, 2017, instead of entering into the Tender Offer Agreement 2.

[...]

(C) Structure of Consolidation

Original text:

[...]

(a) Implementation of Tender Offer

The Tender Offeror conducts the Tender Offer for the purpose of acquiring all of Company’s Shares (excluding the treasury shares owned by the Company and Non-tendered Shares and if Tender Offer Agreement 2 is executed, excluding the Expected Non-tendered Shares).

[...]

(b) Procedures to Make the Shareholders of Company Only Tender Offeror and Remaining Shareholders (which means Mr. Uno and Hikari Tsushin and if Tender Offer Agreement 2 is executed, Mr. Uno, Hikari Tsushin and GS; hereinafter the same)

If the Tender Offer is implemented and the Tender Offeror fails to acquire all of Company’s Shares (excluding the treasury shares owned by the Company and Non-tendered Shares and if Tender Offer Agreement 2 is executed, excluding the Expected Non-tendered Shares), the Squeeze Out will be implemented. Specifically, the Tender Offeror plans to request the Company to hold an extraordinary general shareholders’ meeting including the proposal for Share Consolidation (as defined in “(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” below; hereinafter the same). For details, please see “(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” below.

If there is any fraction of Non-tendered Share held by any Remaining Shareholders (the Expected Non-tendered Shares is included if Tender Offer Agreement 2 is executed) which is less than 1 share and such fraction of share is sold to the Tender Offeror during the Squeeze Out, the Tender Offeror plans to transfer to each of such Remaining Shareholders such fraction of Company’s Share in the amount equal to the Tender Offer Price (which means the price of tender offer, etc. per share of Company’s Shares in the Tender Offer; hereinafter the same) (i.e., the price per share after the stock split which is scheduled to be implemented on the Company’s Shares before such transfer at the ratio which is the opposite of the consolidation ratio of Share Consolidation). The above transfer is scheduled to be implemented after the Company’s Shares no longer are share certificates, etc. which are required to be subject to tender offer pursuant to Article 27-2 of the Act, on the condition that the application to suspend the filing of securities report of the Company has been approved by competent authority pursuant to the proviso to Article 42, Paragraph 1 of the Act.

The shareholder composition after the Squeeze Out and the transfer of Company’s Shares to each of the Remaining Shareholders as mentioned above is as follows:

Shareholder	Voting Right Ratio (if	Voting Right Ratio
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	<u>Tender Offer Agreement 2 is not executed)</u>	<u>(if Tender Offer Agreement 2 is executed)</u>
Tender Offeror	65.3%	<u>59.5%</u>
Mr. Uno	30.8%	<u>30.8%</u>
Hikari Tsushin	3.9%	<u>4.5%</u>
<u>GS</u>	=	<u>5.2%</u>

[...]

(Note) If Tender Offer Agreement 2 is executed, GS is expected to remain as shareholder of Company. Same will apply under “(c) Implementation of Demerger by U-NEXT and Company” and “(d) Implementation of Merger in which U-NEXT Is Surviving Company and Tender Offeror Is Merged Company.”

[...]

(e) Implementation of Merger in which U-NEXT Is Surviving Company and Company Is Merged Company

The merger will be implemented in which U-NEXT is the surviving company and the Company is the merged company (the “Merger ②”). As provided in “(iii) Basic Agreement” of “(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company” below, U-NEXT and Company agreed that U-NEXT will allocate 0.61 shares of common stock of U-NEXT per 1 share of Company’s Shares. For the basis of calculation of the merger ratio of Merger ②, please see “② Basis of and Reason for Contents of Allocation” of “(iii) Basic Agreement” of “(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company” below.

[...]

(Note) If Tender Offer Agreement 2 is executed, GS is also expected to receive the common stock in U-NEXT as a shareholder of the Company.

(f) After Completion of Consolidation

The businesses to be managed by U-NEXT after the implementation of Merger ① and Merger ② are planned to be the Back Office Business. U-NEXT plans to own or rent the offices, etc. which are necessary to conduct these businesses, to employ employees, and to manage these businesses by continuously receiving considerations from the subsidiaries. Business management is specifically expected to be the work of supervising the management of entire group from financial and auditing perspectives, etc. not only as the shareholder but also as the holding company by, among others, developing business plan, providing guidance on sales and conducting auditing work by taking into account the optimization of businesses of subsidiaries, etc.

[...]

(Note) If Tender Offer Agreement 2 is executed, GS is also expected to become a shareholder of U-NEXT.

[...]

Amended text:

[...]

(a) Implementation of Tender Offer

The Tender Offeror conducts the Tender Offer for the purpose of acquiring all of Company’s Shares (excluding the treasury shares owned by the Company and Non-tendered Shares).

[...]

(b) Procedures to Make the Shareholders of Company Only Tender Offeror and Remaining Shareholders (which means Mr. Uno and Hikari Tsushin; hereinafter the same)

If the Tender Offer is implemented and the Tender Offeror fails to acquire all of Company’s Shares (excluding the treasury shares owned by the Company and Non-tendered Shares), the Squeeze Out will be implemented.

Specifically, the Tender Offeror plans to request the Company to hold an extraordinary general shareholders' meeting including the proposal for Share Consolidation. For details, please see “(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” below.

If there is any fraction of Non-tendered Share held by any Remaining Shareholders which is less than 1 share and such fraction of share is sold to the Tender Offeror during the Squeeze Out, the Tender Offeror plans to transfer to each of such Remaining Shareholders such fraction of Company's Share in the amount equal to the Tender Offer Price (which means the price of tender offer, etc. per share of Company's Shares in the Tender Offer; hereinafter the same) (i.e., the price per share after the stock split which is scheduled to be implemented on the Company's Shares before such transfer at the ratio which is the opposite of the consolidation ratio of Share Consolidation). The above transfer is scheduled to be implemented after the Company's Shares no longer are share certificates, etc. which are required to be subject to tender offer pursuant to Article 27-2 of the Act, on the condition that the application to suspend the filing of securities report of the Company has been approved by competent authority pursuant to the proviso to Article 42, Paragraph 1 of the Act.

The shareholder composition after the Squeeze Out and the transfer of Company's Shares to each of the Remaining Shareholders as mentioned above is as follows (in the procedure of the Merger ② as referred in “(e) Implementation of Merger in which U-NEXT Is Surviving Company and Company Is Merged Company” below, any shareholders of the Company other than the Remaining Shareholders are not entitled to receive U-NEXT common shares and if any shareholders of the Company hold the Company's Shares more than the number of the Company's Shares held by any of the Remaining Shareholders after the completion of the Tender Offer, the ratio of the Share Consolidation to be conducted after the successful completion of the Tender Offer will be determined so that such Company's Shares will be a fraction of one share of the Company's Shares as a result of the Share Consolidation and certain amount of money will be paid instead of U-NEXT common shares as accordingly.):

Shareholder	Voting Right Ratio
Tender Offeror	65.3%
Mr. Uno	30.8%
Hikari Tsushin	3.9%

[...]

(e) Implementation of Merger in which U-NEXT Is Surviving Company and Company Is Merged Company

The merger will be implemented in which U-NEXT is the surviving company and the Company is the merged company (the “Merger ②”). As provided in “(iii) Basic Agreement” of “(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company” below, U-NEXT and Company agreed that U-NEXT will allocate 0.61 shares of common stock of U-NEXT per 1 share of Company's Shares. For the basis of calculation of the merger ratio of Merger ②, please see “② Basis of and Reason for Contents of Allocation” of “(iii) Basic Agreement” of “(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company” below.

[...]

(f) After Completion of Consolidation

The businesses to be managed by U-NEXT after the implementation of Merger ① and Merger ② are planned to be the Back Office Business. U-NEXT plans to own or rent the offices, etc. which are necessary to conduct these businesses, to employ employees, and to manage these businesses by continuously receiving considerations from

the subsidiaries. Business management is specifically expected to be the work of supervising the management of entire group from financial and auditing perspectives, etc. not only as the shareholder but also as the holding company by, among others, developing business plan, providing guidance on sales and conducting auditing work by taking into account the optimization of businesses of subsidiaries, etc.

[...]

③ Our decision making process

Original text:

[...]

Furthermore, all three statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

Amended text:

[...]

Furthermore, all three statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

In addition, at the meeting of the board of directors of the Company held on March 10, 2017, the Company carefully conferred and considered the Tender Offer again with the reduction of the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer and resolved to maintain the expression of an opinion in favor of the Tender Offer and the recommendation to shareholders of the Company to accept the Tender Offer by the unanimous approval of all five directors, other than Mr. Uno, the director of the Company, taking into account of the reduction in the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer.

Mr. Uno, the director and chairman of the Company, concurrently serves as the president and representative director of U-NEXT and did not participate in any of the deliberations or resolutions of all agendas concerning the Consolidation, including the Tender Offer, in the board of directors meeting of the Company or attend the negotiations with the Tender Offeror as a director of the Company to avoid conflicts of interest with the Company regarding the Consolidation.

Furthermore, all three statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

(4) Matters regarding material agreement(s) related to the tender in response to the Tender Offer between the Tender Offeror and the shareholders of the Company

(ii) Tender Offer Agreement 1

Original text:

The Tender Offeror entered into the Tender Offer Agreement 1 as of February 13, 2017 with Hikari Tsushin under which Hikari Tsushin will tender a part of the Company's Shares held by it (28,205,437 shares and Shareholding Ratio of 13.69% if Tender Offer Agreement 2 is executed and 29,380,335 shares and Shareholding Ratio of 14.26% if Tender Offer Agreement 2 is not executed) as well as all the Company's Shares held by Infoservice, a subsidiary of Hikari Tsushin (4,146,300 shares; the Shareholding Ratio is 2.01%) and all the Company's Shares held by Broad Peak (224,100 shares; the Shareholding Ratio is 0.11%) (Total of 32,575,837 shares and Shareholding Ratio of 15.81% for the 3 companies if Tender Offer Agreement 2 is executed and 33,750,735 shares and Shareholding Ratio of 16.38% for the 3 companies if Tender Offer Agreement 2 is not executed). The Tender Offeror has agreed with Hikari Tsushin to the effect that Hikari Tsushin will not tender Non-tendered Shares (9,204,023 shares and Shareholding Ratio of 4.47% if Tender Offer Agreement 2 is executed and 8,029,125 shares and Shareholding Ratio of 3.90% if Tender Offer Agreement 2 is not executed) under the Tender Offer Agreement 1.

[...]

Amended text:

The Tender Offeror entered into the Tender Offer Agreement 1 as of February 13, 2017 with Hikari Tsushin under which Hikari Tsushin will tender a part of the Company's Shares held by it (29,380,335 shares and Shareholding Ratio of 14.26%) as well as all the Company's Shares held by Infoservice, a subsidiary of Hikari Tsushin (4,146,300 shares; the Shareholding Ratio is 2.01%) and all the Company's Shares held by Broad Peak (224,100 shares; the Shareholding Ratio is 0.11%) (Total of 33,750,735 shares and Shareholding Ratio of 16.38% for the 3 companies). The Tender Offeror has agreed with Hikari Tsushin to the effect that Hikari Tsushin will not tender Non-tendered Shares (8,029,125 shares and Shareholding Ratio of 3.90%) under the Tender Offer Agreement 1. The Tender Offeror entered into the Tender Offer Agreement 3 with GS as of March 10, 2017 but there is no amendment to the Tender Offer Agreement 1 in relation to the execution of the Tender Offer Agreement 1.

[...]

(iv) Tender Offer Agreement 2

Original text:

During the Tender Offer Period, the Tender Offeror wishes to execute with GS (which is the third largest shareholder of the Company) the Tender Offer Agreement 2 under which GS agrees to tender part of Company's Shares held by GS (13,695,951 shares and Shareholding Ratio of 6.65%) and GS agrees not to tender remaining the Expected Non-tendered Shares (10,813,859 shares and Shareholding Ratio of 5.25%) in response to the Tender Offer. The Tender Offeror also expects to obtain consent from GS under the Tender Offer Agreement 2 to the effect that, if a fractional share less than 1 share of the Company's Shares held by GS arises from the Squeeze Out and such fractional share is sold to the Tender Offeror, GS will repurchase the share corresponding to such fractional share from the Tender Offeror at the time separately agreed between GS and the Tender Offeror and the purchase price of such repurchase (i.e., the price per share after the stock split which is scheduled to be implemented on the Company's Shares before such repurchase at the ratio which is the opposite of the consolidation ratio of Share Consolidation) shall be the same price as the Tender Offer Price. Furthermore, the Tender Offeror expects to obtain from GS under the Tender Offer Agreement 2 that upon successful completion of the Tender Offer, GS will vote for the proposal on Share Consolidation, proposal on the Company Demerger and proposal on Merger ② at the Extraordinary Shareholders' Meeting.

Amended text:

During the Tender Offer Period, the Tender Offeror wished to execute with GS (which is the third largest shareholder of the Company) the Tender Offer Agreement 2 under which GS agrees to tender part of Company's Shares held by GS (13,695,951 shares and Shareholding Ratio of 6.65%) and GS agrees not to tender remaining the Expected Non-tendered Shares (10,813,859 shares and Shareholding Ratio of 5.25%) in response to the Tender Offer for the purpose of becoming the stable shareholders of the Company as a holding company after the Tender Offer. However, GS subsequently decided and informed to the Tender Offeror to the effect that GS cooperates with the Tender Offer to tender all of Company's Shares held by GS (20,549,810 shares and Shareholding Ratio of 11.90%) in response to the Tender Offer. The Tender Offeror entered into the Tender Offer Agreement 3 with GS as of March 10, 2017, instead of entering into the Tender Offer Agreement 2.

(v) Tender Offer Agreement 3

The Tender Offeror entered into the Tender Offer Agreement 3 under which GS agrees to tender all of Company's Shares held by GS (20,549,810 shares and Shareholding Ratio of 11.90%) in response to the Tender Offer as of

March 10, 2017.

The Tender Offer Agreement 3 provides the conditions precedent for tendering by GS to the effect that ① under the applicable laws and regulations, all the procedures necessary for the commencement of the Tender Offer have been taken, the Tender Offer has not been withdrawn thereafter, ② there exists no material breach of the representations and warranties by the Tender Offeror thereunder (Note), and ③ all the directors who were duly present at the meeting of the board of directors of the Company (excluding a director who did not participate in the vote for the purpose of avoiding possible conflict of interests, if any) unanimously resolved to express their opinion in agreement with the Tender Offer and such opinion has been published and has not been withdrawn. Under the Tender Offer Agreement 3, there is neither an agreement for GS to repurchase the Company's Shares after the completion of the Tender Offer nor the plan for such agreement.

(Note) The Tender Offeror represents and warrants that ① the Tender Offeror is lawfully and validly established and existing, ② the Tender Offeror has the power and authority and performed the procedures necessary to execute and perform the Tender Offer Agreement 3, ③ the Tender Offer Agreement 3 is enforceable, ④ execution and performance of Tender Offer Agreement 3 do not contravene any laws and regulations, etc., ⑤ the Tender Offeror has obtained the approvals and authorizations, etc. necessary to execute and perform the Tender Offer Agreement 3, and ⑥ the Tender Offeror does not fall under and is not involved with anti-social forces.

(6) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "Two-Step Acquisitions")

Original text:

Although the Tender Offeror implements this Tender Offer in order to acquire all of the Company's Shares (other than treasury shares held by the Company and the Non-Tendered Shares and if Tender Offer Agreement 2 is executed, excluding the Expected Non-tendered Shares), if the Tender Offeror fails to acquire them all through the Tender Offer, the Tender Offeror plans to take a series of procedures in the following manner so that the Tender Offeror and Remaining Shareholders will hold all Company's Shares (other than treasury shares held by the Company) (the "Squeeze Out").

Specifically, the Tender Offeror intends to request the Company to hold an extraordinary general shareholders' meeting at which the following proposals will be submitted (the "Extraordinary Shareholders' Meeting") promptly after the successful completion of the Tender Offer to conduct a consolidation of the Company's Shares (the "Share Consolidation"). The Tender Offeror and Remaining Shareholders will vote in favor of such proposal at the Extraordinary Shareholders' Meeting. If the proposal of the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company's Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If there is a fraction of one share of the Company's Shares as a result of the Share Consolidation, each shareholder will receive an amount of money obtained by selling the Company's Shares equivalent to the total number of such fractions (any fraction of one share in the total will be rounded down) to the Company or the Tender Offeror or otherwise, in accordance with the procedures under Article 235 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) and other relevant laws and regulations. The sale price of such Company's Shares equivalent to the total number of the fractions will be valued so that the

amount of money to be delivered to each shareholder of the Company who did not tender its shares in the Tender Offer (other than the Company) and any Remaining Shareholders who own a fraction of one share of the Company's Shares as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company's Shares held by each such shareholder, and then a petition for permission of voluntary sale will be filed with a court. The ratio of the Share Consolidation has not been determined as of the date hereof. However, the ratio of the Share Consolidation will be determined so that the number of the Company's Shares held by each shareholder of the Company (other than the Tender Offeror and Remaining Shareholders) who did not tender its shares in the Tender Offer will be a fraction of one share in order for only the Tender Offeror and Remaining Shareholders to hold all Company's Shares (other than treasury shares held by the Company). If the Extraordinary Shareholders' Meeting is held, it will be held around July, 2017 and the specific procedures and the schedule of implementation thereof will be announced promptly by the Company once it has decided them.

[...]

Amended text:

Although the Tender Offeror implements this Tender Offer in order to acquire all of the Company's Shares (other than treasury shares held by the Company and the Non-Tendered Shares), if the Tender Offeror fails to acquire them all through the Tender Offer, the Tender Offeror plans to take a series of procedures in the following manner so that the Tender Offeror and Remaining Shareholders will hold all Company's Shares (other than treasury shares held by the Company) (the "Squeeze Out").

Specifically, the Tender Offeror intends to request the Company to hold an extraordinary general shareholders' meeting at which the following proposals will be submitted (the "Extraordinary Shareholders' Meeting") promptly after the successful completion of the Tender Offer to conduct a consolidation of the Company's Shares (the "Share Consolidation"). The Tender Offeror and Remaining Shareholders will vote in favor of such proposal at the Extraordinary Shareholders' Meeting. If the proposal of the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Company will, on the effective date of the Share Consolidation, hold the number of Company's Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary Shareholders' Meeting. If there is a fraction of one share of the Company's Shares as a result of the Share Consolidation, each shareholder will receive an amount of money obtained by selling the Company's Shares equivalent to the total number of such fractions (any fraction of one share in the total will be rounded down) to the Company or the Tender Offeror or otherwise, in accordance with the procedures under Article 235 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same) and other relevant laws and regulations. The sale price of such Company's Shares equivalent to the total number of the fractions will be valued so that the amount of money to be delivered to each shareholder of the Company who did not tender its shares in the Tender Offer (other than the Company) and any Remaining Shareholders who own a fraction of one share of the Company's Shares as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Company's Shares held by each such shareholder, and then a petition for permission of voluntary sale will be filed with a court. The ratio of the Share Consolidation has not been determined as of the date hereof. However, the ratio of the Share Consolidation will be determined so that the number of the

Company's Shares held by each shareholder of the Company (other than the Tender Offeror and Remaining Shareholders) who did not tender its shares in the Tender Offer will be a fraction of one share in order for only the Tender Offeror and Remaining Shareholders to hold all Company's Shares (other than treasury shares held by the Company). If the Extraordinary Shareholders' Meeting is held, it will be held around July, 2017 and the specific procedures and the schedule of implementation thereof will be announced promptly by the Company once it has decided them.

In the procedure of the Merger ②, any shareholders of the Company other than the Remaining Shareholders are not entitled to receive U-NEXT common shares and if any shareholders of the Company hold the Company's Shares more than the number of the Company's Shares held by any of the Remaining Shareholders after the completion of the Tender Offer, the ratio of the Share Consolidation to be conducted after the successful completion of the Tender Offer will be determined so that such Company's Shares will be a fraction of one share of the Company's Shares as a result of the Share Consolidation and certain amount of money will be paid instead of U-NEXT common shares as accordingly.

[...]

(7) Measures to ensure fairness of the Tender Offer Price and to avoid conflicts of interest and other measures to ensure fairness of the Tender Offer)

(i) Establishment of a third-party committee by the Company

Original text:

[...]

(d) based on the foregoing (a) to (c), since the purpose of the Consolidation seems to be fair and reasonable, the process of the Consolidation seems to be fair and the terms and conditions of the Consolidation seem to be fair and reasonable, the Consolidation will not be disadvantageous to the minority shareholders of the Company and it is appropriate that the board of directors of the Company agrees to the Tender Offer and recommends to shareholders who hold the Company's Shares to tender the Company's Shares in response to the Tender Offer.

Amended text:

[...]

(d) based on the foregoing (a) to (c), since the purpose of the Consolidation seems to be fair and reasonable, the process of the Consolidation seems to be fair and the terms and conditions of the Consolidation seem to be fair and reasonable, the Consolidation will not be disadvantageous to the minority shareholders of the Company and it is appropriate that the board of directors of the Company agrees to the Tender Offer and recommends to shareholders who hold the Company's Shares to tender the Company's Shares in response to the Tender Offer.

Although the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer was reduced on March 10, 2017, by the Tender Offeror, the Company did not consult the third-party committee regarding reducing the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer because a minimum number of share certificates, etc. scheduled to be tendered based on so-called "majority of minority" was not set and the third-party committee did not emphasize setting a minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer for submitting the Company Inquiry Report.

(iv) Approvals from all directors of the Company without conflicts of interest and opinions from all statutory auditors of the Company without conflicts of interest that they have no objections

Original text:

[...]

Furthermore, all three statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

Amended text:

[...]

Furthermore, all statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

In addition, at the meeting of the board of directors of the Company held on March 10, 2017, the Company carefully conferred and considered the Tender Offer again with the reduction of the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer and resolved to maintain the expression of an opinion in favor of the Tender Offer and the recommendation to shareholders of the Company to accept the Tender Offer by the unanimous approval of all five directors, other than Mr. Uno, the director of the Company, taking into account of the reduction in the minimum number of share certificates, etc. scheduled to be tendered under the Tender Offer.

Mr. Uno, the director and chairman of the Company, concurrently serves as the president and representative director of U-NEXT and did not participate in any of the deliberations or resolutions of all agendas concerning the Consolidation, including the Tender Offer, in the board of directors meeting of the Company or attend the negotiations with the Tender Offeror as a director of the Company to avoid conflicts of interest with the Company regarding the Consolidation.

Furthermore, all three statutory auditors, including the external statutory auditor, participated in the meeting of the board of directors, and they had no objections to the resolution adopted at the meeting of the board of directors of the Company.

End