



April 28, 2015

To Whom It May Concern

Company name GungHo Online Entertainment, Inc.
Representative: Kazuki Morishita, Representative Director &
President, CEO
(Securities code: 3765)
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Notice Regarding Acquisition of Treasury Shares and Tender Offer of Treasury Shares

GungHo Online Entertainment, Inc. (the "Company") hereby announces that its Board of Directors resolved on April 28, 2015 to acquire treasury shares through a tender offer (hereinafter, "Tender Offer") based on the provision of Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005 and including subsequent revisions; hereinafter, the "Companies Act") as applied mutatis mutandis pursuant to the provision of Paragraph 3 of Article 165 of the Companies Act, as follows.

1. Purpose of tender offer, etc.

The Company recognizes that returning profits to shareholders is one of its significant management objectives and operates on the basic policy of returning profits to shareholders in line with the operating results while securing the internal reserves necessary for enhancing corporate value and maximizing competitiveness going forward as well as for reinforcing the management structure. Based on this policy, the Company distributed dividends of 3 yen per share in the year ended December 31, 2014 and has subsequently continued to consider measures for returning profits to shareholders, including the option of acquiring treasury shares.

Meanwhile, the Company stipulates in its Articles of Incorporation that treasury shares may be acquired based on a resolution reached by its Board of Directors, in accordance with the provision of Article 165, Paragraph 2 or Article 459, Paragraph 1, Item (i) of the Companies Act. This is for the purpose of implementing capital measures with agility in response to the changes in the operating environment.

Under such circumstances, since early April of 2015, the Company has been continuously holding discussions with its parent company, SoftBank Corp. (which as of today holds 387,440,000 shares of common stock of the Company [equivalent to 33.63% in shareholding ratio (the shareholding ratio against the total number of issued shares of the Company as of

today of 1,152,010,000 shares; rounded off to two decimal places; the same applies hereinafter in the calculation of shareholding ratio)] the parent company hereinafter, “SoftBank”) with an intent to purchase the ordinary shares of the Company held by SoftBank, for the purpose of heightening the Company’s magnitude of freedom of management and putting in place a system that allows faster decision-making to further increase corporate value.

In the course of these discussions, we sounded out SoftBank’s opinion on selling part of the ordinary shares of the Company in their holding to us, and we received a response that SoftBank might consider reducing their equity stake in the Company. Given the response, the Company began considering specific steps towards acquiring part of SoftBank’s holding of the Company’s ordinary shares as treasury shares.

With respect to the specific method of acquisition of treasury shares, it was determined after adequately considering options from the perspective of ensuring fairness among shareholders and transparency that adopting the tender offer approach would be the most appropriate. In determining the purchase price, etc. for the Tender Offer (hereinafter, “Tender Offer Price”), we took into consideration, among other factors, the fact that the common stock of the Company is listed on a financial instruments exchange and that the acquiring of treasury shares by listed companies is often executed by purchasing shares from the market through the financial instruments exchange; placed importance on ensuring clarity and objectivity of standards; and decided that we should use as a reference the market price as an appropriate price of the common stock of the Company. Furthermore, in order to prevent as much as possible an outflow of assets from the perspective of respecting the benefits of shareholders who continue to hold ordinary shares of the Company without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price.

Taking into account the above considerations, the Company then informed SoftBank of its intent to execute the Tender Offer, in mid-April of 2015, to sound out the possibility of SoftBank’s application, if the Tender Offer was carried out at a discounted price against the simple average price of the closing prices of the Company’s common stock during a certain period at the Tokyo Stock Exchange, Inc. (hereinafter, the “Tokyo Stock Exchange”; JASDAQ (Standard) market (hereinafter, “JASDAQ”)), and received a response that SoftBank would positively consider it.

Given the above considerations and the status of discussions with SoftBank, the Company submitted a proposal of setting the Tender Offer Price at JPY 425 to SoftBank on April 27, 2015. SoftBank then responded that it would apply for the Tender Offer with 188,235,200 shares (shareholding ratio of 16.34%), part of SoftBank’s holding of the Company’s common stock (hereinafter, “Subscription Shares”) provided that the Tender Offer is carried out under the aforementioned terms.

In making the final determination of the Tender Offer Price, the Company requested Plutus Consulting Co. Ltd, a third-party valuation agent independent of the Company and of SoftBank (hereinafter, "Plutus") to appraise the Company's common stock price in order to ensure that the Tender Offer Price would be determined in a fair manner. We obtained the share valuation report providing the results of calculation of the Company's common stock price, which was issued effective April 27, 2015 (hereinafter, the "Share Valuation Report") and decided to also use as reference the results of calculation provided in the Share Valuation Report (for details, see "3. Outline of the Tender Offer (3) Basis for calculation of the Tender Offer Price (i) Basis for calculation.")

We determined through the above-described process of investigation and discussion, and based on the provisions of article 156(1) of the Companies Act and our articles of association applied in place of the provisions of article 165(3) of the same Act at the Meeting of the Board of Directors held on April 28th 2015, that this tender offer will be executed through the purchase of treasury shares and other concrete methods, and that the price for this tender offer shall be the price of 425 yen (rounded down). In addition, upon taking into account the Company's financial soundness, we decided to set the maximum number of shares to be purchased through the Tender Offer at 195,294,000 shares (shareholding ratio of 16.95%) from the perspective of offering shareholders other than SoftBank the opportunity to apply for the Tender Offer. The Company believes that the acquisition of 195,294,000 shares of ordinary shares of the Company as treasury shares would contribute to enhancing capital efficiency, including improving the EPS and ROE of the Company, as well as lead to distributing profits to shareholders who continue to hold ordinary shares of the Company without applying for the Tender Share.

All directors of the Company with the exception of Norikazu Oba and Taizo Son attended the meeting of the Board of Directors on April 28, 2015, and the resolution to approve the execution of the Tender Offer was reached by a unanimous vote of all attendees. In addition, auditors who also attended the meeting and who do not have interests in the Tender Offer all commented that they had no objection to approving the agenda concerning the Tender Offer. In light of the fact that Director Norikazu Oba concurrently serves as the assistant to the Manager of the Finance Department and the head of the Finance Management Group of SoftBank, to avoid any suspicion of a conflict of interest, Norikazu Oba has not been participating in any deliberation or resolution concerning the agenda item on the Tender Offer, nor has he been participating in any deliberation or negotiation with the SoftBank Group as a member of the Company.

The Company plans to appropriate its own funds fully for the funds necessary for the Tender Offer. As of March 31, 2015, cash and deposits of the Company on a consolidated basis came to approximately JPY 12.87 billion, and we expect that even after appropriating funds for the acquisition of treasury shares the Company will be able to secure an adequate level of liquidity on hand as well as accumulate a certain level of cash flow generated from business activities.

Hence the Company will continue to maintain the soundness and stability of its business operations and financial position going ahead.

As of April 28, 2015, the Company and SoftBank entered into a tender offer subscription contract, which states to the effect that SoftBank would apply for the Tender Offer by offering part of its holding of the Company's common stock totaling 387,440,000 shares (shareholding ratio of 33.63%) as Subscription Shares (188,235,200 shares (shareholding ratio of 16.34%), and no preconditions for the application are provided.

If the Company purchases all of the Subscription Shares through the Tender Offer, we expect that the number of shares of the Company's common stock to be held by SoftBank after the Tender Offer will come to a total of 272,604,800 shares (shareholding ratio of 23.66%), which includes the number of Company's ordinary shares currently held by SoftBank Mobile Corp. (hereinafter, "SoftBank Mobile" (Note)) and the number of voting rights will total 2,726,048 (the ratio against 9,523,946, the total number of voting rights of all shareholders of the Company right after the completion of settlement of the Tender Offer: 28.62%).

(Note1) As of today, Softbank Mobile, which is a consolidated subsidiary of Softbank, holds 73,400,000 shares (ownership ratio : 6.37%) of common stock. Heartis holds 223,080,000 shares (shareholding ratio of 19.36%) of the Company's common stock. According to the Revision Report No. 9 of Major Shareholding Report submitted by Heartis on January 13, 2015, Heartis entered into a memorandum with Masayoshi Son, Chairman & CEO of SoftBank, effective April 1, 2013. Under the memorandum, in light of the fact that the right of pledge, with Masayoshi Son's asset management company, Son Holdings (hereinafter, "Son Holdings") as the pledgee, has been set for the entire shares of the Company's common stock held by Heartis, there is a grace for the execution of the right of pledge by Son Holdings, and Heartis agrees to exercise the voting rights for 213,080,000 shares (shareholding ratio of 18.50%) – part of the shares of the Company's common stock held by Heartis – at the general meeting of shareholders of the Company in accordance with the instruction given by Masayoshi Son (such agreement hereinafter referred to as "Voting Rights Exercise Agreement".) The total number of voting rights of the Company held by SoftBank, SoftBank Mobile, and Heartis (for which Masayoshi Son holds the right of instruction in regard to the exercise of voting rights) comes to 6,739,200 (the ratio against 11,476,886, the number of voting rights of all shareholders of the Company as of December 31, 2014 stated in the 18th Annual Securities Reports submitted on March 23, 2015) (rounded off to two decimal places; the same applies hereinafter in the calculation of voting rights ratio): 58.72%).

(Note 2) The number is calculated by deducting 1,952,940, the number of voting right subject to the number of shares (195,294,000 shares) to be purchased at the Tender Offer from 11,476,886, the number of voting rights of all shareholders of the Company as of December 31, 2014 stated

in the 18th Annual Securities Reports submitted on March 23, 2015.

Further, Heartis and Son Holdings have reached a consensus to release the essential rights for 100,000,000 shares from among the common stock owned by Heartis, and if this consensus is executed, consensus will be completed for exercising of the voting rights up to a limit of 100,000,000 shares. Based on this, it is expected that Softbank, as a result of this tender offer, will not become the parent company of this company but will become a new affiliated company of this company. When it is judged that Softbank are not the parent company to this company, but are a new affiliated company to this company, they plan to promptly disclose this.

The Company has received an explanation from SoftBank and SoftBank Mobile, that even after the Tender Offer, in principle, they intend to continue holding remaining shares of the Company's common stock (which will be 272,604,800 shares (holding ratio of 23.66%), assuming the Company's purchase of the entire tendered shares at the Tender Offer).

In regard to the disposal of treasury shares obtained through this tender offer, it was resolved at the Board of Directors' meeting that in order to improve capital efficiency and clarify redemption to shareholders, the half of purchased shares would be cancelled, but the details are unclear at the present time.

2. Contents of the resolution at the Board of Directors meeting concerning the buyback of treasury shares (to be disclosed on April 28, 2015)

(1) Contents of the resolution

Types of Share Certificates, etc.	Aggregate number	Aggregate purchase amount
Common stock	195,294,100 shares (upper limit)	82,999,992,500 yen (upper limit)

- (Note 1): Aggregate number of shares issued: 1,152,010,000 shares
- (Note 2) Ratio to the aggregate number of shares issued: 16.95% (rounding off to the second decimal place)
- (Note 3): Period of share buyback: From Thursday, April 30, 2015 to Thursday, June 25, 2015 [MHSC: Due to the allotment of pro-rata basis, please set up the number of shares/amount to be purchased as the projected TOB shares/amount plus shares/amount per one unit. In addition, please arrange the last day of share buyback on the settlement date or later.]

(2) Listed share certificates, etc. pertaining to treasury shares that were already acquired based on the said resolution
None

3. Outline of the Tender Offer

(1) Schedule

(1)	Resolution of the Board of Directors	Tuesday, April 28, 2015
(2)	Publication date for	Thursday, April 30, 2015

	commencing the Tender Offer	An electronic public notice will be used and the information shall be publicized in the Nihon Keizai Shinbun. The address of the electronic public notice is http:// disclosure.edinet-fsa.go.jp/
(3)	Submission date of the Tender Offer Registration Statement	Thursday, April 30, 2015
(4)	Period of the Tender Offer	From Thursday, April 30, 2015 to Monday, June 1, 2015 (20 business days)

(2) Tender Offer price

- 425 yen per share of the common stock

(3) Basis for calculation of the Tender Offer price

(i) Basis for calculation

In deciding the Tender Offer price, given that the Company's common stock is listed on the financial instruments exchange and many listed companies take the approach of open-market purchase through financial instruments exchanges for the purchase of treasury stock, the Company considered the importance of clarity and objectivity of the criteria, judging that the market price should be referred to as a basis reflecting a proper price of the Company's common stock. . In order to calculate a fair valuation for the market price of our common stock, due to the fact that the market stock price fluctuates on a daily basis due the economic state and other various conditions, and it is preferable to consider stock price fluctuations over a certain period, we referenced, in terms of the JASDAQ, the closing price (455 yen) of common stock on the business day before (April 27th 2015) the date of April 28th 2015 on which the directors meeting was held on which this tender bid was voted upon, the simple average price (453 yen) of the closing prices for the month previous to April 27th of the same year (rounded down. The same applies to the calculation of the simple average of the closing price), and the simple average price (427 yen) of the closing price for common stock for 3 months previous to April 27th of the same year (rounded down. The same applies to the calculation of the simple average of the closing price). In addition, to ensure that the Tender Offer price would be determined in a fair manner, the Company had made a request to Plutus, the third-party valuation institution that is independent from the Company and SoftBank, to calculate the Company's common stock price and obtained the Share Valuation Report issued on April 27, 2015, making the valuation result stated in the Share Valuation Report become reference as well.

Plutus, in this stock price statement, has calculated the Company's stock price by applying various methods such as the market price reference method and comparable peer company analysis. As to the comparable peer company analysis, however, given the

aspect that share prices of companies belonging to the smartphone game industry tend to be formed with dependence on business results, anticipated at the time of the analysis, of products forecast to be hit products, the calculated results by the comparable peer company analysis is provided as the reference information only and the market price reference method has been adopted for the evaluation, as stated in the note.

Using the above-described methods, the range of prices calculated per stock for our ordinary shares is as follows.

Adopted method	Market value calculation range per company per 1 stock
Market price reference method	427 yen - 455 yen
Comparable peer company analysis (reference)	627 yen - 680 yen

Firstly, with the market price reference method, using April 27th 2015 as the reference date, in terms of the JASDAQ, the reference date closing price of our common stock (455yen) , the simple average price for the closing price of our common stock in the month before April 27th this year (453yen) , the simple average price for the closing price for our common stock three months before April 27th this year (427yen)) were adopted, and the price was analyzed at being in the range of 427 yen to 455 yen per share of common stock.

With comparable peer company analysis, through a comparison of financial indicators showing the current market price and profitability of listed companies with similar business to this company, we can analyze the stock price of this company, with the current market price in the range of 627 yen to 680 per ordinary share of this company. However, as stated in the note of the stock price statement, given the aspect that in the comparable peer company analysis, stock prices of companies belonging to the smartphone game industry tend to be formed with dependence on business results, anticipated at the time of analysis, of products forecast to be hit products, results by the comparable peer company analysis are shown only for the reference purpose.

Further, in regard to the Discounted Cash Flow Method (hereinafter "DCF method"), the question of whether smartphone game industry to which we belong, can sustain high growth rates moving forward is a to a large part dependent on undetermined elements, and given that the results of application providers such as ourselves are greatly affected by whether the released product is a hit or not, it is difficult to have a reasonable and logical viewpoint on future results, leading to the judgment that basing this on the DCF method is not appropriate.

In addition to the above, with the view of respecting the interests of shareholders who would not accept the Tender Offer and would continue to hold the Company's common stock, the

Company made a decision that it would be desirable to set the Tender Offer price which would be within the range of the prices evaluated by Plutus on the Company's common stock per share, or a price lower than the range and be also discounted from the market price to a certain extent, so as to suppress external outflows of assets as much possible.

Given the aforementioned situation and the discussion within the SoftBank group, the Company proposed, on April 27th 2015, the tender offer price of 425 yen to SoftBank, to which SoftBank replied that if the above-described conditions are proposed at the Tender Offer, it would accept the Tender Offer by applying offering (188,235,200 shares (ownership ratio: 16.34%)), part of its holdings of the Company's common stock.

We determined, through the above-described process of investigation and discussion, at the Meeting of the Board of Directors on April 28th 2015 to offer a price of 425 yen (rounded down), which is a 6.59% discount on the JASDAQ closing price of 455 yen for our common stock on the previous business day (April 27th 2015) to the Meeting of the Board of Directors at which the tender offer was determined. The Company also obtained from Plutus the Fairness Opinion which states that the Tender Offer price is, from the financial perspective, appropriate for the Company's interests under certain conditions.

The above-described Fairness Opinion is created only with the objective of its use as reference for the Director's Meeting when investigating this tender price. Plutus is not recommended as a specific purchase price for our company or the Director's Meeting and we are not recommending that a specific purchase price is the one suitable purchase price.

The tender offer price of 425 yen is 6.59% of the number of common stock X formula closing price of 455 yen for common stock on the JASDAQ for the previous business day to April 28th 2015 (April 27th 2015) on which the director's meeting was held and the tender offer was decided (rounded down to three decimal places. Hereafter calculated in the same way as "discount rate".) This refers to the respective discounts of 6.18% from the simple average closing price of 453 yen of common stock in the one month previous to April 27th of the same year and 0.47% from the simple average closing price of 427 yen of common stock in the three months previous to April 27th of the same year.

(ii) Circumstances for the calculation

Cognizant of profit distribution to shareholders as one of key management tasks, the Company, as its basic management policy, aims for maximizing to elevate corporate value and competitiveness and returning profits reflecting business results, with the consideration of internal reserve for bolstering management structure. In line with the said policy, the Company distributed the dividend of 3 yen per share in the fiscal year ended December 31, 2014, while continuing to consider measures for rewarding shareholders, including an option of share buyback. The Company's Articles of Incorporation also stipulates that the Company may acquire treasury stock through the resolution of the Board of Directors in accordance with the

provisions of Article 165, Paragraph 2, or Article 459, Paragraph 1-1 of the Companies Act. This is to enable to execute a flexible capital policy in response to changes in management environment.

Under such circumstances, since early April 2015, the Company has discussed with SoftBank, the Company's parent company, on the matter of share buyback from the parent company, with the intent of formulating management structure with more managerial freedom and the ability of accelerating business decision-making processes and execution, and thereby, enabling to further upgrade corporate value. SoftBank holds 387,440,000 shares (or the 33.63% holding ratio) of the Company's common stock as of today.

In the aforementioned discussion, the Company had asked SoftBank if the parent company would consider selling part of its holdings of the Company's common stock. The response from the parent company was that it might consider reducing its holding ratio of the Company's shares. Given this return, the Company started studying specific details for the case that the Company would acquire part of its common stock held by SoftBank.

As for the specific method for share buyback, the Company reached to a conclusion through a series of substantial studies and discussions that a tender offer would be the most appropriate method from the perspectives of emphasizing equality among shareholders and transparency. As for the decision for the Tender Offer price, considering that the Company's common stock is listed on the financial instruments exchange and many listed companies took the approach of the open-market purchase of treasury stock through the financial instruments exchange, the Company reached to the view that, given the importance of clear criteria and objectivity, the Company's market price should be referred as a base properly reflecting the value of the Company's common stock. On top of the aforementioned view, the Company came to a decision that, with the view of respecting interests of shareholders who would continue holdings of the Company's common stock without applying for the said Tender Offer, it would be desirable for the Company to purchase treasury stock at a value lower than a market price by discounting a certain rate (%), so as to suppress external outflows of the assets.

Given the aforementioned decision, in mid-April 2015, the Company told SoftBank its intent of executing the said Tender Offer and asked whether the parent company would consider applying for the said Tender Offer in which the Tender Offer price would be set at a value discounted from the simple average value of the JASDAQ closing prices of the Company's common stock traded for a certain period. Subsequently, the Company received the parent company's response indicating the positive thinking of the application.

With consideration of the above studies and discussions with SoftBank, on April 27, 2015, the

Company informed its parent company of the said Tender Offer price to be set at 425 yen. Subsequently, the parent company returned to the Company with the statement that it would apply for the said Tender Offer with (188,235,200 tendering shares (or the holding ratio of 16.34 %)) that is part of the Company's common stock held by the parent company, provided that the said Tender Offer is executed under the aforementioned conditions.

In making a final decision of the said Tender Offer price, for ensuring that the Tender Offer price be determined in a fair manner, the Company had requested Plutus, a third-party valuation institution which is independent from the Company and SoftBank, to calculate the stock value of the Company's common stock, and obtained the Share Valuation Report issued on April 27, 2015 on the calculation results of the stock value of the Company's common stock. Accordingly, the Company has decided to use calculation results described in the Share Valuation Report as a reference as well. For details of the calculation results, please refer to the aforementioned Basis for Calculation.

We determined through the above-described process of investigation and discussion, and based on the provisions of article 156(1) of the Companies Act and our articles of association applied in place of the provisions of article 165(3) of the same Act at the Meeting of the Board of Directors held on April 28th 2015, that this tender offer will be executed through the purchase of treasury shares and other concrete methods, and that the price for this tender offer shall be the price of 425 yen (rounded down), which is a 6.59% discount on 455 yen, the JASDAQ closing price on the previous business day (April 27th 2015) to the date of resolution at the Meeting of the Board of Directors in which it was determined that the tender offer be executed.

(4) Projected number of share certificates, etc. to be purchased

Types of share certificates, etc.	Projected number of purchase	Projected number of excess	Total
Common stock	195,294,000 shares	— shares	195,294,000 shares

(Note 1): If the aggregate number of tendered share certificates, etc. does not exceed the projected number for purchase (or 195,294,000 shares), all tendered share certificates, etc. shall be purchased. If the aggregate number of tendered share certificates, etc. exceeds the projected expected number for purchase (or 195,294,000 shares), the Company will not purchase all or part of the excess. The transfer of shares and other settlements pertaining to the purchase of tendered share certificates, etc. shall be conducted by using the pro rata method in accordance with the provisions prescribed in Article 27-15, Paragraph 5 as applied mutatis mutandis pursuant to Article 27-22 of Paragraph 2-2 of the Financial Instruments and Exchange Act (Law No. 25 of 1948 as amended; hereinafter, referred to as the "Law") and Article 21 of the Cabinet Ordinance concerning the Disclosure of the Tender Offers of Listed Share Certificates by

the Issuer (The Ministry of Finance Ordinance Law No. 95 of 1994, as amended.) If the number of tendered share certificates, etc. contains a portion of shares less than 1 trading unit (100 shares), the number of shares to be purchased, as calculated on a pro rata basis, shall be limited to the number of tendered share certificates, etc.

(Note 2): Shares constituting less than one trading unit are also eligible for purchase through the Tender Offer. If shareholders holding shares less than one trading unit exercise their right to request the purchase of shares less than one trading unit, in accordance with the Companies Act, the Company may purchase its own share during the period for the Tender Offer (hereinafter, referred to as the "Tender Offer Period") in accordance with procedures prescribed in the applicable law.

(Note 3): Ratio to the aggregate number of shares issued: 16.95% (Rounding off to the second decimal place)

(5) Funds required for the Tender Offer, etc.

83,032,450,000 yen

(Note): Funds required for the Tender Offer, etc. are the sum of estimated amounts totaling the purchase costs of 82,999,950,000 yen, commissions for the purchase, and other miscellaneous costs including expenses for public notice of the Tender Offer in newspapers, expenses for printing of the Tender Offer materials and other necessary documents.

(6) Settlement method

(1) Names and head office locations of financial instruments business providers, banks, and other institutions that provide settlement services for the Tender Offer

Mizuho Securities Co., Ltd., 1-5-1 Otemachi, Chiyoda-ku, Tokyo

(2) Commencement date of the settlement

Wednesday, June 24, 2015

(3) Settlement method

Without delay after the completion of the Tender Offer, a notice of the purchase through the Tender Offer shall be mailed to the address of each shareholder who has applied for the Tender Offer (hereinafter, referred to as the "Tendering Shareholders"). (A notice shall be mailed to the address of the standing proxy in the case of non-Japanese shareholders.)

The purchase and etc. shall be made in cash, and the amount after deducting applicable withholding taxes (see Note) relevant to the deemed dividend from the purchase amount shall be paid out promptly from the start date of the settlement, based on the instruction from the Tendering Shareholders (or the standing proxy in case of non-Japanese shareholders), to a

place designated by the Tendering Shareholders (or the standing proxy in case of non-Japanese shareholders) through remittance via the Tender Offer Agent, or to the Tendering Shareholders' accounts registered for the application at the Tender Offer Agent.

(Note) Taxation on shares purchased at tender offer

(*) Regarding specific questions and concerns on tax matters, please consult your certified tax accountant or other professional, and make your decision on your own.

(a) In the case where a shareholder is an individual:

If the proceeds received through the application for the Tender Offer exceed the amount corresponding to the attributable shares for the purchase out of the capital (or individual capital in case of a consolidated corporation) of the Tender Offeror (or the Issuing Corporation), the excess part (hereinafter, referred to as "deemed dividend") shall be treated as income pertaining to dividend income. In addition, the amount after deducting the deemed dividend from the proceeds received through the Tender Offer shall be treated as income arising from the transfer of shares. In the case there is no deemed dividend, all proceeds through the Tender Offer shall be treated as income arising from the transfer of shares. The 20.315% withholding tax shall be imposed on deemed dividend, in principle. The tax rate of 20.315% comprises the 15.315% income tax and the special income tax for reconstruction and the 5% local inhabitant tax. (Note: The special income tax for reconstruction was implemented in accordance with the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake, Law No. 117 in 2011, hereinafter referred to as the "Special Income Tax for Reconstruction.") Local inhabitant tax shall not be imposed on non-residents. Note that the 20.42% (only income tax and special income tax for reconstruction) withholding tax shall be imposed on an individual shareholder if he/she becomes subject to a large shareholder in accordance with the provision prescribed in Article 4-6-2, Paragraph 12 of the Act on Special Measures Concerning Taxation. In addition, the amount after deducting expenses associated with the purchase of the said shares from the income earned from the proceeds through the transfer of shares shall be subject to separate self-assessment taxation, in principle. (Note: Non-residents having no permanent ties to Japan shall not become subject to the taxation.) In case of applying for a tax exemption account for stock, etc. in the Tender Offer, as prescribed in Article 37-14 of the Special Taxation Measures Law (i.e. tax exemption for capital gains pertaining to a small balance for listed stock in a tax exemption account), if the financial instruments business operator where the said tax exemption account is placed is Mizuho Securities, the income arising from the transfer of shares through the Tender Offer shall be treated as tax exempt. If the said tax exemption account is placed in financial instruments business operators other than Mizuho Securities, the aforementioned treatment may not apply.

(b) In the case where a shareholder is a corporation:

In principle, the deemed dividend shall be treated as dividend income, and the withholding tax amount calculated by multiplying the dividend amount by the 15.315% tax (income tax and special income tax for reconstruction) shall be imposed. In addition, the proceeds received through the Tender Offer excluding the deemed dividend shall be regarded as the amount of compensation pertaining to the transfer of securities.

(c) Non-Japanese shareholders who are eligible for the reduction or exemption of income tax and special income tax for reconstruction on the said deemed dividend in accordance with the applicable tax treaty, and desire to apply for

the reduction or exemption, are requested to submit a registration document concerning the tax treaty to the Tender Offer Agent by the last day of the Tender Offer Period.

(7) Others

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

In addition, the Tender Offer Registration Statement related to the Tender Offer and relevant documents shall not be those which can be mailed or distributed in, to, or from the United States via the postal service or any other means, and accordingly, such delivery or distribution shall not be permitted. Applications to the Tender Offer which violate the above restriction, directly or indirectly, shall not be tendered. In the event of applying for the Tender Offer, the Tendering Shareholders (or the standing proxy in case of a non-Japanese shareholder) may be required to attest or commit to the following conditions to the Tender Offer Agent:

Tendering Shareholder is not a U.S. resident or located in the United States either at the time of the Tender or at the time when an application form for the Tender Offer is mailed; Tendering Shareholder has not, directly or indirectly, received or sent any information (including a copy of the information) pertaining to the Tender Offer in, directed to, or from within the United States; in engaging the Tender Offer or in signing an application form for the Tender Offer, Tendering Shareholder has not, directly or indirectly, used the U.S. postal service or any other means or instrumentality of interstate or international commerce (including, but not limited to, facsimile transmissions, electronic mail, internet communications, telexes, and telephone), or securities exchange facilities in the United States; Tendering Shareholder is not a person acting as an agent or a trustee/delegate, without discretion, of another person (except where such other person provides the relevant holder with all instructions pertaining to the tender from outside the United States).

- (2) The Company signed a tender offer agreement with SoftBank, effective April 28, 2015, stating that SoftBank will apply for the Tender Offer with respect to the Tender Offer Shares (387,440,000 shares (shareholding ratio: 33.63%)), which are part of 188,235,200 shares of common stock (shareholding ratio: 16.34%) of the Company currently held by SoftBank. Thus, there are no prerequisite conditions to the Tender Offer. In addition, the Company received an explanation from SoftBank and SoftBank Mobile, that even after the

Tender Offer, in principle, they intend to continue holding remaining shares of the Company's common stock (which will be 272,604,800 shares (or holding ratio of 23.66%), assuming the Company's purchase of the entire tendered shares at the Tender Offer).

(3) Matters concerning transactions with controlling shareholders

(a) Status of compliance with the guidelines on the applicability of transactions with controlling shareholders and policy for protecting minority shareholders

As SoftBank Corporation is the Company's parent company, a share buyback from the parent company in the Tender Offer will constitute an important transaction with a controlling shareholder prescribed in the Securities Listing Regulations of the Tokyo Stock Exchange.

Below represents the status of compliance in the Tender Offer with the guidelines on the policy to protect minority shareholders in a transaction with a controlling shareholder that was reported in the Corporate Governance Report (last updated on March 31, 2015).

The guidelines state that the protection of minority shareholders' rights in a transaction with the Company's parent company is in place, as all transactions with the parent company are conducted in consideration of the market price, and under the same conditions applicable to transactions with ordinary counterparties. While in dealings with the share buyback from SoftBank Corp. in the Tender Offer, the Company took into consideration the protection of minority shareholders, and established measures, as stated below in "(II) Matters concerning the measure to secure fairness and the measure to avoid conflicts of interest."

(b) Matters concerning the measure to secure fairness and the measure to avoid conflicts of interest

Regarding a specific method for share buyback, from the view of respecting equal treatment of all shareholders and transparent transactions, the Company shall implement the Tender Offer method which would enable all shareholders to have opportunities to apply for the tender offer during the Tender Offer Period with the observation of market price movement.

In addition, to assure that the Tender Offer price was determined in a fair manner, the Company had requested that Plutus, a third-party valuation institution which is independent from the Company, calculate the stock value of the Company's common stock. Plutus delivered the Share Valuation Report on April 27, 2015, providing the Fairness Opinion that the Tender Offer price is, from the financial perspective, appropriate for minority shareholders under a certain conditions. (For details of the valuation results described in the Share Valuation Report, refer to the aforementioned (1) Basis for the calculation of (3) Basis for calculation of the Tender Offer price in 3. Outline of the Tender Offer.)

Furthermore, the Company had appointed Anderson Mori & Tomotsune as a legal advisor independent from the Company, in order to secure the transparency and appropriateness of decision-making procedures, etc. concerning the Tender Offer, and obtained legal advice on the decision-making procedures and decision-making methods.

The Company passed the resolution of the implementation of the Company's Tender Offer at the Board of Directors meeting on April 28, 2015 in which all Directors, except Taizo Son and Norikazu Oba, were present and all attendees expressed approval, while Auditors, who attended the above Board of the Directors meeting and do not have conflicts of interest on the Tender Offer, provided the unanimous opinion of having no objection to the approval of the proposal concerning the Tender Offer. Please note that Taizo Son, the Company's representative Director and Chairman, due to his concurrent positions as the Executive Officer of Heartis and Belleisle, and Norikazu Ohba, the Company's Director, due to his concurrent positions as Assistant Manager (*Bucho Hosa*) of Financial Control Department and Head of Financial Management Group in SoftBank, did not attend any of the deliberations or the resolution for agenda concerning the Tender Offer. They were not also engaged in any of the discussions and negotiations with SoftBank as the Company's position, in order to avoid conflicts of interest.

In addition, as stated below, "(III) Outline of the opinion, provided by the party having no conflict of interest with controlling shareholders, on the matter that the said transactions, etc. will not constitute disadvantageous treatment to minority shareholders," the Company obtained an opinion from the three outside Auditors (i.e. Yoichiro Ando, Hiroto Uehara and Toshiro Kaba), who are independent from the Company and have no conflict of interest with SoftBank Corp. and no potential risk of generating conflicts of interest with ordinary shareholders. The opinion provided the judgement that the Tender Offer would not constitute acts unfair to the Company's minority shareholders.

- (c) Outline of the opinion, provided by the party having no conflict of interest with controlling shareholders, on the matter that the said transactions, etc. will not constitute disadvantageous treatment to minority shareholders

The Company consulted the three outside Auditors (i.e. Yoichiro Ando, Hiroto Uehara and Toshiro Kaba) having no conflict of interest with SoftBank and no potential risk of generating conflicts of interest with ordinary shareholders, on the matter of whether or not the Tender Offer would treat minority shareholders disadvantageously. The Company's outside Auditors examined the case through an examination of the discussion at the Board of Directors meeting as well as information/explanations on the objective of the Tender Offer, the background, the calculation method for the Tender Offer price and other various conditions, and the appropriateness and fairness for the decision-making procedures in the Tender Offer.

As a result, the outside Auditors provided the Company with the following opinion on the

Tender Offer, issued on April 28, 2015:

- (i) The Tender Offer is not regarded as inappropriate from the Company's business and financial perspective.
- (ii) Based on a sufficient examination from the perspectives of equal treatment to all shareholders and transparency of transactions, it is understood that the Company adopted, as a specific share buyback method, a method of tender offer which would secure for minority shareholders a certain period to examine market price movements and consider taking the opportunity for a tender offer. In addition, from the perspective of equal treatment to all shareholders and transparent transactions, the contents of the Tender Offer do not contain particularly disadvantageous aspects to shareholders excluding SoftBank Corp.
- (iii) With the view of respecting the interests of shareholders who would not apply to the Tender Offer and continue to hold the Company's common stock, the Company schemed the Tender Offer price by discounting a market price to a certain extent so as to suppress external outflows of assets as much as possible, and the measure does not constitute any particular conditions advantageous to SoftBank Corp.
- (iv) The measure that the Company established to eliminate arbitrariness in decision-making procedures is considered appropriate.

Thus, the Company obtained the opinion assessing overall that the Tender Offer does not constitute disadvantageous treatment of the Company's minority shareholders.

- (4) The Company announced the Quarterly Financial Statements (Japan GAAP, consolidated basis) for the first quarter of the fiscal year ending December 31, 2015 as of April 28, 2015. Below is the summary of the publicized Quarterly Financial Statements. Please note that the contents of the statements have not received the corporate auditor's review which is conducted in accordance with Article 193-2, paragraph 1 of the law. For details, please refer to the contents of the said announcement.

Summary of the Quarterly Financial Statements for the 1st quarter of the fiscal year ending December 31, 2015 [Japan GAAP] (Consolidated)

(From January 1, 2015 to December 31, 2015)

(a) Status of profit/loss (consolidated)

Accounting period	For FY ending December 31, 2015 (1st Quarter cumulative period on a consolidated basis)
Net sales	44,618 million yen

Sales cost	14,392 million yen
Selling, general and administrative expenses	6,545 million yen
Non-operating income	117 million yen
Non-operating expenses	22 million yen
Net profit	15,128 million yen

(b) Status of earnings per share (consolidated)

Accounting period	For FY ending December 31, 2015 (1st Quarter cumulative period on a consolidated basis)
Net profit per share	13.18 yen
Dividend per share	- yen

- (5) The Company issued a press release titled “Notice Regarding Differences between Results for the First Quarter of Fiscal Year Ending December 31, 2015 and Previous Fiscal Year Results” on April 28, 2015. Please see below for an overview of differences between the results for the fiscal year ending December 31, 2015 (from January 1, 2015 to March 31, 2015) and those for the previous fiscal year. For more details, please refer to the press release.

Differences between the results for the first quarter of the fiscal year ending December 31, 2015 (consolidated) and those for the previous fiscal year (consolidated)

(Unit: millions of yen)

	Net sales	Operating income	Ordinary income	Net profit	Net profit per share
First quarter of fiscal year ending December 31, 2015 (A)	44,618	23,680	23,775	15,128	13.18 yen
First quarter of fiscal year ended December 31, 2014 (B)	49,909	28,789	28,095	17,063	14.83 yen
Change (B - A)	-5,290	-5,108	-4,319	-1,934	-1.65 yen
Change (%)	-10.6%	-17.7%	-15.4%	-11.3%	-11.1%

- (6) The Company issued a press release titled “Notice of Decision on Terms and Conditions of Stock Compensation-Based Stock Option Program (Share Subscription Rights Program)” on April 28, 2015. For more details, please refer to the press release.

(7) As we informed you in the “December 2015 period Notification on the Discrepancy in the year on year results for the 4th Quarter”, published on April 28th 2015, with the startup of a project to change markets from JASDAQ to the main markets (first or second section of the Tokyo Stock Exchange) , we have been earnestly making preparations to change markets, and following the end of this tender offer period, we plan to make an application for changing markets, and this is targeted for June 2015.

(For reference) Status of holdings of treasury stock as of April 28, 2015:

- Aggregate number of shares issued (excluding treasury stock): 1,147,710,000 shares
- Number of treasury stock: 4,300,000 shares