

Cover sheet

Documents for filing	Tender Offer Registration Statement
Government agent to receive filing	Director of the Kanto Local Finance Bureau
Date of filing	October 17, 2016
Name of filing party (Offeror)	Adherence Corporation
Address of filing party (Offeror)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Place to contact	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
Telephone number	03-6212-6098
Name of contact person	Kensaku Mizutani, Representative Director
Name of attorney-in-fact	N/A
Address of attorney-in-fact	N/A
Nearest place of contact	N/A
Telephone number	N/A
Name of contact person	N/A
Place where a copy of this tender offer registration statement is available for public inspection	Adherence Corporation (1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo) Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)
Note 1: The term “Offeror” means Adherence Corporation.	
Note 2: The term “Target Company” means Aderans Company Limited.	
Note 3: Where the figures have been rounded or truncated, the amount indicated as the total may not always coincide with the sum of the relevant figures.	
Note 4: The term “Act” means the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).	
Note 5: The term “Enforcement Order” means the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended).	
Note 6: The term “Cabinet Ordinance” means the Cabinet Ordinance with respect to Disclosure of a Tender Offer for Share Certificates, Etc. by an Offeror other than the Issuing Company (Ministry of Finance Ordinance No. 38 of 1990, as amended).	
Note 7: The term “Share Certificates, Etc.” means a right or interest in a share, etc.	
Note 8: Unless otherwise specified, any reference to the number of days or the date and time means the number of days or the date and time in Japan.	
Note 9: The term “Business Day(s)” means any day(s) other than those set forth in Article 1, Paragraph 1 of the Act on Holidays of Administrative Organs (Act No. 91 of 1988, as amended).	
Note 10: Although the tender offer relating to the submission of this Statement (the “Tender Offer”) will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and information disclosure standards may differ from the procedures and	

information disclosure standards in the United States. In particular, Sections 13 (e) and 14 (d) of the U.S. Securities Exchange Act of 1934 (as amended; the “U.S. Securities Exchange Act”), and the rules prescribed thereunder do not apply to the Tender Offer, and the Tender Offer does not conform to those procedures and standards. All financial information contained in this Statement has been prepared in accordance with Japanese accounting standards, and not in accordance with U.S. accounting standards, and may not be comparable to the financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror is incorporated outside the United States and its officers are non-U.S. residents. It may not be possible to commence legal proceedings against the Offeror and its officers in a non-U.S. court for violations of the U.S. securities laws. In addition, it may not be possible to compel any non-U.S. corporation and its subsidiaries and affiliates to subject themselves to a U.S. court’s jurisdiction.

Note 11: Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. If all or any portion of the documentation relating to the Tender Offer is prepared in English and there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

Note 12: This Statement includes “forward-looking statements” as defined in Article 27A of the U.S. Securities Act of 1933 (as amended) and Article 21(E) of the U.S. Securities Exchange Act. Actual results might be materially different from the express or implied predictions including the “forward-looking statements” contained herein due to known or unknown risks, uncertainties or any other factors. Neither the Offeror nor any of its affiliates assures that such express or implied predictions including the “forward-looking statements” contained herein will be achieved. The “forward-looking statements” contained in this Statement have been prepared based on the information possessed by the Offeror as of the date hereof, and, unless otherwise required under applicable laws and regulations, neither the Offeror nor any of its affiliates assumes any obligation to update or revise such statements to reflect any future events or circumstances.

Note 13: A financial advisor of the Offeror and Tender Offer Agent (including their respective affiliates) may, in their ordinary course of business, purchase shares or bonds with stock acquisition rights in the Target Company for their own accounts or for the accounts of their clients prior to the Tender Offer or during the period for the Tender Offer (the “Tender Offer Period”) outside the Tender Offer in accordance with the requirements of Rule 14e-5(b)(12) of the U.S. Securities Exchange Act or take actions for such purchase to the extent permitted by financial instruments and exchange related laws and regulations of Japan. If any information concerning such purchase is disclosed in Japan, the relevant financial adviser or Tender Offer Agent who conducted such purchase will disclose such information on their English website (or by any other means of public disclosure).

I. Terms and conditions of tender offer

1. Name of the Target Company

Aderans Company Limited

2. Class of Share Certificates, Etc. for tender offer

- (1) Common stock
- (2) Stock acquisition rights
 - (i) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on June 21, 2012 (the “Fourth Series Stock Acquisition Rights”)
 - (ii) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on May 23, 2013 (the “Fifth Series Stock Acquisition Rights”)
 - (iii) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on May 22, 2014 (the “Sixth Series Stock Acquisition Rights”)
 - (iv) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on May 28, 2015 (the “Seventh Series Stock Acquisition Rights”)
 - (v) Stock acquisition rights issued pursuant to the resolution at the board of directors meeting of the Target Company held on May 26, 2016 (the “Eighth Series Stock Acquisition Rights,” and collectively with the Fourth, Fifth, Sixth and Seventh Series Stock Acquisition Rights, the “Stock Acquisition Rights”)
- (3) Bonds with stock acquisition rights

JPY denominated convertible bonds with stock acquisition rights due 2019 issued pursuant to the resolution at the board of directors meeting of the Target Company held on September 17, 2014 (the “Convertible Bonds”)

3. Purposes of tender offer

(1) Outline of the Tender Offer

The Offeror is a joint stock corporation (*kabushiki kaisha*) incorporated on September 26, 2016 for the main purpose of acquiring and holding shares of common stock (“Target Company Shares”), Stock Acquisition Rights, and Convertible Bonds (see Note 1) of the Target Company (collectively, “Target Company Share Certificates, Etc.”), and all of its issued shares are owned by Integral Corporation (“Integral”) as of the date hereof.

Integral is an investment company, whose corporate mission is becoming the “Trusted Investor,” that makes long-term equity investments based on a relationship of deep trust with the management of invested companies and under the following three codes

of conduct: “a relationship of deep trust is the foundation of all business activities,” “we will pursue single mindedly, the long-term enhancement of corporate value,” and “the ‘highest wisdom’ concentrated on creating ‘innovations.’” Integral has invested in 13 companies including QB Net Co., Ltd. and Skymark Airlines Inc. and has shared the “same objectives and time horizon as the management of invested companies” and provided support in both managerial and financial areas after investment.

With respect to operation of invested companies, Integral in principle respects their existing management framework and provides as necessary management assistance for various management issues by dispatching members of Integral to those companies, and, by truly sharing the “same objectives and time horizon as the management of invested companies,” Integral provides the most suitable support in both managerial and financial areas in order to maximize corporate value. Integral’s motto is to aim for permanent business growth and development by conducting long-term investments and resource allotment rather than to pursue a short-term profit only by conducting cost reduction and enhancing operational efficiency. As an independent domestic fund with personnel who have engaged in M&A related businesses and corporate management for a long time and have a high level of expertise regarding these areas, Integral makes every effort to support invested companies in facilitating their growth strategies by giving the highest priority to enhancing corporate value of invested companies while fully understanding and respecting the characteristics of management teams in Japanese companies.

The Offeror will conduct the Tender Offer as part of a series of transactions designed to acquire all of the Target Company Shares other than treasury shares held by the Target Company and the Non-Tendered Shares (as defined below; the same applies hereinafter), Stock Acquisition Rights, and Convertible Bonds and to make the Target Company a private company (the “Transaction”). The Offeror (i) plans, through the Transaction, to make the Target Company a private company and cause the Offeror and Mr. Nobuo Nemoto (“Mr. Nemoto”) (the number of shares held: 4,946,256 shares; and the ownership ratio: 11.95% (see Note 2)), who is the founder and the Representative Director, Chairman and President as well as the second largest shareholder of the Target Company, to become the sole shareholders of the Target Company; and (ii) plans, through the contribution to the Offeror or the Target Company by Mr. Nemoto and Mr. Yoshihiro Tsumura (“Mr. Tsumura”) (the number of shares held: 8,002 shares; and the ownership ratio: 0.02%) who is the Representative Director and Executive Vice President of the Target Company, to make the total shareholding ratio in the Target Company by Mr. Nemoto and Mr. Tsumura after the Merger (as defined below) approximately 50.1%.

The Tender Offer is conducted as part of a so-called management buyout (MBO) (generally, meaning a transaction where any or all members of the management team of a target company contribute funds to acquire its shares with a view to continue the business of the target company) in order to make a friendly acquisition of the Target Company Shares (other than treasury shares held by the Target Company and the Non-Tendered Shares), Stock Acquisition Rights, and Convertible Bonds with the support of the board of directors of the Target Company.

Integral 2 Limited Partnership (“Integral 2 LP”) (see Note 3) and Integral Fund II (A) L.P. (see Note 4) (collectively, the “Integral Group”) have entered into an MBO memorandum dated October 14, 2016 (the “MBO Memorandum”) with Mr. Nemoto and Mr. Tsumura, whereby Mr. Nemoto has agreed (i) not to tender in the Tender Offer any of the Target Company Shares held by Mr. Nemoto other than the Target Company Share Certificates, Etc. held indirectly by Mr. Nemoto through the management stock

ownership plan (the number of shares held: 4,944,658 shares; and the ownership ratio: 11.94%; hereinafter referred to as the “Non-Tendered Shares”), (ii) to tender in the Tender Offer 322 Fifth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 32,200 shares; and the ownership ratio: 0.08%), 419 Sixth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 41,900 shares; and the ownership ratio: 0.10%), and 630 Seventh Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 63,000 shares; and the ownership ratio: 0.15%) that are held by Mr. Nemoto (the total number of underlying shares: 137,100 shares; and the total ownership ratio: 0.33%; hereinafter referred to as the “Expected Tendered Stock Acquisition Rights (Mr. Nemoto)”), and (iii) to waive without any consideration 700 Eighth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 70,000 shares; and the ownership ratio: 0.17%) that are held by Mr. Nemoto (hereinafter referred to as the “Expected Waived Stock Acquisition Rights (Mr. Nemoto)”) in a timely manner upon the successful completion of the Tender Offer. Also, under the MBO Memorandum, Mr. Tsumura has agreed to tender in the Tender Offer all Target Company Shares other than the Target Company Share Certificates, Etc. held by Mr. Tsumura indirectly through the management stock ownership plan (the number of shares held: 6,600 shares; and the ownership ratio: 0.02%) as well as 100 Fourth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 10,000 shares; and the ownership ratio: 0.02%), 138 Fifth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 13,800 shares; and the ownership ratio: 0.03%), 180 Sixth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 18,000 shares; and the ownership ratio: 0.04%), 270 Seventh Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 27,000 shares; and the ownership ratio: 0.07%), and 600 Eighth Series Stock Acquisition Rights (the number of Target Company Shares underlying the stock acquisition rights: 60,000 shares; and the ownership ratio: 0.14%) that are held by Mr. Tsumura (the total number of underlying shares: 135,400 shares; and the total ownership ratio: 0.33%) (such Target Company Shares and Stock Acquisition Rights are collectively referred to as the “Expected Tendered Share Certificates, Etc. (Mr. Tsumura)”) (see Note 5).

In addition, Mr. Nemoto and Mr. Tsumura have entered into a tender offer acceptance agreement dated October 13, 2016 (the “Tender Agreement (FT)”) with Franklin Templeton Institutional LLC (“FT”), the substantive largest shareholder of the Target Company, whereby FT has agreed to tender all of the Target Company Shares held by FT (the number of shares held: 7,662,500 shares; and the ownership ratio: 18.51% (see Note 6)) in the Tender Offer.

For details of the MBO Memorandum and the Tender Agreement (FT) above, please see “(i) MBO Memorandum” and “(ii) Tender Agreement (FT)” of “6. Matters regarding material agreement(s) related to the Tender Offer” below.

Note 1: According to the Target Company, the Convertible Bonds were issued mainly in order for the Target Company to apply the funds raised by the issuance to the partial prepayment of long term borrowings made in order to acquire the shares of HC (USA) Inc. (“Hair Club”) and acquisition of treasury shares in order to achieve greater return of profits to shareholders of the Target Company and to improve capital efficiency. Because the Convertible Bonds are subject to a conversion restriction clause to the effect that, in principle, they are not convertible unless the share price of the Target

Company continues to exceed 130% of the conversion price for a certain period, and because the current conversion price as of the date hereof is 2,133 yen per share, which is in excess of 620 yen, which is the price of the tender offer per Target Company Share in the Tender Offer (the “Tender Offer Price”), it is not anticipated that the Convertible Bonds will be converted into Target Company Shares. If the Tender Offer is successfully completed and the Transaction is conducted, it is planned that the Convertible Bonds that were unable to be acquired in the Tender Offer will be redeemed for 5,000,000 yen per 5,000,000 yen in face value, in accordance with their early redemption clause. For details of the Convertible Bonds, please see “Notice Regarding Issuance of Yen Denominated Convertible Bonds with Stock Acquisition Rights Due 2019” and “Notice Regarding Determination of Terms and Conditions, Etc. of Issuance of Yen Denominated Convertible Bonds with Stock Acquisition Rights Due 2019” announced on September 17, 2014 by the Target Company.

Note 2: “Ownership ratio” means the ratio (rounded to two decimal points; the same applies for ownership ratios hereinafter) of the number of shares held by the relevant shareholder to the number of shares (41,404,411 shares; the “Total Number of Target Company Voting Shares”) resulting from the following formula: the difference of (A) the sum total (43,787,520 shares) of (i) the total number of issued shares (37,246,388 shares) as of August 31, 2016 stated in the quarterly report for the second quarter of the 48th term filed on October 14, 2016 by the Target Company (the “Quarterly Report for the Second Quarter of the 48th Term of the Target Company”) and (ii) the sum of (a) the number of Target Company Shares (1,852,900 shares) underlying the Stock Acquisition Rights (1,275 Fourth Series Stock Acquisition Rights, 2,803 Fifth Series Stock Acquisition Rights, 3,552 Sixth Series Stock Acquisition Rights, 4,859 Seventh Series Stock Acquisition Rights, and 6,040 Eighth Series Stock Acquisition Rights), the number of which is obtained by deducting the number of the Stock Acquisition Rights that had expired by August 31, 2016 (according to the Target Company, 30 Seventh Series Stock Acquisition Rights had expired by August 31, 2016) from the number of the Fourth Series Stock Acquisition Rights (1,275 stock acquisition rights), the Fifth Series Stock Acquisition Rights (2,803 stock acquisition rights), the Sixth Series Stock Acquisition Rights (3,552 stock acquisition rights), and the Seventh Series Stock Acquisition Rights (4,889 stock acquisition rights) as of February 29, 2016 stated in the securities report for the 47th term filed on May 26, 2016 by the Target Company (the “Securities Report for the 47th Term of the Target Company”) as well as the Eighth Series Stock Acquisition Rights (6,040 stock acquisition rights) stated in “Notice Regarding Issuance of Stock Acquisition Rights as Stock Options (Aderans Co., Ltd. Eighth Series Stock Acquisition Rights)” published on May 26, 2016 by the Target Company and “Notice Regarding Detail of Issuance of Stock Acquisition Rights as Stock Options (Aderans Co., Ltd. Eighth Series Stock Acquisition Rights as Stock Options)” published on July 27, 2016 by the Target Company plus (b) the number of the Target Company Shares (4,688,232 shares) underlying the stock acquisition rights attached to the Convertible Bonds (2,000 stock acquisition rights) as of February 29, 2016 stated in the Securities Report for the 47th Term of the Target Company (according to the Target Company, no stock acquisition rights attached to the Convertible Bonds had expired by August 31, 2016) minus (B) the number of treasury shares held by the Target Company (2,383,109 shares) as of August 31, 2016 stated in the “Summary of Accounts for the Second Quarter of the

Term Ending February 2017 (Japanese GAAP) (Consolidated)” published on October 14, 2016 by the Target Company.

- Note 3: Integral 2 LP is an investment limited partnership established under the Act on Investment Limited Partnership Agreements (Act No. 90 of 1998, as amended; hereinafter the same) and which is operated and managed by two general partners—Integral Partners Corporation, a subsidiary of Integral, and Integral II GP Investment Limited Partnership, which is operated and managed by Integral Partners Corporation as general partner.
- Note 4: Integral Fund II (A) L.P. is an exempted limited partnership established under the laws of the Cayman Islands and operated and managed by Integral Partners (Cayman) II (A) Limited as general partner, to which Integral provides investment advice.
- Note 5: Mr. Nemoto and Mr. Tsumura are members of the management stock ownership plan of the Target Company and Mr. Nemoto and Mr. Tsumura hold, as equity held indirectly through the management stock ownership plan, a number of Target Company Shares equivalent to 1,598 shares (fractions rounded down; an ownership ratio of 0.00%) and 1,402 shares (fractions rounded down; an ownership ratio of 0.00%) respectively.
- Note 6: Figures are based on those stated in Amended Report No. 24 submitted by FT to the Director-General of the Kanto Local Finance Bureau as of August 1, 2016.

In the Tender Offer, the Offeror has set 19,532,800 shares (ownership ratio: 47.18%) as the minimum number of Share Certificates, Etc. to be purchased in the Tender Offer, and if the total number of Share Certificates, Etc. tendered in the Tender Offer (the “Tendered Share Certificates, Etc.”) falls below the minimum number of shares to be purchased (19,532,800 shares), the Offeror will not purchase any of the Tendered Share Certificates, Etc. Meanwhile, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased, so if the number of Tendered Share Certificates, Etc. is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased (19,532,800 shares), the Offeror will purchase all the Tendered Share Certificates, Etc.

If the Offeror is unable to acquire all of the Target Company Shares (other than treasury shares held by the Target Company and the Non-Tendered Shares), the Stock Acquisition Rights, and the Convertible Bonds through the Tender Offer, the Offeror plans, after the successful completion of the Tender Offer, to request the Target Company to implement the series of procedures stated in “(4) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “Two-Step Acquisitions”)” below. The Offeror also plans, after such procedures have been implemented, to carry out a merger in which the Offeror will be the disappearing corporation and the Target Company will be the surviving corporation (the “Merger”), but matters such as the specific schedule have not been determined yet.

According to the October 14, 2016 announcement by the Target Company titled “Notice of Implementation of MBO and Recommendation of Tender Acceptance” (the “Target Company Press Release”), the Target Company determined that the delisting of the Target Company Shares by means of a management buyout (MBO) is the best measure to take for not only the general shareholders of the Target Company but also its various other stakeholders and that the Tender Offer Price and other terms of the Tender Offer are reasonable for the shareholders of the Target Company and that the Tender Offer will provide the shareholders of the Target Company with an opportunity to sell the Target Company Shares at a reasonable price, and the Target Company resolved at its board of directors meeting held on October 14, 2016 to express an opinion in support of the Tender Offer and to recommend to the Target Company’s

shareholders to tender their Shares in response to the Tender Offer. It also states that such board of directors meeting also resolved to leave the decision to the holders of Stock Acquisition Rights and Convertible Bonds as to whether or not to tender their Stock Acquisition Rights and Convertible Bonds in response to the Tender Offer.

For the details of the above resolutions of the board of directors of the Target Company, please see “(v) Approvals from all directors without conflicts of interest and opinions from all statutory auditors without conflicts of interest in the Target Company to the effect that they have no objections” of “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 “Process of calculation” of “(2) Price of tender offer” of “4. Term, price and number of Share Certificates, Etc. for tender offer” below.

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

The background, purpose, and decision-making process leading to the Offeror’s decision to conduct the Tender Offer, and the management policy after the Tender Offer, are as follows. Please note that those of the following statements that relate to the Target Company are based on explanations received from, or publicly announced by, the Target Company.

Under its management philosophy of “utilizing the hair-related business to help as many people as possible acquire the physical and emotional qualities that underpin the realization of dreams and promote a good impression, and in doing so, bring smiles to faces and support happy lives,” the Target Company is engaged in a full-service hair-related business that features various domestic Japanese brands such as “Aderans” (which provides order-made wigs, hair volumizing products, and hair growth services for men in Japan), “Ladies Aderans” (which provides order-made wigs, hair care, and scalp care (see Note 1) for women), and “Fontaine” (which provides ready-made wigs for women), as well as North American subsidiary businesses Hair Club (which provides order-made wigs and hair growth services for men and women) and Bosley, Inc. (which provides hair transplant surgery).

Following its establishment in March 1969, the Target Company began selling wigs. Focusing on the fact that while it was the heyday for women’s wigs there were also men, though not many, who were concerned about baldness or hair loss, Representative Director, Chairman and President Mr. Nemoto and the other founders of the Target Company set the goal of being a company that strove to create the best products to satisfy its customers and to become number one in the world. Fontaine Co., Ltd., a pioneer in fashion wigs made of synthetic materials and who was engaged in the sale of ready-made wigs for women, became a subsidiary of the Target Company in August 1985 by way of a share purchase, subsequent to which the Target Company established local subsidiaries in Thailand in October 1986, Taiwan in January 1990, the Netherlands in January 1992, and the U.S. in November 1994, and the Target Company went on to actively pursue further corporate acquisitions and overseas business such as by acquiring Bosley, Inc. (which has an approximately 10% share of the U.S. hair implant market) in August 2001 and acquiring (as a wholly-owned subsidiary) Hair Club (which is a major seller of order-made wigs in the U.S.) in April 2013. The Target Company received over-the-counter registration with the Japan Securities Dealers Association in September 1985 and was listed on the Second Section of the Tokyo Stock Exchange in January 1987 and the Second Section of the Osaka Securities Exchange in December 1988, subsequent to which the Target Company’s listings were re-designated in August 1997 to the First Section of the Tokyo Stock Exchange and the

First Section of the Osaka Securities Exchange.

The Target Company group comprises the Target Company itself, together with 53 subsidiaries (51 consolidated subsidiaries and two non-consolidated subsidiaries) and two equity method affiliates, for a total of 56 companies, and is mainly engaged in hair-related business such as the production and sale of wigs and hair transplant services. The business activities in which the Target Company is engaged in Japan are its Aderans business (order-made) and Fontaine business (ready-made), both of which provide hair-related products and services to general customers, while the main business activity in which it is engaged overseas is the Bosley business, which provides hair transplant services to general customers under the “Bosley” brand. For its overseas wig business, the Target Company sells wigs globally through distribution bases in the U.S., Europe and Asia, and wig production is handled by the Target Company group’s production bases in Asia (Thailand, the Philippines, and Laos).

In its Aderans business, the Target Company is pursuing an increase in the number of inquiries from potential customers by actively deploying promotional advertising with the theme of “Vital Ex,” which is a patented hair volumizing method for men, and enhanced utilization of online marketing. For women’s wigs, the Target Company is pursuing replacement demand by offering improved after-sales services aimed at acquiring customers who use wigs made by other companies, and is also engaged in promotional activities for its “Hair Up Program” that uses patented hair volumizing technology, while the Fontaine business is additionally engaged in endeavors such as increasing revenues of directly owned stores and opening new stores in general merchandise stores. In its Bosley business in the U.S., the Target Company is engaged in activities such as hiring physicians and physician assistants to accommodate the full-scale introduction of a hair transplant method that does not use mesh (follicular unit extraction, or FUE) and conducting test marketing for Cool Sculpting (a localized slimming procedure that uses cryolipolysis (fat freezing)) with an aim of business expansion to the area of beauty-related business, and in its overseas wig business the Target Company is actively opening new stores and expanding sales of items such as products for women and hair volumizing products. Activities in the other businesses of the Target Company include mail order business such as by means of e-commerce websites and opening new salons within hospital complexes.

Note 1: “Scalp care” means caring for the scalp by methods such as conducting condition checks of the hair and scalp, or washing the scalp.

However, in the domestic men’s market, which has matured to an almost flat level of growth, the wig business is experiencing intensified competition from contiguous markets such as drugs for AGA (Androgenetic Alopecia) treatment and hair growth stimulants. While there has also been a revitalization of the domestic women’s market due to the increase in the major target population of women in their 50s through 70s and an increase in the number of active seniors, leading to an outlook of market growth, new customer acquisition has been slow for the Target Company due to competitors and the impact of non-industry players entering the market for low-priced wigs. In the overseas businesses, also, factors such as the gradual progress of a shift towards the abovementioned FUE and a heightened demand for women’s wigs has generated a need for new products that meet the needs of new customers and for securing human resource. Under these environments, in its consolidated business results for the fiscal year ending February 2016, the Target Company posted consolidated net sales of 79,153 million yen (up 3.2% from the preceding fiscal year) but also recorded adverse results such as an operating loss of 125 million yen (whereas it posted 2,880 million yen in operating income in the preceding fiscal year), an

ordinary loss of 548 million yen (whereas it posted 5,997 million yen in ordinary profit in the preceding fiscal year), and a net loss of 1,860 million yen (whereas it posted net income of 5,075 million yen in the preceding fiscal year). Furthermore, the corporate strength of the Target Company is currently weakening as a result of decisions made from 2009 under the direction of management members invited from outside the Target Company, namely a loss of talent to competitors due to the introduction of a voluntary retirement scheme and closing of the research and development facility (in Tainai-shi, Niigata), confusion and a loss of customers due to a change in the name of the Target Company, and confusion due to management policies such as the short-term pursuit of revenues and profits despite the decrease in the number of customers.

With this awareness of its environment, the Target Company set a management vision of “realizing the ‘good company’ standard” and adopted a basic policy of *sanpo yoshi* (three-way benefit) management comprising “customer satisfaction,” “employee satisfaction,” and “corporate responsibility and trust earned from society,” based on which it is endeavoring to enhance corporate value and aiming to expand global market share and secure stable profits. In Japan, the Target Company is aiming to enhance loyalty from wig users through after-sales services and expand its business domains, and in order to achieve these aims it is expanding its business mainly into hair solutions (see Note 2), along with total beauty (see Note 3) and organic care (see Note 4), as well as into the medical market domain for hair implants and drug treatments for AGA. In the U.S., the Target Company is aiming for Hair Club to open more locations and reinforce its presence in the market for women, and for Bosley to pursue globalization and expand its medical business, while Aderans Hair Goods (AHG, the Target Company’s distributor in the U.S.) is to widen sales channels, and in order to achieve these aims, the Target Company, in addition to developing new services using the strength of physician-facilitated medical businesses and expanding into other countries and enhancing its position in hair growth services, is working at responding to diversified demand in the wig and hair volumizing market and at enhancing its after-sales services. In Europe, the Target Company is aiming to enter regions where a presence has not yet been established, boost repeat sales for order-made products and strengthen after-sales services, and in order to achieve these aims it is seeking to attain a number one share in each market by enhancing and firmly establishing ordering salons, accelerating expansion into unpenetrated countries, and establishing a position of overwhelming advantage. In Asia, the Target Company is aiming to firm its foothold in the hair solutions business, and in order to achieve this aim it is endeavoring to firmly establish its hair solutions business, accelerate the speed of business growth in China, and set up bases in the ASEAN region.

Note 2: “Hair solutions” means providing services such as scalp care, hair growth and hair volumizing, in response each customer’s different hair-related concerns and needs.

Note 3: “Total beauty” means an anti-aging regime centered on promoting healthy hair and scalp.

Note 4: “Organic care” means hair care products such as shampoos that are made using organic raw materials.

It is the belief of Mr. Nemoto (Representative Director, Chairman and President of the Target Company) and Mr. Tsumura (Representative Director and Executive Vice President of the Target Company) that, although the above measures being adopted by the Target Company can be expected to offer sizeable growth and stabilized profits if viewed from a medium-term perspective, the measures will not be able to immediately contribute to the interests of the Target Company, and will require a considerable amount of time and acquisition of talent, as well as various prior investments including

the opening of new locations. In particular, it is the view of Mr. Nemoto and Mr. Tsumura that various risks exist that could adversely affect aspects of the Target Company such as its profit level and cash flow in the short term, and that these risks mean that the business of the Target Company will continue to be in a position in which its future is uncertain and is unable to be viewed optimistically. With a competitive environment that is undergoing changes in market dynamics such as the new entry of non-industry players and the appearance of low-priced wigs, the risks for the domestic business include a decrease in profitability in the immediate future due to new expansion of after-sales service locations in order to achieve differentiation, as well as cannibalization (see Note 5) due to the sale of low-priced wigs, along with the need for investment in order to enter new business domains such as the medical market for hair transplants or AGA treatment drugs, while the risks for the overseas business include a need for investment in order to accelerate expansion into countries in which there is not yet a presence. In light of their view as to the foregoing risks, Mr. Nemoto and Mr. Tsumura, by early August 2016, came to believe that if the Target Company were to attempt to implement these measures while remaining listed, it would not be able to receive sufficient support from the capital markets, and that doing so would thus possibly be disadvantageous to the interests of the shareholders of the Target Company such as by adversely affecting the Target Company Share Price.

Note 5: “Cannibalization” means that the sale of low-priced wigs by the Target Company would adversely affect the sale of the existing wigs of the Target Company.

Further, Mr. Nemoto and Mr. Tsumura believed that, in order to speedily carry out the various abovementioned measures, it would be necessary to have networks, credit strength, management knowhow, and fundraising capabilities of a level beyond that of the Target Company at present, and that it would thus also be necessary to work together with a third party who would be able to enhance these aspects of the Target Company. Under those circumstances, Integral, which had already been making investigations and studies into potential investment targets within Japan, gained an opportunity to have discussions with Mr. Nemoto and Mr. Tsumura regarding the future of the business of the Target Company, and from that point forward the three parties engaged in discussions and examinations regarding matters such as the business strategy of the Target Company and its capital policy, from the perspective of seeking to grow the Target Company in the medium to long term.

Integral possesses an abundant network of talent such as in management, financial strategy, marketing, overseas expansion operations, and international operational alliances, and by utilizing such network of talent it would be possible for Integral to supply the Target Company, through the Offeror, with the talent necessary to pursue business reforms. Further, Mr. Nemoto and Mr. Tsumura believe that, by introducing into the Target Company, through the Offeror, the various types of knowhow possessed by Integral such as that pertaining to management, governance and compliance, making reliable headway with the business reforms of the Target Company will also become possible. With the view that maximally utilizing the networks, knowhow and other attributes possessed by Integral would in this way lead to improvement in the corporate value of the Target Company, Mr. Nemoto and Mr. Tsumura came to believe that Integral would be suitable as a partner who is able to supplement the Target Company with the functions it requires.

With a view that in order for the Target Company to aim for future growth it is important that a management structure be developed that enables agile and flexible decision-making from a medium- to long-term perspective without being overly

swayed by factors such as short-term fluctuations in business results and that the management team and employees of the Target Company work as one, with the cooperation of Integral, to pursue business expansion and a strengthened management foundation, Mr. Nemoto and Mr. Tsumura, in mid-August 2016, began examining making the Target Company a private company by way of an MBO jointly conducted with Integral.

Mr. Nemoto and Mr. Tsumura believe that simply continuing to manage the Target Company as it is without taking radical measures may result in the Target Company being unable to realize its abovementioned corporate philosophy of protecting customers, protecting employees, and fulfilling its responsibilities to society. Mr. Nemoto and Mr. Tsumura also believe that maintaining the listing of the Target Company in its current state may lead to extensive losses for ordinary shareholders. For these reasons, Mr. Nemoto and Mr. Tsumura came to believe that it is essential to make the Target Company a private company and pursue reforms of its business structure and measures to strengthen its management foundation from a medium- to long-term viewpoint.

As a result of the foregoing considerations, Mr. Nemoto and Mr. Tsumura reached the decision that the Transaction will contribute to the improvement of the corporate value of the Target Company and is the optimal policy for its general shareholders as well as its various other stakeholders. Therefore, in late August 2016, Mr. Nemoto and Mr. Tsumura, after consulting with Integral, made a request with Integral to the Target Company for discussions and negotiations aimed at conducting the Transaction.

According to the Target Company Press Release, upon receiving such request for the Transaction, the Target Company established a project team regarding this Transaction (the "Project Team") in late August 2016, comprising Mr. Masayoshi Sato, a director of the Target Company, and Mr. Masaaki Izumoto, an executive officer of the Target Company, both of whom have no special interests in the Transaction, and the Target Company reviewed and discussed through the Project Team matters such as the pros and cons of the Transaction including the Tender Offer, and had discussions and negotiations with Mr. Nemoto, Mr. Tsumura and Integral multiple times as described below. It is also stated that, in order to be careful in the decision-making on the Transaction including the Tender Offer, to exclude any risk of arbitrariness and conflict of interest in the decision-making process of the board of directors of the Target Company and to ensure fairness in such decision-making process, the Target Company established an independent committee on August 20, 2016, composed of members including outside experts who are highly independent from the Target Company, the Offeror, and Integral.

Mr. Nemoto, Mr. Tsumura, and Integral proceeded to conduct due diligence from late August 2016 to early October 2016 in order to closely study the feasibility of the Transaction, and also commenced initial negotiations from late August 2016 regarding the terms and conditions of the Transaction including the Tender Offer.

Further, Mr. Nemoto, Mr. Tsumura, and Integral, at the same time as proceeding with detailed examination of the terms and conditions of the Transaction including the Tender Offer, established the Offeror on September 26, 2016 as a special purpose acquisition company for conducting the Transaction, and, based on considerations such as the preliminary results of the due diligence, officially proposed to the Target Company on September 27, 2016 to conduct the Transaction and to set the Tender Offer Price as 590 yen.

Subsequently, Mr. Nemoto, Mr. Tsumura, and Integral examined the joint management structure that would comprise Mr. Nemoto, Mr. Tsumura, and Integral, and engaged in multiple discussions and negotiations with the Target Company regarding the terms and conditions of the Tender Offer, including the future management policy of the Target Company and the Tender Offer Price. The Project Team requested the Offeror to re-deliberate the Tender Offer Price, in consideration of the opinion received from the independent committee on October 5, 2016 to the effect that the interests of the minority shareholders should be further taken into account in future discussions and negotiations regarding prices.

After receiving the request from the Project Team, Mr. Nemoto, Mr. Tsumura, and Integral re-deliberated the Tender Offer Price and further considered the meaning of the Transaction as follows. Generally, the benefits of being a listed company can include improved name recognition and credit strength, an enhanced ability to acquire talent in recruitment activities, and the possibility for raising funds from the market. However, Mr. Nemoto, Mr. Tsumura, and Integral believe that the Target Company, as a leading company in the full-service hair-related business, already possesses a high level of name recognition, credit strength and ability to acquire talent, and that these qualities would not automatically be affected by the Target Company being delisted. Also, Mr. Nemoto, Mr. Tsumura, and Integral believe that any need for the Target Company to raise funds from the market would, at least in the short term, only be small.

On the other hand, being a listed company entails disadvantages, including the cost of remaining listed, a decrease in speediness of decision-making, and a difficulty in making investment from the abovementioned kind of long-term perspective due to focusing on short-term profit improvement measures out of concern for the impact on the share price. In light of the need for speedy decision-making and action-taking on various measures formulated from a medium- to long-term perspective as set out above, Mr. Nemoto, Mr. Tsumura, and Integral decided that, in the case of the Target Company, the disadvantages of being listed outweigh the benefits.

As a result of taking into account considerations such as the benefits and disadvantages entailed by the Transaction and the consequences of maintaining the listing of the Target Company Shares as described above as well as the process of the above discussions and negotiations with the Project Team, Mr. Nemoto, Mr. Tsumura, and Integral came to believe that it is reasonable to set the Tender Offer Price as 620 yen and made a revised offer to that effect to the Target Company on October 11, 2016. Based on this revised offer, the Project Team and Mr. Nemoto, Mr. Tsumura, and Integral further discussed and negotiated upon the pros and cons of the Transaction including the Tender Offer and the terms and conditions therefor.

Based on the result of such discussions and negotiations, Mr. Nemoto, Mr. Tsumura, and Integral decided on October 14, 2016 to conduct the Tender Offer through the Offeror as part of the Transaction, setting the Tender Offer Price as 620 yen.

The Transaction constitutes a so-called management buyout (MBO), and Mr. Nemoto and Mr. Tsumura have agreed in the MBO Memorandum to continue to manage the Target Company as the representative director of the Target Company after the completion of the Tender Offer. Meanwhile, with regard to the management structure after the Merger, the Shareholders Agreement (as defined in “(iii) Shareholders Agreement” of “6. Matters regarding material agreement(s) related to the Tender Offer” below) provides that the side of Mr. Nemoto and Mr. Tsumura and the side of Integral Group may each appoint directors of the Target Company in a number prorated based

on each side's respective voting ratio in the Target Company. The Offeror is considering that one or multiple persons nominated by Integral will serve as directors or statutory auditors of the Target Company, but details such as the number of any such nominees, the timing of their nomination, and who the candidates would be, are currently undetermined. In addition, no agreement has been reached between the side of the Offeror and the side of the directors and statutory auditors of the Target Company other than Mr. Nemoto and Mr. Tsumura regarding any appointment of directors or statutory auditors after the Tender Offer. It is planned that the details of the management structure of the Target Company for after the Tender Offer is completed, including the composition of the directors and statutory auditors, will be determined through discussions with the Target Company following the successful completion of the Tender Offer. It is also planned that the employees of the Target Company after the successful completion of the Tender Offer will in principle continue to enjoy their current level of employment conditions.

(3) 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

Taking into consideration the fact that the Tender Offer is a part of the Transaction for a management buyout (MBO) and the problem of structural conflicts of interest could exist, the Offeror and the Target Company have primarily taken the following measures to ensure the fairness of the Transaction including the Tender Offer in order to ensure fairness of the Tender Offer Price, the purchase price of Stock Acquisition Rights and the purchase price of the Convertible Bonds and to avoid arbitrariness and conflicts of interest in the decision-making process leading to the decision to conduct of the Tender Offer.

- (i) Deliberation, discussion, negotiation, etc., by the Project Team;
- (ii) Obtaining a share valuation report, etc. from an independent third party financial advisor by the Target Company;
- (iii) Obtaining advice from an independent law firm by the Target Company;
- (iv) Establishment of an independent committee by the Target Company;
- (v) Approvals from all directors without conflicts of interest and opinions from all statutory auditors without conflicts of interest in the Target Company to the effect that they have no objections;
- (vi) Securing objective circumstances that ensure fairness of the Tender Offer; and

For details of the measures listed above, please refer to "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 "Process of calculation" of "(2) Price of tender offer" of "4. Term, price and number of Share Certificates, Etc. for tender offer" below.

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

If the Offeror fails to acquire all Target Company Shares (other than treasury shares held by the Target Company and the Non-Tendered Shares) through the Tender Offer as described in "(1) Outline of the Tender Offer" above, the Offeror plans to take a series of procedures in the following manner so that the Offeror and Mr. Nemoto will hold all Target Company Shares (other than treasury shares held by the Target Company) (the "Squeeze-out Procedures").

Specifically, the Offeror intends to request the Target Company to hold an extraordinary general shareholders' meeting at which the following proposals will be

submitted (the “Extraordinary General Shareholders’ Meeting”) promptly after the successful completion of the Tender Offer: (i) to conduct a consolidation of the Target Company Shares (the “Share Consolidation”); and (ii) to make amendment to the Articles of Incorporation of the Target Company to abolish the share unit number provisions subject to the Share Consolidation taking effect. The Offeror and Mr. Nemoto will vote in favor of each such proposal at the Extraordinary General Shareholders’ Meeting. If the proposal of the Share Consolidation is approved at the Extraordinary General Shareholders’ Meeting, the shareholders of the Target Company will, on the effective date of the Share Consolidation, hold the number of Target Company Shares proportionate to the ratio of the Share Consolidation that is approved at the Extraordinary General Shareholders’ Meeting. If there is a fraction of one share of the Target Company Shares as a result of the Share Consolidation, each shareholder of the Target Company will receive an amount of money obtained by selling the Target Company Shares equivalent to the total number of such fractions (any fraction of one share in the total will be rounded down) to the Target Company or the 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 Target Company 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 Target Company who did not tender its shares in the Tender Offer (other than Mr. Nemoto and the Target Company) as a result of the sale will be equal to the price obtained by multiplying the Tender Offer Price by the number of the Target Company Shares held by each such shareholder, and then a petition for permission of voluntary sale will be filed on that basis. The ratio of the Share Consolidation of the Target Company Shares 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 Target Company Shares held by each shareholder of the Target Company (other than the Offeror and Mr. Nemoto) who did not tender its shares in the Tender Offer will be a fraction of one share in order for only both or any of the Offeror and Mr. Nemoto to hold all Target Company Shares (other than treasury shares held by the Target Company). If the Extraordinary General Shareholders’ Meeting is held, it will be held around January 2017 and the specific procedures and the schedule of implementation thereof will be announced promptly by the Target Company once it has decided them.

In relation to the implementation of the Share Consolidation, where as a result of the Tender Offer, there is, or it is expected that there will be, a shareholder who holds a number of Target Company Shares equivalent to or more than the Non-Tendered Shares (4,944,658 shares) held by Mr. Nemoto, even if the Share Consolidation is conducted under such circumstances, it may not be possible for only the Offeror and Mr. Nemoto to become the shareholders of the Target Company. In such case, the Offeror will, at its sole decision, request the Target Company to implement any procedures necessary for only the Offeror and Mr. Nemoto to become the shareholders of the Target Company.

The Companies Act provides that if the Share Consolidation has been conducted and there is a fraction of one share of the Target Company Shares as a result of the Share Consolidation, each shareholder of the Target Company may request the Target Company to purchase all of the shares held by it that are fractions of one share at a fair price and may file a petition to a court to determine the price of the Target Company Shares in accordance with Articles 182-4 and 182-5 of the Companies Act and other provisions of relevant laws and regulations. In this case, the purchase price per share will ultimately be determined by a court.

The procedures above may be replaced with a method of using class shares with the option to call all shares or other methods that have substantially comparable effect, depending on, among other factors, the circumstances of interpretation of any relevant law or regulation by the relevant authorities, the ownership ratio of Share Certificates, Etc. by the Offeror and Mr. Nemoto after the Tender Offer and the ownership of Share Certificates, Etc. of the Target Company by the Target Company's shareholders and holders of stock acquisition rights or bonds with stock acquisition rights other than the Offeror and Mr. Nemoto. However, even in such case, the Offeror intends to adopt the method of ultimately delivering money to the Target Company's shareholders (other than the Mr. Nemoto and the Target Company) who did not tender their shares in the Tender Offer. The amount of money to be delivered to such shareholders in such case is expected to be valued so that it will be equal to the price obtained by multiplying the Tender Offer Price by the number of Target Company Shares held by such shareholders.

If the Offeror fails to acquire all Stock Acquisition Rights in the Tender Offer despite a successful completion of the Tender Offer, the Offeror plans to promptly request the Target Company to acquire the Stock Acquisition Rights, encourage the holders of the Stock Acquisition Rights to waive their Stock Acquisition Rights or take any other procedures reasonably required to conduct the Transaction. If the Offeror fails to acquire all Convertible Bonds in the Tender Offer despite a successful completion of the Tender Offer, the Convertible Bonds which failed to be acquired in the Tender Offer will be redeemed at 5,000,000 yen per 5,000,000 yen in face value in accordance with the provisions of early redemption after the completion of settlement of the Tender Offer.

The Offeror plans to carry out the Merger, whereby the Offeror will be the disappearing corporation and the Target Company will be the surviving corporation, after implementing each of the procedures above, but the specific schedule has not been determined yet.

The Tender Offer is not intended to solicit the shareholders of the Target Company to approve the proposals at the Extraordinary General Shareholders' Meeting.

(5) Possibility of and reasons for delisting

The Target Company Shares are listed on First Section of the Tokyo Stock Exchange as of the date hereof. However, since the Offeror has not set a maximum limit on the number of Share Certificates, Etc. to be purchased in the Tender Offer, the Target Company Shares may be delisted through prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange, depending on the results of the Tender Offer. Also, even in the case where the shares of common stock of the Target Company do not fall under that criteria at the time of the successful completion of the Tender Offer, the Offeror plans to conduct the Squeeze-Out Procedures set out in "(4) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "Two-Step Acquisitions")" above after the successful completion of the Tender Offer, in which case the Target Company Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria of the Tokyo Stock Exchange. After delisting, the Target Company Shares will be unable to be traded on the First Section of the Tokyo Stock Exchange.

(6) Matters regarding material agreement(s) related to the Tender Offer

(i) MBO Memorandum

As described in “(1) Outline of the Tender Offer” above, the Integral Group has entered into the MBO Memorandum dated October 14, 2016 with Mr. Nemoto and Mr. Tsumura, whereby Mr. Nemoto has agreed (i) not to tender in the Tender Offer the Non-Tendered Shares (the number of shares held: 4,944,658 shares; and the ownership ratio: 11.94%), (ii) to tender in the Tender Offer the Expected Tendered Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 137,100 shares; and the total ownership ratio: 0.33%), and (iii) to waive without any consideration all of the Expected Waived Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 70,000 shares; and the total ownership ratio: 0.17%) in a timely manner upon the successful completion of the Tender Offer. Also, under the MBO Memorandum, Mr. Tsumura has agreed to tender in the Tender Offer the Expected Tendered Share Certificates, Etc. (Mr. Tsumura) (the total number of underlying shares: 135,400 shares; and the total ownership ratio: 0.33%). No conditions precedent for the tendering or non-tendering of such shares and stock acquisition rights are stipulated.

In addition, Mr. Nemoto has agreed under the MBO Memorandum to contribute at least 1,200,000,000 yen to the Offeror at least two (2) Business Days prior to the settlement commencement date of the Tender Offer and subject to the successful completion of the Tender Offer. Mr. Nemoto has also agreed in the MBO Memorandum with respect to the Non-Tendered Shares (4,944,658 shares) as follows: (a) he will exercise the voting rights represented by the Non-Tendered Shares to the extent necessary for the Squeeze-out Procedures; and (b) if as a result of the Tender Offer, there is, or it is expected that there will be, a shareholder who holds a number of Target Company Shares equivalent to or more than the Non-Tendered Shares, Mr. Nemoto will implement any procedures necessary for only the Offeror and Mr. Nemoto to become the shareholders of the Target Company.

In addition to the above, Mr. Nemoto and Mr. Tsumura intend to make contribution to the Offeror or the Target Company respectively under the MBO Memorandum so that the total ratio of contribution to the Target Company by Mr. Nemoto and Mr. Tsumura after the Merger will be approximately 50.1%.

(ii) Tender Agreement (FT)

As described in “(1) Outline of the Tender Offer” above, Mr. Nemoto and Mr. Tsumura have entered into the Tender Agreement (FT) dated October 13, 2016 with FT, whereby FT has agreed to tender all of the Target Company Shares held by FT (the number of shares held: 7,662,500 shares; and the ownership ratio: 18.51%) in the Tender Offer. Given that the negotiation with FT was mainly conducted by Mr. Nemoto and Mr. Tsumura, the Tender Agreement (FT) was entered into by Mr. Nemoto and Mr. Tsumura.

The Tender Agreement (FT) provides that the tendering by FT is subject to the conditions precedent that FT is not aware of any Material Fact (having the meaning as defined in Paragraph 2 of Article 166 of the Financial Instruments and Exchange Act) with respect to the Target Company which is not published as of the date of the tender.

In certain situations where a third party commences a counter tender offer during the Tender Offer Period, FT may be able to tender its shares in such counter tender offer at its decision. In addition, it is not restricted for FT to sell its Target Company Shares on the stock market.

(iii) Shareholders Agreement

The Integral Group has entered into the shareholders agreement dated October 14, 2016 with Mr. Nemoto and Mr. Tsumura regarding, among others, the board members of the Target Company after the Transaction, matters that require prior approvals related to the operation of the Target Company, and share transfer restrictions of the Target Company (the “Shareholders Agreement”). The Shareholders Agreement provides that it will take effect on the effective date of the Merger.

In addition to the above, the Integral Group, Mr. Nemoto and Mr. Tsumura intend to enter into an executive service agreement regarding, among others, the management of the Target Company upon the successful completion of the Tender Offer. In such case, the Integral Group and the Target Company will enter into a capital and business alliance agreement that provides for matters necessary for the Target Company to realize the contents and purposes of the Shareholders Agreement.

4. Term, price and number of Share Certificates, Etc. for tender offer

(1) Tender offer period

(i) Initial term as of registration

Tender offer period	From Monday, October 17, 2016 through Tuesday, November 29, 2016 (30 business days)
Date of public notice	Monday, October 17, 2016
Name of newspaper in which public notice is to appear	Public notice will be made electronically via the Internet, and a notice to that effect will be published in the Nikkei. (URL of the electronic notice: http://disclosure.edinet-fsa.go.jp/)

(ii) The possibility of extension of tender offer period upon request of the Target Company
N/A

(iii) Person to contact for information about extension of tender offer period
N/A

(2) Price of tender offer

Share certificate	620 yen per share of common stock
Certificate of stock acquisition rights	1 yen per Fourth Series Stock Acquisition Right 1 yen per Fifth Series Stock Acquisition Right 1 yen per Sixth Series Stock Acquisition Right 1 yen per Seventh Series Stock Acquisition Right 10,100 yen per Eighth Series Stock Acquisition Right
Certificate of bond with stock acquisition rights	1,453,280 yen per 5,000,000 yen in face value of Convertible Bonds
Trust beneficiary certificate for Share Certificates, Etc. ()	
Depository receipt for Share Certificates, Etc. ()	
Basis of calculation	(i) Common stock

	In determining the Tender Offer Price, the Offeror made a broad-ranging and comprehensive analysis on the business and financial status of the Target Company based on the financial information and other materials disclosed by the Target Company, the results of due diligence conducted with respect to the Target Company, and other matters. In light of the fact that the Target Company Shares are traded on a financial instruments exchange, the Offeror also referred to the trends of the closing price (483 yen) of the Target Company Shares on the Tokyo Stock Exchange as of October 13, 2016, which is the Business Day immediately preceding the date of announcement to conduct the Tender Offer and the simple average closing prices of the one-month, three-month and six-month periods prior to October 13, 2016 (461 yen, 455 yen and 495 yen; all rounded to the nearest whole number; the same applies for calculations of simple averages hereinafter). By also comprehensively taking into consideration the possibility of endorsement of the Tender Offer by the Target Company and the prospect of successful completion of the Tender Offer, and upon discussion and negotiation with the Target Company, the Offeror determined the Tender Offer Price to be 620 yen on October 14, 2016. As described above, the Offeror has determined the Tender Offer Price by comprehensively taking into consideration the factors related to the share value of the Target Company (e.g. being based on objective materials such as financial information while referring to premium rates adopted in past MBO cases) and upon discussion and negotiation with the Target Company, and has not obtained any share valuation report from any third-party appraiser. The Tender Offer Price represents (i) a premium of 28.36% (rounded to two decimal points; the same applies for calculations of premium rates hereinafter) on 483 yen, the closing price of the Target Company Shares on the Tokyo Stock Exchange as of October 13, 2016, which is the Business Day immediately preceding the date of announcement to conduct the Tender Offer, (ii) a premium of 34.49% on 461 yen, the simple average closing price for the one-month period prior to October 13, 2016, (iii) a premium of 36.26% on 455 yen, the simple average closing price for the three-month period prior to October 13, 2016, and (iv) a premium of 25.25% on 495 yen, the simple average closing price for the six-month period prior to October 13, 2016. The Tender Offer Price also represents a premium of 29.17% on 480 yen, the closing price of the Target Company Shares on the Tokyo Stock Exchange as of October 14, 2016, which is the Business Day immediately preceding the filing date of this Statement. (ii) Stock Acquisition Rights With regard to the Fourth, Fifth, Sixth, and Seventh Series Stock Acquisition Rights out of the Stock Acquisition Rights, the exercise price of each Stock Acquisition Right per Target Company Share (Fourth Series Stock Acquisition Rights: 972 yen, Fifth Series Stock Acquisition Rights: 1,381 yen, Sixth Series Stock Acquisition Rights: 1,571 yen, Seventh Series Stock Acquisition Rights: 1,088 yen) exceeds the Tender Offer Price (620 yen) as of the date hereof. Therefore, the Offeror has determined that the purchase price per Fourth, Fifth, Sixth, and Seventh Series Stock Acquisition Right is to be 1 yen. On the other hand, with respect to the Eighth Series Stock Acquisition Rights, the exercise price of each Eighth Stock Acquisition Right per Target Company Share (519 yen) falls below the Tender Offer Price (620 yen) as of the date hereof. Therefore, the Offeror has determined that the purchase price per Eighth Series Stock Acquisition Right is to be 10,100 yen, which is obtained by multiplying the difference (101 yen) of the Tender Offer Price (620 yen) and
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	the exercise price of each Eighth Series Stock Acquisition Right per Target Company Share by the number of the Target Company Shares underlying each Eighth Series Stock Acquisition Right (100 shares). Although approval by the board of directors of the Target Company is required for acquisition of any Stock Acquisition Rights by transfer, according to the Target Company, the Target Company has resolved at its board of directors meeting held on October 14, 2016 to comprehensively approve that the holders of the Stock Acquisition Rights transfer their Stock Acquisition Rights to the Offeror by tendering their Stock Acquisition Rights in the Tender Offer, subject to the successful completion of the Tender Offer. In determining the tender offer price of Stock Acquisition Rights, the Offeror has not obtained any valuation report from a third-party appraiser because it has calculated such tender offer price based on the Tender Offer Price. (iii) Convertible Bonds The Offeror has determined the purchase price per 5,000,000 yen in face value of the Convertible Bonds to be 1,453,280 yen, which is obtained by multiplying the face value of the Convertible Bonds (5,000,000 yen) divided by the effective conversion price (2,133 yen) as of the date hereof (2,344 shares) (any fraction will be rounded down) by the Tender Offer Price (620 yen). Such purchase price of 1,453,280 yen represents a discount of 70.93% (rounded to two decimal points) on the face value of 5,000,000 yen. If the Tender Offer is successful and the Transaction is conducted, the Convertible Bonds which failed to be acquired in the Tender Offer will be redeemed at 5,000,000 yen per 5,000,000 yen in face value in accordance with the provisions of early redemption. The purchase price per 5,000,000 yen in face value of the Convertible Bonds in the Tender Offer (1,453,280 yen) falls below such redemption amount per 5,000,000 yen in face value of the Convertible Bonds (5,000,000 yen) by 3,546,720 yen. In determining the tender offer price of Convertible Bonds, the Offeror has not obtained any valuation report from a third-party appraiser because it calculates such tender offer price based on the Tender Offer Price.
Process of calculation	Process for determination of Tender Offer Price and purchase prices for Stock Acquisition Rights and Convertible Bonds With a view that in order for the Target Company to aim for future growth it is important that a management structure be developed that enables agile and flexible decision-making from a medium- to long-term perspective without being overly swayed by factors such as short-term fluctuations in business results and that the management team and employees of the Target Company work as one, with the cooperation of Integral, to pursue business expansion and a strengthened management foundation, Mr. Nemoto and Mr. Tsumura, in mid-August 2016, began examining making the Target Company a private company by way of an MBO jointly conducted with Integral. As a result of the foregoing considerations, Mr. Nemoto and Mr. Tsumura reached the decision that the Transaction will contribute to the improvement of the corporate value of the Target Company and is the optimal policy for its general shareholders as well as its various other stakeholders. Therefore, in late August 2016, Mr. Nemoto and Mr. Tsumura, after consulting with Integral, made a request to the Target Company with Integral for discussions and negotiations aimed at conducting the Transaction, and then proceeded to conduct due diligence from late August 2016 to early October 2016 in order to

	closely study the feasibility of the Transaction, and also commenced initial negotiations from late August 2016 regarding the terms and conditions of the Transaction including the Tender Offer. Further, Mr. Nemoto, Mr. Tsumura, and Integral, at the same time as proceeding with detailed examination of the terms and conditions of the Transaction including the Tender Offer, established the Offeror on September 26, 2016 as a special purpose acquisition company for conducting the Transaction, and, based on considerations such as the preliminary results of the due diligence, officially proposed to the Target Company on September 27, 2016 to conduct the Transaction and to set the Tender Offer Price as 590 yen. Subsequently, Mr. Nemoto, Mr. Tsumura, and Integral examined the joint management structure that would comprise Mr. Nemoto, Mr. Tsumura, and Integral, and engaged in multiple discussions and negotiations with the Target Company regarding the terms and conditions of the Tender Offer, including the future management policy of the Target Company and the Tender Offer Price. The Project Team requested the Offeror to re-deliberate the Tender Offer Price, in consideration of the opinion received from the independent committee on October 5, 2016 to the effect that the interests of the minority shareholders should be further taken into account in future discussions and negotiations regarding prices. After receiving the request from the Project Team, Mr. Nemoto, Mr. Tsumura, and Integral re-deliberated the Tender Offer Price and further considered the meaning of the Transaction. As a result of taking into account considerations such as the benefits and disadvantages entailed by the Transaction and the consequences of maintaining the listing of the Target Company Shares, as described above as well as the process of the above discussions and negotiations with the Project Team, Mr. Nemoto, Mr. Tsumura, and Integral came to believe that it is reasonable to set the Tender Offer Price as 620 yen and made a revised offer to that effect to the Target Company on October 11, 2016. Based on this revised offer, the Project Team and Mr. Nemoto, Mr. Tsumura, and Integral further discussed and negotiated upon the pros and cons of the Transaction including the Tender Offer and the terms and conditions therefor. As described in “Basis of calculation” above, by comprehensively taking into consideration the factors related to the share value of the Target Company (e.g. being based on objective materials such as financial information while referring to premium rates adopted in past MBO cases), and upon discussion and negotiation with the Target Company, Mr. Nemoto, Mr. Tsumura, and Integral determined on October 14, 2016 to conduct the Tender Offer through the Offeror as part of the Transaction, setting the Tender Offer Price to be 620 yen. 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 Taking into consideration the fact that the Tender Offer is a part of the Transaction for a management buyout (MBO) and the problem of structural conflicts of interest could exist, the Offeror and the Target Company have primarily taken the following measures to ensure the fairness of the Transaction
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	including the Tender Offer in order to ensure fairness of the Tender Offer Price, and the purchase price of the Stock Acquisition Rights and the Convertible Bonds and to avoid arbitrariness and conflicts of interest in the decision-making process leading to the decision to conduct of the Tender Offer. (i) Deliberation, discussion, negotiation, etc., by the Project Team According to the Target Company Press Release, upon receiving the proposal for the Transaction from Mr. Nemoto and Mr. Tsumura in late August 2016 upon their discussion with Integral, the Target Company established the Project Team in late August 2016, comprising Mr. Masayoshi Sato, a director of the Target Company, and Mr. Masaaki Izumoto, an executive officer of the Target Company, both of whom have no special interests in the Transaction, and the Target Company reviewed and discussed through the Project Team matters such as the pros and cons of the Transaction including the Tender Offer from the perspective mentioned above, and had discussions and negotiations with Mr. Nemoto, Mr. Tsumura and Integral multiple times, in order to be careful in the decision-making on the Transaction including the Tender Offer, to exclude any risk of arbitrariness and conflict of interest in the decision-making process of board of directors of the Target Company and to ensure fairness in such decision-making process, by taking into account the fact that the Transaction constitutes a so-called management buyout (MBO) and the possibility of existence of structural conflicts of interest. It is also stated that specifically, the Project Team (i) conducted reviews and discussions on the Transaction from late August 2016, (ii) carefully reviewed and discussed the reasonableness of terms of purchase under the Tender Offer such as the Tender Offer Price and the fairness of series of procedures of Transaction from the perspective of enhancement of corporate value of the Target Company and common interests of shareholders of the Target Company by receiving advices, opinions and other assistances from financial advisor and legal advisor who are independent from the Offeror and Integral, as provided in “(ii) Obtaining a share valuation report, etc. from an independent third party financial advisor by the Target Company” and “(iii) Obtaining advice from an independent law firm by the Target Company”, and (iii) had discussions and negotiations with Mr. Nemoto, Mr. Tsumura and Integral multiple times. (For details of the process of negotiation, please see “(2) Background, purpose and decision-making process leading to decision to conduct the Tender Offer, and management policy after the Tender Offer” of “3. Purposes of tender offer.”) It is also stated that Mr. Nemoto, who is Representative Director, Chairman and President of the Target Company, and Mr. Tsumura, who is Representative Director and Executive Vice President of the Target Company have not been appointed as a member of the Project Team and have not been involved in any reviews or discussion by the Project Team mentioned above, in order to avoid any conflict of interest based on the fact that, they plan to enter into a management agreement with Integral Group concerning the continuing management of the Target Company by Mr. Nemoto and Mr. Tsumura as the Representative Directors of the Target Company after the completion of the Tender Offer. The Target Company Press Release states that it is also considered that Mr. Nemoto plans to make a capital contribution to the Offeror no later than two business days prior to the commencement date of settlement of the Tender Offer, the total capital contribution ratio of Mr. Nemoto and Mr. Tsumura in the Target Company after the Merger under the Transaction is planned to be approximately 50.1%, and the side of Mr. Nemoto and Mr.
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	Tsumura and the side of Integral Group may each appoint directors of the Target Company in a number prorated based on each side's respective voting ratio in the Target Company. (ii) Obtaining a share valuation report, etc. from an independent third party financial advisor by the Target Company According to the Target Company Press Release, to express an opinion on the Tender Offer Price, the Target Company requested Plutus Consulting Co., Ltd. ("Plutus Consulting"), which is a financial advisor and third party valuation institution independent from the Target Company, the Offeror and Integral, to calculate the value of the Target Company Shares and received the share valuation report from Plutus Consulting on October 13, 2016. It is also stated that Plutus Consulting, which is a financial advisor and third party valuation institution, is not a party related to the Target Company, the Offeror and Integral and does not have any notable material interest in the Tender Offer. It is also stated that the Target Company has not received a fairness opinion on Tender Offer Price from Plutus Consulting. It is also stated that upon considering the calculation methods to be used for the Tender Offer, Plutus Consulting conducted the calculation by using the market share price method due to the fact that the Target Company Shares are listed on the First Section of the Tokyo Stock Exchange and by using the discounted cash flow method (the "DCF method") to reflect the future business activities of the Target Company in the calculation. It is also stated that the value ranges per Target Company Share as calculated by Plutus Consulting by using the methods mentioned above are as provided below. Market share price method: 455 yen to 495 yen DCF Method: 536 yen to 685 yen It is also stated that under the market share price method, by making October 13, 2016 as the reference date, the calculation resulted in a range of share value per Target Company Share of 455 yen to 495 yen based on the closing price of Target Company Shares of 483 yen on the Tokyo Stock Exchange as of the reference date, the simple average closing price of Target Company Shares of past 1-month period of 461 yen (all rounded to the nearest whole number; the same applies for calculations of simple averages hereinafter), the simple average closing price of Target Company Shares of past 3-month period of 455 yen and the simple average closing price of Target Company Shares of past 6-month period of 495 yen. It is also stated that under the DCF method, the corporate value of the Target Company has been evaluated by taking the future cash flows which will be generated in and after the third quarter of fiscal year ending February 2017 based on the future earnings forecast of the Target Company by considering the factors such as the business plan prepared by the Target Company for the period from the fiscal year ending February 2017 to the fiscal year ending February 2021, interviews with the Target Company and information publicly available, and then determining the present value of such future cash flows by discounting them by a certain discount rate corresponding to the business risk. It is also stated that the discount rate (shareholder's equity cost) used was 5.404% to 6.240% and the contentious value was calculated by using the perpetuity growth method with the perpetuity growth rate at 0%.
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It is also stated that the financial forecasts based on the business plan of the Target Company, which were used as the basis of calculation using the DCF method, are as provided below. It is also stated that such plan incorporates the impact of downward adjustment of earnings forecast disclosed by the Target Company in the announcement of “Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast” on October 14, 2016 and “(Correction) Partial Correction to ‘Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast’” on October 17, 2016 (please see (2) Announcement of “Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast” of “6. Other matters” of “V. Conditions of the Target Company” below). It is also stated that the financial forecasts provided below also include the business years in which significant increase or decrease in earnings is expected. It is also stated that specifically, in the fiscal year ending February 2017 and the fiscal year ending February 2018, a significant decrease in earnings is expected compared to the fiscal year immediately preceding each of such fiscal years mainly due to reasons such as slowdown in acquiring new customers in Fontaine business (Ready-Made) due to the entry of competitors and companies in different business into the low-end wig market and increase in shop-related costs and labor costs relating to the opening of new shops. It is also stated that between the fiscal year ending February 2019 and the fiscal year ending February 2021, a significant increase in earnings compared to the fiscal year immediately preceding each of such fiscal years is expected by taking measures such as attraction and retention of wig users through the after-services and expansion of business areas in Japan, opening of new Hair Club locations and strengthening of business towards female customers in the U.S., global expansion of Bosley, expansion of healthcare business and strengthening hair restoration business, and meeting the diversified demands and strengthening of after-services in wig and hair growth markets. It is also stated that the synergy effects expected to occur upon implementation of Transaction are not added to the said financial forecasts because it was difficult to make specific estimation at the present time.

(million yen)

	Second Half of Fiscal Year Ending February 2017 (6 months)	Fiscal Year Ending February 2018	Fiscal Year Ending February 2019	Fiscal Year Ending February 2020	Fiscal Year Ending February 2021
Net Sales	39,602	79,156	82,331	85,965	89,880
Operating Income (Operating Loss)	(539)	(527)	(104)	744	1,999
EBITDA	1,720	3,961	4,230	5,008	6,308
Free Cash Flow	(1,523)	(526)	465	958	2,018

It is also stated that the financial forecasts as provided above differ from the

	figures provided in the consolidated sales, consolidated operating income and consolidated EBITDA provided in the “Aderans Group New Medium-term Business Plan ESCR 2016”, which was published by the Target Company on April 14, 2016, for the reasons provided below. It is also stated that acquisition of new customers is slowing down due to the intensification in the competition of wig business with the adjacent markets such as the markets for AGA (androgenetic alopecia) treatment products, hair restoration products and hair growth products with respect to the men’s market in Japan and the entry of competitors and companies in different business into the low end wig market with respect to the women’s market in Japan. It is also stated that as for the overseas business, the shift to new hair transplant method (FUE) is slower than expected and the development and advertising costs for new products and shop-related costs and labor costs relating to the active opening of new shops are increasing in order for the Target Company to meet the new customers’ needs based on the increase in demands for women’s wigs. It is also stated that for this reason, the Target Company concluded that instead of using the figures provided in the “Aderans Group New Medium-term Business Plan ESCR 2016”, which were the target figures of the Target Company, it was more appropriate to consider the reasonableness of Tender Offer Price by making objective and reasonable calculation of corporate value of the Target Company based on the forecasts which are more in line with the current condition by taking into account, among others, the up-to-date business environment and business performance of the Target Company. It is also stated that the Target Company has not obtained any valuation report or fairness opinion from any third party valuation institution with respect to the purchase price per stock acquisition right of Stock Acquisition Rights and purchase price per face value of 5,000,000 yen of Convertible Bond. It is also stated that since acquisition of any Stock Acquisition Rights by assignment requires the approval of board of directors of the Target Company, the Target Company resolved at its board of directors meeting held on October 14, 2016 to comprehensively approve the stock acquisition right holders’ assignment of Stock Acquisition Rights held by them to the Offeror by tendering the Tender Offer on condition of the successful completion of the Tender Offer. (iii) Obtaining advice from an independent law firm by the Target Company According to the Target Company Press Release, in order to ensure the transparency and reasonableness of decision-making process of board of directors of the Target Company with respect to the Transaction including the Tender Offer, the Target Company appointed Nomura & Partners as a legal advisor who is independent from the Target Company, the Offeror and Integral and has been receiving necessary legal advice from such law firm concerning the method and process of decision-making of board of directors of the Target Company and other matters to keep in mind in relation to the Transaction including the Tender Offer. It is also stated that Nomura & Partners is also not a party related to the Target Company, the Offeror and Integral and does not have any notable material interest in the Tender Offer. (iv) Establishment of an independent committee by the Target Company According to the Target Company Press Release, on August 20, 2016, the Target Company resolved to establish an independent committee, which comprises of members including outside experts who are highly independent
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	from the Target Company, the Offeror and Integral (as members of independent committee, Mr. Seiji Yamashita (attorney of Yamashita Sogo Law Offices) and Mr. Masaaki Suda (Certified Public Accountant of Suda Certified Public Accountant Office, both of whom are outside experts who are highly independent from the Target Company, the Offeror and Integral, and Mr. Kazuhiro Miyakawa (Certified Public Accountant and Certified Public Tax Accountant) who is outside statutory auditor of the Target Company and independent executive as prescribed in Article 436-2 of Securities Listing Regulations of Tokyo Stock Exchange), to have such independent committee (i) review and make the opinion to the board of directors of Company, among others, (1) whether or not the purpose of Tender Offer (including any transaction relating to delisting of the Target Company would be deemed reasonable (including the issue of whether or not the Tender Offer (including any transaction relating to delisting of the Target Company) would contribute to the enhancement of corporate value of the Target Company), (2) whether or not the fairness of tender offer price of Tender Offer has been ensured, and (3) whether or not the interests of shareholders of the Target Company have been taken into consideration through fair procedures, in connection with the policy on expression of opinion to be made by the board of directors of the Target Company in relation to the Tender Offer (“Response Policy”), and issue a notice on the contents of Response Policy and (ii) review whether or not the decision of board of directors of the Target Company on the Response Policy (including the decision on any transaction relating to delisting of the Target Company) based on (i) above would go against the interests of minority shareholders of the Target Company (collectively, “Matters of Inquiry”), in order to be careful in the decision-making on the Transaction including the Tender Offer, to exclude any risk of arbitrariness and conflict of interest in the decision-making process of board of directors of the Target Company and to ensure fairness in such decision-making process, by taking into account the fact that the Transaction falls under so-called management buyout (MBO) and the possibility of existence of structural conflict of interest. It is also stated that the independent committee was held seven times in total from September 8, 2016 to October 13, 2016 and carefully reviewed and discussed the Matters of Inquiry. It is also stated that specifically, the independent committee (a) received explanation from the Project Team such as current status of the Target Company, significance of Transaction, enhancement of corporate value, business plan, contents of proposals made by Integral, Mr. Nemoto and Mr. Tsumura, and progress of negotiation, (b) was informed by Integral and Mr. Tsumura through hearing the details on, among others, purpose and significance of Transaction, management policy after the implementation of Transaction, and handling of employees, and conducted Q&As relating to these matters, and (c) further received explanation from Plutus Consulting on the calculation of value of Target Company Shares and conducted Q&As. It is also stated that upon carefully reviewing and discussing the Matters of Inquiry under the circumstances mentioned above, the independent committee, by unanimous vote of members, provided the board of directors of the Target Company with the response letter on October 13, 2016 of which the summary is as provided below. (i) (1) The Transaction will achieve the further strengthening of earnings base and enhancement of corporate value of the Target Company and its purpose is reasonable due to the fact that by delisting of the Target Company through the Transaction, (a) the management system, under which flexible and adjustable decision-making will be made from a medium- and long-term
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	perspective without being swayed by short-term changes such as changes in business performance and share price, will be developed, (b) the reorganization of its business structure and the strengthening of management base will be facilitated, (c) prompt and appropriate response to the changes in business environment surrounding the Target Company and risks accompanying such changes will become possible, and (d) receipt from Integral a valuable support on, among others, improvement on existing business operations, active and planned undertaking of new businesses, precise assessment of risk and management process and speedy decision-making and access to Integral's human resource network in terms of, among others, management, financial strategy, marketing, overseas expansion work and international business tie-up will likely become possible due to the participation by Integral, (2) the terms of Transaction are reasonable due to reasons such as the fact that (a) it is planned that the amount of payment to be made during the two-step buyout will be calculated in a way so that such amount will become identical to the price equal to the Tender Offer Price multiplied by the number of common stocks of the Target Company owned by the common shareholders of the Target Company, (b) the period of tender offer under the terms of Tender Offer is set for relatively long time, (c) the Tender Offer Price can be considered as a price with a considerable amount of premium added because it is a price to which a premium is added in the amount equal to 28.36% of closing price of Target Company Shares of 483 yen on the First Section of the Tokyo Stock Exchange as of October 13, 2016, in the amount equal to 34.49% of simple average closing price of Target Company Shares of past 1-month period of 461 yen until October 13, 2016, in the amount equal to 36.26% of simple average closing price of Target Company Shares of past 3-month period of 455 yen until October 13, 2016, and in the amount equal to 25.25% of simple average closing price of Target Company Shares of past 6-month period of 495 yen until October 13, 2016, and (d) the price has been decided after taking appropriate measures to resolve any conflict of interest, and (3) by taking into account the facts such as the fact that no directors, who have any conflict of interest with the Target Company, participated in the decision-making process concerning the Transaction, independent financial advisor and legal advisor have been appointed, and share valuation report has been procured from independent third party valuation institution, it would be considered as reasonable for the board of directors of the Target Company to express an opinion in support of Tender Offer and to recommend to shareholders of the Target Company to tender their Target Company Shares in response to the Tender Offer due to the fact that the procedures of Transaction are transparent and fair and the interests of minority shareholders of the Target Company have been taken into consideration. On the other hand, it would be considered reasonable to leave the decision to the holders of Stock Acquisition Rights and Convertible Bonds with respect to the issue of whether or not such holders should tender their Stock Acquisition Rights and Convertible Bonds in response to the Tender Offer due the fact that (a) the decision has been made that the purchase price of Fourth Series Stock Acquisition Rights, Fifth Series Stock Acquisition Rights, Sixth Series Stock Acquisition Rights and Seventh Series Stock Acquisition Rights per stock acquisition right is 1 yen because the exercise price per Target Company Share with respect to such Stock Acquisition Rights exceeded the Tender Offer Price, (b) the decision has been made that the purchase price of Eighth Series Stock Acquisition Rights per stock acquisition right is 10,100 yen which is the difference (101 yen) between the Tender Offer Price and the
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	exercise price per Target Company Share with respect to the Eighth Series Stock Acquisition Rights multiplied by 100 which is the number of Shares subject to one Eighth Series Stock Acquisition Rights because the exercise price per Target Company Share with respect to the Eighth Stock Acquisition Rights (519 yen) is lower than the Tender Offer Price, but the exercise period begins approximately 1 year and 8 months after the final day of Tender Offer Period and (b) the purchase price of Convertible Bonds per convertible bond is 1,453,280 yen which is the face value of Convertible Bonds in the amount of 5,000,000 yen after dividing by the valid conversion price in the amount of 2,133 yen (2,344 shares) (rounding off anything less than 1 share) and multiplying by Tender Offer Price. (ii) Accordingly, the Transaction would be deemed as not going against the interests of minority shareholders of the Target Company. (v) Approvals from all directors without conflicts of interest and opinions from all statutory auditors without conflicts of interest in the Target Company to the effect that they have no objections According to the Target Company Press Release, as provided in “(2) Background, purpose and decision-making process leading to decision to conduct the Tender Offer, and management policy after the Tender Offer” of “3. Purposes of tender offer” above, the Target Company received a proposal in late August 2016 from Mr. Nemoto and Mr. Tsumura, who had discussions with Integral, and based on such proposal, set up a structure to review such proposal concerning the Transaction by appointing Plutus Consulting as financial advisor and third party valuation institution and Nomura & Partners as legal advisor and by establishing an independent committee to review such proposal concerning the Transaction, in order to ensure the fairness of Tender Offer Price and to ensure the fairness of other matters on the Transaction including Tender Offer. It is also stated that thereafter, upon receiving advices from Plutus Consulting, Nomura & Partners as well as taking into consideration of an opinion from the independent committee, the Target Company ended up receiving a final proposal to have the Tender Offer Price at 620 yen on October 11, 2016 after good faith negotiations with Mr. Nemoto and Mr. Tsumura and with Integral. It is also stated that the board of directors of the Target Company carefully discussed and reviewed the terms of Transaction by taking into account the share valuation report on the Target Company Shares received from Plutus Consulting on October 13, 2016, legal advices received from Nomura & Partners, the response letter provided by the independent committee on October 13, 2016 and other relevant materials, etc. It is also stated that thereupon, the Target Company came to a conclusion that although it is necessary to make flexible and adjustable decisions based on a medium- and long-term perspective in order for the Target Company to promptly and appropriately respond to the changes in business environment surrounding the Target Company and risks accompanying such changes and for its business to continue to grow in Japan and overseas, the implementation of measures based on such decisions will require costs for advance investment in a short term and will require a reasonable period of time until such measures actually contribute to the Target Company’s earnings. It is also stated that furthermore, due to the fact that taking measures based on a long-term perspective, which are accompanied by the said risks, has the risk of causing
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	decrease in the Target Company's profit level and deterioration in its cash flow, the Target Company may not be able to receive sufficient valuation from the capital market in a short term and the shareholders of the Target Company may suffer a loss due to reason such as adverse effect on the price of the Target Company Shares if these measures are implemented while the Target Company continues to be a listed company. It is also stated that therefore, the Target Company came to a conclusion that the delisting of Target Company Shares through management buyout (MBO) is the best measure to take for not only general shareholders of the Target Company, but also various stakeholders due to the fact that (i) it is absolutely necessary for the Target Company to promote the restructuring of its business structure in a way which corresponds to the future changes and strengthening of management base by management and employees of the Target Company working as one after building a management system which enables flexible and adjustable decision-making from a medium- and long-term perspective without being swayed by short-term change in its business performance, etc., in order to maintain and enhance the corporate value of the Target Company and (ii) it is also necessary to avoid the risk of shareholders of the Target Company incurring any financial loss arising from any short-term decrease in the Target Company's profit level and deterioration in its cash flow. It is also stated that the Target Company also concluded that Integral is a valuable business partner in terms of maintaining and enhancing the corporate value of the Target Company when promoting the restructuring of medium- and long-term business structure of the Target Company and strengthening of management base due to the fact that by participation of Integral in addition to Mr. Nemoto and Mr. Tsumura, who are current members of management of the Target Company, the Target Company will likely be able to receive from Integral a valuable support on, among others, improvement on existing business operations, active and planned undertaking of new businesses, precise assessment of risk and management process and speedy decision-making and to have access to Integral's human resource network in terms of management, financial strategy, marketing, overseas expansion work and international business tie-up, among other things. It is also stated that moreover, the board of directors of the Target Company concluded that the Tender Offer Price and other terms of Tender Offer are reasonable for the shareholders of the Target Company and that the Tender Offer will provide the shareholders of the Target Company with an opportunity to sell the Target Company Shares at a reasonable price, by taking into account the facts such as (i) the Tender Offer Price exceeded the price range (455 yen to 495 yen) calculated based on the market share price method as provided in the share valuation report, which the Target Company received from Plutus Consulting on October 13, 2016, and the Tender Offer Price was within the price range (536 yen to 685 yen) calculated based on DCF Method and (ii) a premium is added in the amount equal to 28.36% of closing price of Target Company Shares of 483 yen on the First Section of the Tokyo Stock Exchange as of October 13, 2016, which is business day immediately preceding the public announcement date of Tender Offer, in the amount equal to 34.49% of simple average closing price of Target Company Shares of past 1-month period of 461 yen until October 13, 2016, in the amount equal to 36.26% of simple average closing price of Target Company Shares of past 3-month period of 455 yen until October 13, 2016, and in the amount equal to 25.25% of simple average closing price of Target Company Shares of past 6-month period of 495 yen
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	until October 13, 2016. The price book-value ratio (PBR) of the Target Company calculated based on the book value of net assets of the Target Company as of February 29, 2016 is less than 1, but the book value of net assets of the Target Company will not necessarily be converted into cash on “as is” basis considering the facts such as that considerable additional costs will accrue for liquidation, and the Target Company views that the valuation result based on DCF method, which assumes the continuation of the Target Company’s business, is not underestimating its value. Therefore, the Target Company placed the highest importance on the result based on DCF method for the calculation of value of Target Company Shares by taking into consideration the factors such as the fact that result of DCF method reflects the future earning capacity and growth of the Target Company. It is also stated that based on the foregoing, the Target Company resolved at its board of directors meeting held on October 14, 2016 to express an opinion in support of the Tender Offer and to recommend to the Target Company’s shareholders to tender their Target Company Shares in response to the Tender Offer, by a unanimous vote of all directors (i.e., 5 directors excluding Mr. Nemoto, who is Representative Director, Chairman and President of the Target Company, and Mr. Tsumura, who is Representative Director and Executive Vice President of the Target Company) who participated in the deliberation and resolution. It is also stated that by a unanimous vote of all directors (i.e., 5 directors excluding Mr. Nemoto, who is Representative Director, Chairman and President of the Target Company, and Mr. Tsumura, who is Representative Director and Executive Vice President of the Target Company), who participated in the deliberation and resolution, such board of directors meeting also resolved to leave the decision to the holders of Stock Acquisition Rights and Convertible Bonds as to whether or not to tender their Stock Acquisition Rights and Convertible Bonds in response to the Tender Offer due to the fact that (a) the decision has been made that the purchase price of Fourth Series Stock Acquisition Rights, Fifth Series Stock Acquisition Rights, Sixth Series Stock Acquisition Rights and Seventh Series Stock Acquisition Rights per stock acquisition right is 1 yen because the exercise price per Target Company Share with respect to such Stock Acquisition Rights (Fourth Series Stock Acquisition Rights: 972 yen, Fifth Series Stock Acquisition Rights: 1,381 yen, Sixth Series Stock Acquisition Rights: 1,571 yen and Seventh Series Stock Acquisition Rights: 1,088 yen) exceeded the Tender Offer Price (620 yen) as of the public announcement date of Tender Offer (October 14, 2016), (b) the decision has been made that the purchase price of Eighth Series Stock Acquisition Rights per stock acquisition right is 10,100 yen which is the difference (101 yen) between the Tender Offer Price and the exercise price per Target Company Share with respect to the Eighth Series Stock Acquisition Rights multiplied by 100 which is the number of Target Company Shares subject to one Eighth Series Stock Acquisition Rights because the exercise price per Target Company Share with respect to the Eighth Stock Acquisition Rights (519 yen) is lower than the Tender Offer Price, but the exercise period begins approximately 1 year and 8 months after the final day of Tender Offer Period, and (c) the price to purchase the Convertible Bonds is 1,453,280 yen which is the face value of Convertible Bonds in the amount of 5,000,000 yen after dividing by the conversion price valid as of the public announcement date of Tender Offer in the amount of 2,133 yen (2,344 shares) (rounding off anything less than 1 share) and multiplying by Tender Offer Price in the
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	amount of 620 yen. It is also stated that all statutory auditors of the Target Company including 2 outside statutory auditors participated in the deliberation at such board of directors meeting and expressed an opinion that they have no objection to the resolutions mentioned above. It is also stated that Mr. Nemoto, who is Representative Director, Chairman and President of the Target Company, and Mr. Tsumura, who is Representative Director and Executive Vice President of the Target Company have not participated in any deliberations and resolutions of such board of directors and in any discussions and negotiations with Integral and Offeror on behalf of the Target Company in order to avoid any conflict of interest based on the fact that, they plan to enter into a management agreement with Integral Group concerning the continuing management of the Target Company by Mr. Nemoto and Mr. Tsumura as the Representative Directors of the Target Company after the end of Tender Offer. It is also stated that Mr. Nemoto plans to make capital contribution to the Offeror no later than two business days prior to the commencement of payment of Tender Offer and the total capital contribution ratio of Mr. Nemoto and Mr. Tsumura in the Target Company after the Merger under the Transaction is planned to be approximately 50.1%, and the side of Mr. Nemoto and Mr. Tsumura and the side of Integral Group may each appoint directors of the Target Company in a number prorated based on each side's respective voting ratio in the Target Company. (vi) Securing objective circumstances that ensure fairness of the Tender Offer While the minimum period for tender offers under laws and regulations is 20 Business Days, the Offeror has set the Tender Offer Period for the Tender Offer as 30 Business Days. Setting a relatively long Tender Offer Period ensures an appropriate opportunity for the shareholders of the Target Company, the holders of the Stock Acquisition Rights and the holders of the Convertible Bonds to make a decision whether to tender their shares in the Tender Offer as well as ensures an opportunity for any party other than the Offeror to conduct counter offers for the Target Company Shares, the Stock Acquisition Rights, and Convertible Bonds, as a means to ensure the appropriateness of the Tender Offer Price. No agreement between the Offeror and the Target Company has been executed which includes deal protection provisions to prohibit the Target Company from having contact with a counter offeror or which otherwise limit the opportunity for a counter offeror to have contact with the Target Company. The Offeror and its affiliates give consideration to ensure fairness of the Tender Offer by not only setting the Tender Offer Period as above but also ensuring the opportunity for a counter offer. In addition to the above, while FT does not intend to make contribution to the Offeror or the Target Company after the Tender Offer and FT is a major shareholder who has no special interest in the Tender Offer or the Transaction different from minority shareholders, the Tender Offer Price has been approved by FT. Such confirmation of intention of major shareholder who has no special interest sufficiently gives consideration to interests of minority shareholders.
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(Note) It is also stated that for the calculation of share value, Plutus Consulting generally used the information provided by the Target Company and publicly available information, etc. "as is"

based on the assumption that all of such materials and information, etc. are accurate and complete and has not verified on its own as to their accuracy and completeness. It is also stated that in addition, it is assumed that the information on financial forecasts as provided by the Target Company is reasonably prepared by the management of the Target Company based on the best forecasts and decisions possible at the present time.

(3) Number of Share Certificates, Etc. to be purchased in tender offer

Number of Share Certificates, Etc. to be purchased	Minimum number of Share Certificates, Etc. to be purchased	Maximum number of Share Certificates, Etc. to be purchased
36,459,753 (shares)	19,532,800 (shares)	- (shares)

- Note 1: If the total number of Share Certificates, Etc. tendered is less than the minimum number of Share Certificates, Etc. to be purchased (19,532,800 shares), the Offeror will not purchase any of the Share Certificates, Etc. so tendered. If the total number of Share Certificates, Etc. tendered is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased (19,532,800 shares), the Offeror will purchase all the Share Certificates, Etc. so tendered.
- Note 2: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.
- Note 3: In the Tender Offer, the Offeror has not set a maximum number of Share Certificates, Etc. to be purchased, so the number of shares to be purchased is stated as the maximum number of Share Certificates, Etc. of the Target Company (36,459,753 shares) acquired by the Offeror through the Tender Offer. The maximum number is the number of shares (36,459,753 shares), which is the difference between the Total Number of Target Company Voting Shares (41,404,411 shares) and the number of the Non-Tendered Shares (4,944,658 shares).
- Note 4: The “Minimum number of Share Certificates, Etc. to be purchased” is the number obtained by multiplying (A) the difference (195,328) between (i) the number of voting rights (244,774) equivalent to two-thirds of the number of voting rights (367,161) represented by the number of shares (36,716,179 shares) obtained by deducting the number of Target Company Shares (4,688,232 shares) underlying the stock acquisition rights attached to Convertible Bonds (2,000 stock acquisition rights) from the Total Number of Target Company Voting Shares (41,404,411 shares) and (ii) the number of voting rights (49,446) represented by the Non-Tendered Shares by (B) 100. We assume that no Convertible Bonds will be converted into Target Company Shares (for details, please see Note 1 of “(1) Outline of the Tender Offer” of “3. Purposes of tender offer” above), and therefore if the total number of the tendered Share Certificates, Etc. meets the minimum number set out above (19,532,800 shares), the total number of the tendered Share Certificates, Etc. will, together with the number of voting rights (49,446) represented by the Non-Tendered Shares, be deemed capable of ensuring the number of voting rights that is necessary to obtain approval for the Squeeze-out Procedures at the Extraordinary General Shareholders’ Meeting.
- Note 5: Shares less than one unit are also subject to the Tender Offer. If a right to claim for purchase of shares less than one unit is exercised by shareholders in accordance with the Companies Act, the Target Company may purchase its own shares less than one unit during the Tender Offer Period in accordance with procedures required by laws and regulations.
- Note 6: Stock Acquisition Rights and stock acquisition rights attached to Convertible Bonds may be exercised by the last day of the Tender Offer Period, and in that case, the Target Company Shares issued or transferred through such exercise are also subject to the Tender Offer.

5. Proportion of ownership of Share Certificates, Etc. after tender offer

Details	Number of voting rights
Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)	364,597
Number of voting rights represented by the potential Share Certificates, Etc. included in (a): (b)	65,411
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (b): (c)	-
Number of voting rights represented by the Share Certificates, Etc. held by the Offeror (as of October 17, 2016): (d)	-
Number of voting rights represented by the potential Share Certificates, Etc. included in (d): (e)	-
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (e): (f)	-
Number of voting rights represented by the Share Certificates, Etc. held by special related persons (as of October 17, 2016): (g)	52,900
Number of voting rights represented by the potential Share Certificates, Etc. included in (g): (h)	3,359
Number of voting rights represented by trust beneficiary certificates and depositary receipts for Share Certificates, Etc. included in (h): (i)	-
Total number of voting rights of all shareholders of the Target Company (as of August 31, 2016): (j)	348,114
Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders of the Target Company (a/j) (%)	88.06
Proportion of ownership of Share Certificates, Etc. after tender offer $((a+d+g)/(j+(b-c)+(e-f)+(h-i)) \times 100)$ (%)	100.00

Note 1: The “Number of voting rights represented by the Share Certificates, Etc. to be purchased: (a)” is the number of voting rights represented by the number of shares to be purchased (36,459,753 shares) in the Tender Offer.

Note 2: The “Number of voting rights represented by the potential Share Certificates, Etc. included in (a): (b)” is, in voting rights represented by the Share Certificates, Etc. to be purchased, the maximum number (65,411) of voting rights of the number of the Target Company Shares (6,541,132 shares) which is the sum of (i) the number of the Target Company Shares (1,852,900 shares) underlying the Stock Acquisition Rights (1,275 Fourth Series Stock Acquisition Rights, 2,803 Fifth Series Stock Acquisition Rights, 3,552 Sixth Series Stock Acquisition Rights, 4,859 Seventh Series Stock Acquisition Rights, and 6,040 Eighth Series Stock Acquisition Rights), the number of which is obtained by deducting the Stock Acquisition Rights that had expired by August 31, 2016 (according to the Target Company, 30 Seventh Series Stock Acquisition Rights had expired by August 31, 2016) from the number of the Fourth Series Stock Acquisition Rights (1,275 stock acquisition rights), the Fifth Series Stock Acquisition Rights (2,803 stock acquisition rights), the Sixth Series Stock Acquisition Rights (3,552 stock acquisition rights), and the Seventh Series Stock Acquisition Rights (4,889 stock acquisition rights) as of February 29, 2016 stated in the Securities Report for the 47th Term of the Target Company as well as the Eighth Series Stock Acquisition Rights (6,040 stock acquisition rights) stated in “Notice Regarding Issuance of Stock Acquisition Rights as Stock Options (Aderans Co., Ltd. Eighth Series Stock Acquisition Rights)” published on May 26, 2016 by the Target Company and “Notice Regarding Detail of Issuance of Stock Acquisition Rights as Stock Options (Aderans Co., Ltd. Eighth Series Stock Acquisition Rights as Stock Options)” published on July 27, 2016 by the Target Company plus (ii) the number of the Target Company Shares (4,688,232 shares) underlying the stock acquisition rights attached to the Convertible Bonds (2,000 stock acquisition rights) as of February 29, 2016 stated in the Securities Report for the 47th Term of the Target Company (according to the Target

Company, no stock acquisition rights attached to the Convertible Bonds had expired by August 31, 2016).

- Note 3: The “Number of voting rights represented by the Share Certificates, Etc. held by special related persons (as of October 17, 2016): (g)” is the total number of voting rights represented by the Share Certificates, Etc. held by the special related persons. Since the Share Certificates, Etc. held by the special related persons (excluding the Non-Tendered Shares) are also subject to the Tender Offer, when calculating the “Proportion of ownership of Share Certificates, Etc. after tender offer,” the “Number of voting rights represented by the Share Certificates, Etc. held by special related persons (as of October 17, 2016): (g)” (excluding the number of voting rights (49,446) represented by the Non-Tendered Shares (4,944,658 shares)) is not added to the numerator.
- Note 4: The “Total number of voting rights of all shareholders of the Target Company (as of August 31, 2016): (j)” is the number of voting rights of all shareholders as of August 31, 2016 as stated in the Quarterly Report for the Second Quarter of the 48th Term of the Target Company (stated as the share unit number is 100 shares). However, since all of the Target Company Shares including shares less than one unit (excluding treasury shares), Stock Acquisition Rights and Convertible Bonds are subject to the Tender Offer, when calculating the “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders of the Target Company” and the “Proportion of ownership of Share Certificates, Etc. after tender offer,” 414,044 voting rights represented by the Total Number of Target Company Voting Shares (41,404,411 shares) is used as a denominator.
- Note 5: The “Proportion of the number of voting rights represented by the Share Certificates, Etc. to be purchased in the total number of voting rights of all shareholders of the Target Company” and the “Proportion of ownership of Share Certificates, Etc. after tender offer” have been rounded to two decimal points.

6. Licenses, Etc. concerning acquisition of Share Certificates, Etc.

- (1) Class of Share Certificates, Etc.
Common stock
- (2) Relevant laws and regulations
- (i) Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade

The Offeror shall, in accordance with Article 10, Paragraph 2 of the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “Antimonopoly Act”), give prior notification (the “Prior Notification”) to the Japan Fair Trade Commission regarding the plan for acquisition of shares of the Target Company through the Tender Offer (the “Share Acquisition”) and under Article 10, Paragraph 8 of the Antimonopoly Act, in principle, the Offeror may not conduct the Share Acquisition until 30 days have passed from the date on which the Prior Notification was accepted (the period might be shortened; the period during which the Share Acquisition is prohibited is referred to as the “Acquisition Prohibition Period”).

In addition, Article 10, Paragraph 1 of the Antimonopoly Act prohibits any act of acquiring shares of other companies that will cause a substantial restraint of competition in a particular field of trade and the Japan Fair Trade Commission may order measures necessary to eliminate any acts that breach that provision (Article 17-2, Paragraph 1 of the Antimonopoly Act; hereinafter referred to as a “Cease and Desist Order”). If the Japan Fair Trade Commission intends to issue a Cease and Desist Order, it shall conduct a hearing of opinions with the would-be addressee of that Cease and Desist Order (Article 49 of the Antimonopoly Act), and in such a hearing, it shall notify the addressee of the details of the planned Cease and Desist Order (Article 50, Paragraph 1 of the Antimonopoly Act; hereinafter referred to as “Prior Notice of

Cease and Desist Order”), and Prior Notice of the Cease and Desist Order issued against a plan regarding share acquisition for the Prior Notification is to be made within a certain period of time (in principle, 30 days from the date on which the Prior Notification above was accepted; however, the period might be extended or shortened; hereinafter referred to as the “Cease and Desist Period”) (Article 10, Paragraph 9 of the Antimonopoly Act). If the Japan Fair Trade Commission has decided not to give Prior Notice of Cease and Desist Order, it will give notice to that effect (“Notice to the Effect that Cease and Desist Order will not be Issued”) (Article 9 of the Rules on Applications for Approval, Reporting, Notification, etc. Pursuant to the Provisions of Articles 9 to 16 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Japan Fair Trade Commission Rule No. 1 of 1953, as amended)).

The Offeror has made Prior Notification to the Japan Fair Trade Commission on September 30, 2016 and it has been accepted as of that date. On October 11, 2016, the Offeror received from the Japan Fair Trade Commission a notice to the effect that the Acquisition Prohibition Period of 30 days would be shortened to 11 days, and therefore the Acquisition Prohibition Period ended upon the passing of October 11, 2016. In addition, on October 11, 2016, the Offeror received from the Japan Fair Trade Commission a Notice to the Effect that Cease and Desist Order will not be Issued, and therefore the Cease and Desist Period ended on October 11, 2016.

(ii) U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976

The Offeror shall, in accordance with the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended; the “U.S. Antitrust Act”), give prior notification to the U.S. Department of Justice Antitrust Division and the U. S. Federal Trade Commission (collectively, the “U.S. Antitrust Authorities”) regarding the Share Acquisition in advance of the Share Acquisition. The Offeror will be able to carry out the Share Acquisition after 15 days (or, if early termination of the waiting period is permitted, a number of days less than 15) have passed since the prior notification above, unless any of the U.S. Antitrust Authorities issues a request for providing additional information (a “Second Request”). If a Second Request is issued, unless any of the U.S. Antitrust Authorities obtains an injunction against the Share Acquisition from a U.S. federal court, the Offeror will be able to carry out the Share Acquisition upon the expiration of an extended waiting period of ten days after it completes provision of additional information pursuant to the Second Request.

The prior notification regarding the Share Acquisition made to the U.S. Antitrust Authorities was accepted on October 14, 2016 (local time). If any such injunction is not issued and such a waiting period or extended waiting period expires before the day immediately preceding the expiration date of the Tender Offer Period or an extended Tender Offer Period, the Offeror shall immediately submit an amendment statement hereto in accordance with Article 27-8, Paragraph 2 of the Act. If any such injunction is issued or such a waiting period does not expire before the day immediately preceding the expiration date of the Tender Offer Period (or an extended Tender Offer Period), the Tender Offer Period or the commencement date of settlement may be extended. In such cases, the Offeror may withdraw the Tender Offer as it will be deemed that an event set out in Article 14, Paragraph 1, Item (4) of the Enforcement Order has occurred as described in “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” of “11. Other conditions and methods of purchase” below.

(3) Date and number of approval

(i) Antimonopoly Act

Date of approval:	October 11, 2016 (upon receipt of a Notice to the Effect that Cease and Desist Order will not be Issued and a notice of shortening of the Acquisition Prohibition Period)
Number of approval:	Ko/Kei/Ki No. 666 (the number of the Notice to the Effect that

Cease and Desist Order will not be Issued)

Ko/Kei/Ki No. 667 (the number of a notice of shortening of Prohibition Period)

- (ii) U.S. Antitrust Act
N/A

7. Method of tendering shares under the tender offer and cancellation thereof

- (1) Method of tendering shares under the tender offer

- (i) Tender Offer Agent
Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo
- (ii) Any person who tenders shares in the Tender Offer (“Tendering Shareholders,” which refers to shareholders, holders of stock acquisition rights and holders of bonds with stock acquisition rights) will be required to fill out the prescribed “Form for Tender” and submit it to the head office or any branch in Japan of the Tender Offer Agent by 3 p.m. on the last day of the Tender Offer Period. Any person who tenders bonds with stock acquisition rights must open a foreign securities account. In addition, no tender will be accepted through “Mizuho Securities Net Club,” which is an online trade service.
- (iii) When accepting shares to be tendered in the Tender Offer, it is required that Tendering Shareholders open a securities account with the Tender Offer Agent and that shares to be tendered are recorded in that account. In the Tender Offer, shares tendered through financial instruments dealers other than the Tender Offer Agent will not be accepted. In addition, shares that are recorded in a special account established by Sumitomo Mitsui Trust Bank, Limited, which is the account management institution for the special account (*tokubetsu kouza*) designated by the Target Company, cannot be tendered in the Tender Offer. If shares to be tendered are entered or recorded in a special account (*tokubetsu kouza*) established by an account management institution for a securities account or a special account (*tokubetsu kouza*) opened by a financial instruments dealer other than the Tender Offer Agent, the Tendering Shareholder must complete the procedures to transfer such shares to a securities account opened with the Tender Offer Agent before tendering such shares. (see Note 1 below)
- (iv) When accepting Stock Acquisition Rights to be tendered in the Tender Offer, it is required that, together with the “Form for Tender,” “a document stating the items described in the stock acquisition right registry,” which is issued by the Target Company as certification of the position of holders of stock acquisition rights upon their request, and a document necessary to request the change of the holders’ name of the stock acquisition right in the registry subject to the completion of the Tender Offer be submitted. For specific procedures for issuing “a document stating the items described in the stock acquisition right registry,” and a document necessary to request the change of the holders’ name of the stock acquisition right in the registry, please contact the Target Company.
- (v) When accepting Convertible Bonds to be tendered in the Tender Offer, if a global bond of Convertible Bonds has been deposited in a common depository of Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme, which is a securities clearing institution in Europe, the submission of certificates of Convertible Bonds is not required; however, during the Tender Offer Period, it is required to deposit Convertible Bonds to be tendered in a customer clearing account of the Tender Offer Agent in Euroclear Bank S.A./N.V. When tendering Convertible Bonds, a request form for deposit of foreign securities in a customer clearing account of the Tender Offer Agent must be submitted together with the “Form for Tender.” Holders of bonds with stock acquisition rights who have taken such procedures will own Convertible Bonds in that account

for the period commenced after the account was opened with the Tender Offer Agent until when the Tender Offer is successfully closed and Convertible Bonds are settled.

- (vi) Tendering Shareholders' seal and the "Form for Tender" above will be required at the time of the tender.
- (vii) Tendering Shareholders who have not opened a securities account with the Tender Offer Agent are required to open a new securities account. To open a new securities account, each Tendering Shareholder's Individual Number (My Number) or Corporate Number and identification documents will be required. (see Note 2 below)
- (viii) Please note that the procedures to transfer tendered Share Certificates, Etc. described in (iii) above and opening a new account described in (vii) might require a certain number of days.
- (ix) Any tender of Share Certificates, Etc. by shareholders, etc. residing outside of Japan (meaning shareholders, holders of stock acquisition rights and holders of convertible bonds; also including the case where these shareholders, etc. are corporations located outside of Japan, hereinafter referred to as "Foreign Shareholders, Etc.") shall be made through a standing proxy in Japan.
- (x) For individual shareholders who are residents in Japan, the difference between the sale price of the Share Certificates, Etc. purchased by the Offeror and the acquisition costs, etc. will be generally subject to separate self-assessment taxation concerning capital gains from the transfer of shares, etc. (see Note 3 below)
- (xi) Upon accepting Share Certificates, Etc. tendered by Tendering Shareholders, the Tender Offer Agent shall deliver a Receipt of Acceptance of the Tender Offer to the Tendering Shareholders.

Note 1: Procedures for transferring the Share Certificates, Etc. from a special account (*tokubetsu kouza*) established by an account management institution for a special account (*tokubetsu kouza*) designated by the Target Company to a securities account of the Tender Offer Agent:

If procedures for transferring the Share Certificates, Etc. from a special account (*tokubetsu kouza*) established by an account management institution for a special account (*tokubetsu kouza*) designated by the Target Company to a securities account of the Tender Offer Agent are conducted through the Tender Offer Agent or conducted by an account management institution for a special account (*tokubetsu kouza*), an "application form for account transfer" that states information identical to the personal information submitted to the account management institution for the special account (*tokubetsu kouza*) is required to be filed. For details, please contact the Tender Offer Agent or the account management institution for your special account (*tokubetsu kouza*).

Note 2: Submission of Individual Number (My Number) or Corporate Number and identification documents:

The following identification documents, etc. will be required when a Tendering Shareholder opens a new securities account with the Tender Offer Agent and when Foreign Shareholders, Etc. make a tender through a standing proxy in Japan. For details about documents for number confirmation and identification documents, please contact the Tender Offer Agent.

Individual shareholders:

Any of the following documents for confirmation of Individual Number and identification documents set out in (i) through (iii) of the table below will be required. Any individual shareholder who does not submit its Individual Number (My Number) cannot open an account with Mizuho Securities Co., Ltd. as the Tender Offer Agent. In addition, even those who have

already opened a securities account with the Tender Offer Agent are also required to submit documents for confirmation of Individual Number and identification documents when changing their respective names, addresses, and Individual Numbers (My Numbers).

	(i)	(ii)	(iii)
Number confirmation document + Identification document	Individual Number Card (both sides) with a photo	Notification Card	Copy of a residence certificate stating an Individual Number or Certificate of items entered in residence certificate (* Each of these documents is deemed as one identification document)
		+ a. Any of the following documents (confirmation documents with a photo): - driver's license; - certificate of driving history; - passport; - residence card; - medical treatment and education handbook; - physical disability certificate, etc. OR b. Any two of the following documents (if submission of the documents listed in a. above is difficult): - copy of residence certificate; - certificate of items entered in residence certificate; - health insurance cards such as national health insurance card; - certificate of seal; - national pension handbook, etc.	+ a. Any of the following documents (confirmation documents with a photo): - driver's license; - certificate of driving history; - passport; - residence card; - medical treatment and education handbook; - physical disability certificate, etc. OR b. Any two of the following documents (if submission of the documents listed in a. above is difficult): - health insurance cards such as national health insurance card; - certificate of seal; - national pension handbook, etc.

- If you submit your Individual Number Card (both sides), you will not be required to separately submit any identification document.
- Please submit documents stating your name, address, and date of birth.
- Please submit identification documents that have not expired or, if they do not state the expiry date, please submit identification documents prepared within the past six (6) months.

Corporate shareholders:

It is required to submit (i) a copy of a "notice specifying Corporate Number" or (ii) a document stating a Corporate Number which is printed out from the National Tax Agency's Corporate

Number Publication Site (<http://www.houjin-bangou.nta.go.jp/>) and an identification document (a certificate of registration (prepared within the past six (6) months that identify the corporate name and the address of the head office or principal office and the corporation's business details)). In addition to the identification of the corporation, personal identification of each person in charge of the transaction (or representative of the corporation if such representative effects the transaction) will be required. Furthermore, even corporations that have already opened a securities account with the Tender Offer Agent are also required to submit documents for confirmation of Corporate Number and identification documents when changing their respective corporate names and location.

Foreign Shareholders, Etc.:

Documents issued by a foreign government or competent international organization approved by the Japanese government or other similar documents equivalent to the identification documents above for residents of Japan (if Foreign Shareholders, Etc. are individuals, identification documents stating their name, address and date of birth (*1) are required, and if Foreign Shareholders, Etc. are corporations, identification documents stating the corporation's name and the address of the head office or principal office and the corporation's business details (*2) are required. Identification documents for both individual and corporation are limited to those that are prepared within the past six (6) months or limited to those that are effective with respect to any documents with an effective period or with a deadline) and a power of attorney for the delegation agreement between Foreign Shareholders, Etc. and a standing proxy or a copy of that agreement (*3) are required.

- (*1) In principle, shareholders who have Japanese nationality and reside outside of Japan are required to submit their passports.
- (*2) If Foreign Shareholders, Etc. are corporations, a confirmation of the corporation's business details is required; therefore, if identification documents do not state the corporation's business details, other documents that identify business details (documents equivalent to the identification documents for residents of Japan or documents stating the corporation's business details that are to be prepared by the corporation pursuant to the provisions of foreign laws and regulations) are required to be submitted.
- (*3) Limited to a copy of the agreement (i) stating the name or address outside of Japan of the Foreign Shareholders, Etc. and also stating (x) the date certified by a standing proxy or (y) the name, address or representative of a standing proxy or name and title of signatory, and (ii) certified as a copy of the original with the registered seal for the securities account of the Tender Offer Agent.

Note 3: Separate self-assessment taxation concerning capital gains from transfer of shares, etc. (for individual shareholders residing in Japan):

In principle, individual shareholders residing in Japan will be subject to separate self-assessment taxation with respect to capital gains from the transfer of shares, etc. Sale of shares, etc. through tendering in the Tender Offer will be treated as the sale made through ordinary financial instruments dealers. Please consult with tax experts such as a certified tax accountant when making any decision with respect to specific tax treatment.

(2) Method of cancellation of tenders under the tender offer

Tendering Shareholders may, at any time during the Tender Offer Period, cancel their tender under the Tender Offer. Tendering Shareholders who wish to cancel their tender must deliver or send a cancellation notice stating that such Tendering Shareholder cancels its tender under the

Tender Offer (the “Cancellation Notice”), with a Receipt of Acceptance of the Tender Offer attached, to the head office or any branch in Japan of the Tender Offer Agent who accepted tender by 3 p.m. on the last day of the Tender Offer Period. The cancellation of the tender will take effect at the time when the Cancellation Notice is delivered to, or reaches, the Tender Offer Agent. Therefore, Tendering Shareholders should be aware that if the Cancellation Notice is sent by mail, Tendering Shareholders may not cancel their tender unless the Cancellation Notice reaches the Tender Offer Agent by no later than 3 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Cancellation Notice:
Mizuho Securities Co., Ltd. 1-5-1, Otemachi, Chiyoda-ku, Tokyo
(or any other domestic branch of Mizuho Securities Co., Ltd.)

(3) Method of return of Share Certificates, Etc.

If Tendering Shareholders submit a cancellation of their tender in the manner described in “(2) Method of cancellation of tenders under the tender offer,” the tendered Share Certificates, Etc. will be returned promptly after the completion of the cancellation procedures in accordance with the method indicated in “(4) Method of return of Share Certificates, Etc.” in the section titled “10. Method of Settlement” below.

(4) Name and address of the head office of financial instruments dealers/bank, etc. holding in trust and returning Share Certificates, Etc.

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

8. Funds required for tender offer

(1) Funds, etc. required for tender offer

Purchase price (JPY): (a)	22,605,046,860
Type of consideration other than cash:	-
Total amount of consideration other than cash:	-
Purchase commission: (b)	190,000,000
Others: (c)	10,000,000
Total (a)+(b)+(c):	22,805,046,860

Note 1: “Purchase price (JPY): (a)” shows the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (36,459,753 shares) by the Tender Offer Price (620 yen).

Note 2: “Purchase commission: (b)” consists of estimated commissions to be paid to the Tender Offer Agent.

Note 3: “Others: (c)” consists of the estimated amount of fees and expenses for public notice of the Tender Offer, printing of the Tender Offer Explanatory Statement and other necessary documents, and any other fees and expenses.

Note 4: The above amounts are exclusive of consumption tax, etc.

Note 5: The actual amount of other expenses to be paid to the Tender Offer Agent and attorney’s fees, etc. will not be determined until after the completion of the Tender Offer.

(2) Deposits or borrowings allocable for funds required for tender offer

(i) Deposits as of one day or two days preceding the date hereof

Type of deposit	Amount (thousand yen)
-	-
Total (a)	-

(ii) Borrowings before the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-
2	-	-	-	-
Total				-

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total			-

(iii) Funds to be borrowed on or after the date hereof

(a) Financial institutions

	Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
1	-	-	-	-
2	Bank	Mizuho Bank, Ltd. (5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo)	Borrowing to be allocated to funds required for tender offer (Note): Due date: the earlier of the last day of March, 2017 (lump-sum repayment) or the effective date of the Merger Interest: JBA Japanese yen TIBOR + 1.625% Collaterals: Shares of the Offeror, etc.	23,000,000
Total (b)				23,000,000

Note: On October 14, 2016, the Offeror obtained a loan certificate, as evidence of the above borrowing, from Mizuho Bank, Ltd. stating that it is ready to make a loan up to 23,000,000 thousand yen. The terms set out in the loan certificate attached hereto are

scheduled to be stipulated as conditions precedent for implementing the loans.

(b) Others

Category of business of lender	Name of lender	Terms of contract	Amount (thousand yen)
-	-	-	-
-	-	-	-
Total (c)			-

(iv) Other methods of financing

Contents	Amount (thousand yen)
Contribution through subscription of common stock by Integral 2 Limited Partnership	5,200,000
Contribution through subscription of common stock by Integral Fund II (A) L.P.	600,000
Contribution through subscription of common stock by Mr. Nobuo Nemoto	1,200,000
Total (d)	7,000,000

Note 1: On October 13, 2016, the Offeror obtained a certificate with the following contents, as evidence of the above contribution, from Integral 2 LP stating that it is ready to make a contribution up to 5,200,000 thousand yen.

Integral 2 LP is an investment limited partnership established under the Act on Investment Limited Partnership Agreements. Integral 2 LP consists of, in addition to Integral Partners Corporation and Integral II GP Investment Limited Partnership as general partners, institutional investors such as domestic financial institutions and life insurance companies and business companies as limited partners.

The limited partners of Integral 2 LP have agreed to make a specified amount of aggregate capital contribution by cash to Integral 2 LP and if, no later than seven Business Days before the contribution, they receive a notice from the general partners of Integral 2 LP requesting contribution, then the limited partners are obliged to, by the date designated by the general partners, make a capital contribution by cash in proportion to their respective commitment amounts and within the amount calculated by deducting from each such commitment amount any amounts already contributed by each such limited partner. In addition, the failure of a limited partner to fulfill its funding obligations does not excuse any other limited partner from fulfilling its own funding obligations, and the general partners of Integral 2 LP may satisfy any shortfall caused by such failure by requiring additional capital contributions from the remaining limited partners proportionate to their respective commitment amounts up to certain extent so that Integral 2 LP has the ability to contribute funds equivalent to the amount of the contribution for the Offeror.

Note 2: As evidence of the above contribution, on October 13, 2016, the Offeror obtained a certificate with the following contents from Integral Fund II (A) L.P. stating that it is ready to make a contribution up to 600,000 thousand yen.

Integral Fund II (A) L.P. is an exempted limited partnership established under the laws of the Cayman Islands. Capital commitments to Integral Fund II (A) L.P. are from limited partners of Integral Fund II (A) L.P. that are fund of funds of an investment company owned by foreign government and other investors. Each limited partner of Integral Fund II (A) L.P. has agreed to make a specified amount of aggregate capital contribution (the "Commitment Amount") by cash to Integral Fund II (A) L.P. Once a

capital call notice has been issued by Integral Partners (Cayman) II (A) Limited, the general partner of Integral Fund II (A) L.P., no later than ten Business Days before the contribution, each of the limited partners is obligated to make a capital contribution by cash to Integral Fund II (A) L.P. in proportion to its Commitment Amount and within its then remaining Commitment Amount, on or prior to the date designated by Integral Partners (Cayman) II (A) Limited.

In addition, the failure of a limited partner to fulfill its funding obligations does not excuse any other limited partner from funding its obligation, and Integral Partners (Cayman) II (A) Limited may satisfy any shortfall due to such a failure by requiring additional capital contributions from the remaining limited partners proportionate to their respective Commitment Amounts up to certain extent so that Integral Fund II (A) L.P. will have the ability to contribute funds equivalent to the amount of the contribution for the Offeror.

Note 3: As evidence of the above contribution, on October 13, 2016, the Offeror obtained a certificate from Mr. Nemoto stating that he is ready to make a contribution up to 1,200,000 thousand yen. The Offeror has confirmed from a copy of bank deposit passbook of Mr. Nemoto that he has cash and deposits in an amount greater than the amount that he is obliged to contribute.

(v) Total of deposits or borrowings allocable for funds required for purchase

30,000,000 thousand yen = (a)+(b)+(c)+(d)

(3) Relationship between the Offeror and the issuer of securities to be used as consideration for tender offer

N/A

9. Conditions of the issuer of securities to be used as consideration for the tender offer

N/A

10. Method of settlement

(1) Name and address of head office of financial instruments dealers/bank etc. in charge of settlement of tender offer

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

(2) Commencement date of settlement

December 6, 2016 (Tuesday)

(3) Method of settlement

A notice regarding the purchase under the Tender Offer will be mailed to the address of Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.) without delay after the expiration of the Tender Offer period. The purchase shall be settled in cash. The Tender Offer Agent will, in accordance with the instructions given by the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.) and without delay on or after the commencement date of settlement, remit to the address designated by the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.), or pay to the Tendering Shareholders' account where the Tender Offer Agent accepted the tender in the Tender Offer, the sales price

with regard to the Share Certificates, Etc. purchased.

(4) Method of return of Share Certificates, Etc.

In the event that all of the tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof” or “(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.” in the section titled “11. Other conditions and methods of purchase” below, the Tender Offer Agent will, on or after the commencement date of settlement (or the date of withdrawal of the Tender Offer if the Offeror withdraws the Tender Offer), promptly return the Share Certificates, Etc. that must be returned. With respect to the shares, the Tender Offer Agent will return shares by reverting those shares to the original condition at the time of the tender. With respect to Stock Acquisition Rights, the documents submitted upon tender of the Stock Acquisition Rights (set forth in (iv) of “(1) Method of tendering shares under the tender offer” in the section titled “7. Method of tendering shares under the tender offer and cancellation thereof” above) will be delivered to the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.) or mailed to the address of the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.), in accordance with the instructions given by each relevant Tendering Shareholder. In addition, with respect to Convertible Bonds, the documents submitted upon tender of the Convertible Bonds (set forth in (v) of “(1) Method of tendering shares under the tender offer” in the section titled “7. Method of tendering shares under the tender offer and cancellation thereof” above) will be delivered to the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.) or mailed to the address of the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders, Etc.), in accordance with the instructions given by each relevant Tendering Shareholder, and the Tender Offer Agent will revert the tendered Share Certificates, Etc. kept by Euroclear Bank S.A./N.V. to the original condition at the time of the tender.

11. Other conditions and methods of purchase

(1) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act and the details thereof

If the total number of the Share Certificates, Etc. tendered is less than the minimum number of Share Certificates, Etc. to be purchased (19,532,800 shares), the Offeror will not purchase any of the Share Certificates, Etc. so tendered. If the total number of the Share Certificates, Etc. tendered is equal to or exceeds the minimum number of Share Certificates, Etc. to be purchased (19,532,800 shares), the Offeror will purchase all the Share Certificates, Etc. so tendered.

(2) Conditions of withdrawal, etc. of the tender offer, details thereof and method of disclosure of withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)9 and Items (1)12 through (1)18, Items (3)1 through (3)8 and (3)10, Item (4), as well as Article 14, Paragraph 2, Items (3) through (6) of the Enforcement Order occurs, the Tender Offeror may withdraw the Tender Offer. The “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order shall refer to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, but the Offeror was not aware of the existence of such false statement, etc.

nor the Offeror could have been aware of such false statement, etc. even with reasonable care, and (ii) the case where any of the events listed in Article 14, Paragraph 1, Items (3)1 through (3)7 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

In each of the following cases, the Offeror may, on or before the day preceding the date of expiration of the Tender Offer Period (including in any case where this period is extended), withdraw the Tender Offer on the basis that the Tender Offeror was not able to obtain “license, etc.” set out in Article 14, Paragraph 1, Item (4) of the Enforcement Order with respect to the notification that is provided by the Offeror to the U.S. Antitrust Authorities pursuant to the U.S. Antitrust Act, an injunction prohibiting consumption of the Share Acquisition is issued by a court at the request of the U.S. Antitrust Authorities or the waiting period or an extended waiting period under the U.S. Antitrust Act has not expired

If the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

- (3) Conditions to reduce purchase price, details thereof and method of disclosure of reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the purchase price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Tender Offeror intends to reduce the purchase price, the Tender Offeror will give electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the purchase price is reduced, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice at the reduced purchase price.

- (4) Matters concerning Tendering Shareholders’ right to cancel tender

Tendering Shareholders may, at any time during the Tender Offer Period, cancel their agreement for the Tender Offer. Tendering Shareholders must cancel their agreement for the Tender Offer in accordance with the method set out in “(2) Method of cancellation of tenders under the tender offer” of “7. Method of tendering shares under the tender offer and cancellation thereof” above.

The Tender Offeror will not make any claim for damages or penalty payment against Tendering Shareholders even if the Tendering Shareholders cancel their agreement. Further, the cost of returning tendered Share Certificates, Etc. to the Tendering Shareholders will be borne by the Tender Offeror. If cancellation is proposed, the tendered Share Certificates, Etc. will be returned promptly after the procedures for that cancellation proposal are consummated in the manner set out in “(4) Method of return of Share Certificates, Etc.” in “10. Method of settlement” above.

(5) Method of disclosure if the conditions of the Tender Offer are changed

The Tender Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order. If the Tender Offeror intends to change any conditions, etc. of the Tender Offer, the Tender Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement. If the conditions, etc. of the Tender Offer are changed, the Tender Offeror will also purchase the Share Certificates, Etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(6) Method of disclosure if amendment statement is filed

If the Tender Offeror submits an amendment statement to the Director-General of the Kanto Local Finance Bureau (excluding the cases provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Tender Offeror will also immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the Tendering Shareholders who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Tender Offeror may instead prepare and deliver to Tendering Shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.

(7) Method of disclosure of results of the Tender Offer

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

(8) Other

- (i) The distribution of the Tender Offer Registration Statement, Tender Offer Explanatory Statement and other documentation related to the Tender Offer (the "Offer Documents") may be restricted by law in certain jurisdictions. Any person who receives any Offer Documents is required to make himself, herself or itself aware of and comply with the relevant restrictions.
- (ii) In the jurisdictions where an offer for purchase or a solicitation of offer for sale of any Target Company Shares, the Stock Acquisition Rights or the Convertible Bonds to which the Offer Documents relate is not lawful, the Offer Documents shall not constitute an offer or solicitation. In any of the above jurisdictions, tendering by a shareholder of Target Company Shares, a holder of the Stock Acquisition Rights or a holder of the Convertible Bonds will not be accepted.
- (iii) Upon tendering in the Tender Offer, each Tendering Shareholder (or, in the case of Foreign Shareholders, Etc., their standing proxies) shall be deemed to have given the representation and warranty that solicitation relating to the Tender Offer to the Tendering Shareholder is lawful under all applicable securities laws and regulations,

and the Tendering Shareholder is in compliance with all applicable laws and regulations in connection with the tender.

II. Conditions of the Offeror

1. In the case of a corporation

(1) Outline of the Offeror

(i) History of the Offeror

Month, Year	Event
September, 2016	Incorporated as a joint stock corporation (<i>kabushiki kaisha</i>) whose trade name is Adherence Corporation, whose head office is at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, and whose stated capital is 500,000 yen

(ii) Business purpose of the Offeror and the details of its business

(Purpose of the Offeror)

1. Investment business;
2. Lending of money; and
3. Any business incidental or in relation to any of the foregoing.

(Details of business of the Offeror)

The purpose of the Offeror's business is to acquire and own the Share Certificates, Etc. of the Target Company.

(iii) Amount of capital and total number of issued shares of the Offeror

(as of October 17, 2016)

Amount of Stated Capital	Total number of issued shares
500,000 yen	100 shares

Note: As stated in "I. Terms and conditions of tender offer," "8. Funds required for tender offer," "(2) Deposits or borrowings allocable for funds required for tender offer," "(iv) Other methods of financing," the Offeror will receive a contribution up to 5,200,000 thousand yen from Integral 2 LP, a contribution up to 600,000 thousand yen from Integral Fund II (A) L.P., and a contribution up to 1,200,000 thousand yen from Mr. Nemoto no later than two Business Days before the commencement date of settlement of the Tender Offer, and the Offeror's stated capital will be increased by 7,000,000 thousand yen at a maximum.

(iv) Major shareholders

(as of October 17, 2016)

Name	Address	Number of shares held	Ratio to the total number of issued shares (%)
Integral Corporation	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	100	100.00
Total	-	100	100.00

(v) Employment histories of and number of shares held by officers

(as of October 17, 2016)

Title held	Position	Name	Date of birth	Employment history		Number of shares held
Representative Director	-	Kensaku Mizutani	March 8, 1974	April 1998 February 2005 January 2006 December 2007 January 2009 October 2011 September 2013 December 2014 March 2016 June 2016 September 2016	Joined Mitsubishi Corporation Joined Morgan Stanley Japan Securities Co., Ltd. Joined GCA Corporation Appointed Director and Partner at Integral Corporation (current position) Appointed Director at B.P.S. Corporation (current position) Appointed Director at FiBest Limited Appointed Director at TBI Co., Ltd. (currently TBI Holdings Co., Ltd.) (current position) Appointed Director at QB Net Co., Ltd. (currently QB Net Holdings Co., Ltd.) (current position) Appointed Director at Convano Inc. (current position) Appointed Director at Shinwa Co., Ltd. (current position) Appointed Representative Director of the Offeror (current position)	-
Total						-

(2) Financial condition

The Offeror is a company incorporated on September 26, 2016 and its initial fiscal year has not ended yet as of the date hereof. Therefore, no financial statements of the Offeror have been prepared so far.

(3) Matters concerning the Offeror which is an ongoing disclosure company

(i) Documents filed by the Offeror

- (a) Annual Securities Report and Documents Attached Thereto
- (b) Quarterly Securities Report or Semiannual Securities Report
- (c) Amendment Report

(ii) Place of public inspection of documents mentioned above

2. In the case of an entity other than a corporation

N/A

3. In the case of an individual

N/A

III. Breakdown of Share Certificates, Etc. held and/or traded by the Offeror and special related persons

1. Breakdown of ownership of Share Certificates, Etc. as of the date hereof

- (1) Total number of Share Certificates, Etc. held by the Offeror and the special related persons

(as of October 17, 2016)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	49,541 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	3,359	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	52,900	–	–
Total number of Share Certificates, Etc. held	52,900	–	–
(Total number of potential Share Certificates, Etc. held)	(3,359)	–	–

- (2) Share Certificates, Etc. held by the Offeror

(as of October 17, 2016)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	– (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	–	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	–	–	–
Total number of Share Certificates, Etc. held	–	–	–
(Total number of potential Share Certificates, Etc. held)	(–)	–	–

(3) Share Certificates, Etc. held by the special related persons (total shares held by special related persons)

(as of October 17, 2016)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	49,541 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	3,359	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	52,900	–	–
Total number of Share Certificates, Etc. held	52,900	–	–
(Total number of potential Share Certificates, Etc. held)	(3,359)	–	–

(4) Share Certificates, Etc. held by each special related person (breakdown by each special related person)

(i) Special related person

(as of October 17, 2016)

Name or corporate name	Nobuo Nemoto
Address or location	13-4, Araki-cho, Shinjuku-ku, Tokyo (location of the Target Company)
Occupation or contents of business	Representative Director, Chairman and President of Aderans Company Limited
Contact information	Contact Person: Masaaki Izumoto, General Manager, Global IR Department Aderans Company Limited Contact Place: 13-4, Araki-cho, Shinjuku-ku, Tokyo Telephone Number: 03-3350-3268
Relationship with Offeror	A person who agreed to exercise the voting rights and other rights as a shareholder jointly with the Offeror. A person who agreed to acquire the Share Certificates, Etc. of the Target Company jointly with the Offeror

(as of October 17, 2016)

Name or corporate name	Yoshihiro Tsumura
Address or location	13-4, Araki-cho, Shinjuku-ku, Tokyo (location of the Target Company)
Occupation or contents of business	Representative Director, Executive Vice President of Aderans Company Limited

Contact information	Contact Person: Masaaki Izumoto, General Manager, Global IR Department Aderans Company Limited Contact Place: 13-4, Araki-cho, Shinjuku-ku, Tokyo Telephone Number: 03-3350-3268
Relationship with Offeror	A person who agreed to acquire the Share Certificates, Etc. of the Target Company jointly with the Offeror

Note: Although Mr. Tsumura does not intend to directly acquire the Share Certificates, Etc. of the Target Company, if the Tender Offer is constituted, Mr. Tsumura plans to make contributions to the Tender Offeror. Therefore, Mr. Tsumura is listed as a special related person since he is considered to be a person who agreed to acquire Share Certificates, Etc. of the Target Company jointly with the Tender Offeror.

(ii) Number of Share Certificates, Etc. held

Nobuo Nemoto

(as of October 17, 2016)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	49,461 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	2,071	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–
Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	51,532	–	–
Total number of Share Certificates, Etc. held	51,532	–	–
(Total number of potential Share Certificates, Etc. held)	(2,071)	–	–

Note: “Number of Share Certificates, Etc. held” above includes 15 voting rights pertaining to 1,598 shares of the Target Company indirectly held by Mr. Nemoto through the management stock ownership plan of the Target Company.

Yoshihiro Tsumura

(as of October 17, 2016)

	Number of Share Certificates, Etc. held	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (2) of Enforcement Order	Number of Share Certificates, Etc. provided in Article 7, Paragraph 1, Item (3) of Enforcement Order
Share certificates	80 (shares)	– (shares)	– (shares)
Certificates of stock acquisition rights	1,288	–	–
Certificates of corporate bonds with stock acquisition rights	–	–	–
Beneficiary certificates of trust of Share Certificates, Etc. ()	–	–	–

Deposit receipts for Share Certificates, Etc. ()	–	–	–
Total	1,368	–	–
Total number of Share Certificates, Etc. held	1,368	–	–
(Total number of potential Share Certificates, Etc. held)	(1,288)	–	–

Note : “Number of Share Certificates, Etc. held” above includes 14 voting rights pertaining to 1,402 shares of the Target Company indirectly held by Mr. Tsumura through the management stock ownership plan of the Target Company.

2. Trading of Share Certificates, Etc.

(1) Trading during the 60-day period prior to the date hereof

Name	Types of share certificates	Increase	Decrease	Net
Nobuo Nemoto (Note 1)	Common stock	455 shares	–	455 shares
Yoshihiro Tsumura (Note 2)	Common stock	683 shares	–	683 shares

Note 1: Mr. Nemoto acquired 222 shares (rounding down to the nearest whole number) on August 25, 2016 and 233 shares (rounding down to the nearest whole number) on September 23, 2016 by purchasing through the management stock ownership plan of the Target Company.

Note 2: Mr. Tsumura acquired 333 shares (rounding down to the nearest whole number) on August 25, 2016 and 349 shares (rounding down to the nearest whole number) on September 23, 2016 by purchasing through the management stock ownership plan of the Target Company.

3. Material contracts concerning these Share Certificates, Etc.

The Integral Group has entered into the MBO Memorandum dated October 14, 2016 with Mr. Nemoto and Mr. Tsumura. In the MBO Memorandum, Mr. Nemoto agreed not to tender the Non-Tendered Shares (the number of shares held: 4,944,658 shares; and the ownership ratio: 11.94%) in the Tender Offer, to tender the Expected Tendered Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 137,100 shares; and the total ownership ratio: 0.33%) in the Tender Offer, and to waive without any consideration all of the Expected Waived Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 70,000 shares; and the total ownership ratio: 0.17%) promptly after the successful completion of the Tender Offer. Also, in the MBO Memorandum, Mr. Tsumura agreed to tender the Expected Tendered Share Certificates, Etc. (Mr. Tsumura) (the total number of underlying shares: 135,400 shares; and the total ownership ratio: 0.33%) in the Tender Offer.

For details, please see “(i) MBO Memorandum” of “6. Matters regarding material agreement(s) related to the Tender Offer” of “3. Purposes of tender offer” of “I. Terms and conditions of tender offer” above.

In addition, Mr. Nemoto has pledged in total 2,360,000 shares of the Target Company Shares that he holds as collateral to Sumitomo Mitsui Banking Corporation, Resona Bank, Limited and the Hokuriku Bank, Ltd.

4. Contract of purchase, etc. of Share Certificates, Etc. on and after the date hereof

N/A

IV. Transactions between the Offeror and the Target Company

1. Transactions between the Offeror and the Target Company or its officers, and the contents thereof

N/A

2. Agreements between the Offeror and the Target Company or its officers, and the contents thereof

(1) Agreements between the Offeror and the Target Company, and the contents thereof

According to the Target Company Press Release, the Target Company resolved at its board of directors meeting held on October 14, 2016 to express an opinion in support of the Tender Offer, to recommend to the Target Company's shareholders to tender their Target Company Shares in response to the Tender Offer, and to leave the decision to the holders of Stock Acquisition Rights and Convertible Bonds as to whether or not to tender their Stock Acquisition Rights and Convertible Bonds in response to the Tender Offer.

For the details of the above resolutions of the board of directors of the Target Company, please see "(v) Approvals from all directors without conflicts of interest and opinions from all statutory auditors without conflicts of interest in the Target Company to the effect that they have no objections" of "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 "Process of calculation" of "(2) Price of tender offer" of "4. Term, price and number of Share Certificates, Etc. for tender offer" above.

(2) Details of agreements between the Offeror and officers of the Target Company

(i) MBO Memorandum

The Integral Group has entered into the MBO Memorandum dated October 14, 2016 with Mr. Nemoto and Mr. Tsumura. In the MBO Memorandum, Mr. Nemoto agreed not to tender the Non-Tendered Shares (the number of shares held: 4,944,658 shares; and the ownership ratio: 11.94%) in the Tender Offer, to tender the Expected Tendered Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 137,100 shares; and the total ownership ratio: 0.33%) in the Tender Offer, and to waive without any consideration all of the Expected Waived Stock Acquisition Rights (Mr. Nemoto) (the total number of underlying shares: 70,000 shares; and the total ownership ratio: 0.17%) promptly after the successful completion of the Tender Offer. Also, in the MBO Memorandum, Mr. Tsumura agreed to tender the Expected Tendered Share Certificates, Etc. (Mr. Tsumura) (the total number of underlying shares: 135,400 shares; and the total ownership ratio: 0.33%) in the Tender Offer.

(ii) Shareholders Agreement

The Integral Group has entered into the Shareholders Agreement dated October 14, 2016 with Mr. Nemoto and Mr. Tsumura regarding the board composition of the Target Company after the Transaction, matters that require prior approvals related to the operation of the Target Company, and share transfer restrictions of the Target Company, etc.

For outline of contents of agreements including the MBO Memorandum and the Shareholders Agreement, please see "(i) MBO Memorandum" and "(iii) Shareholders

Agreement” of “(6) Matters regarding material agreement(s) related to the Tender Offer” of “3. Purposes of tender offer” of “I. Terms and conditions of tender offer” above.

- (3) Background, purpose and decision-making process leading to decision to conduct the Tender Offer, and management policy after the Tender Offer

Please see “(2) Background, purpose and decision-making process leading to decision to conduct the Tender Offer, and management policy after the Tender Offer” of “3. Purposes of tender offer” of “I. Terms and conditions of tender offer” above.

- (4) 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

Please see “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 “Process of calculation” of “(2) Price of tender offer” of “4. Term, price and number of Share Certificates, Etc. for tender offer” of “I. Terms and conditions of tender offer” above.

V. Conditions of the Target Company

1. Profits and losses, etc. for the past three years

(1) Profits and losses

(Japanese yen)

Fiscal year	-	-	-
Net sales	-	-	-
Sales cost	-	-	-
Selling, general and administrative expenses	-	-	-
Non-operating income	-	-	-
Non-operating expenses	-	-	-
Net income (loss)	-	-	-

(2) Profit and loss per share

(Japanese yen)

Fiscal year	-	-	-
Net income or loss per share	-	-	-
Dividend per share	-	-	-
Net assets per share	-	-	-

2. Share price information

(Japanese yen)

Names of financial instruments exchange or approved financial instruments dealers association	First Section of the Tokyo Stock Exchange						
Month	April 2016	May 2016	June 2016	July 2016	August 2016	September 2016	October 2016
Highest share price	699	571	560	524	472	453	540
Lowest share price	555	515	480	444	432	420	448

Note: The highest and lowest share prices for October 2016 represent the highest and lowest share prices up to and including October 14, 2016.

3. Shareholder information

(1) Breakdown by holders

as of

Description	Status of Shares (shares constituting 1 unit: shares)								Status of shares less than 1 unit (shares)
	National and local governments	Financial institutions	Financial instruments dealers	Other entities	Foreign entities, etc.		Individuals or others	Total	
					Other than Individuals	Individuals			
Number of shareholders	-	-	-	-	-	-	-	-	-
Number of shares held (units)	-	-	-	-	-	-	-	-	-
Proportion of number of shares held (%)	-	-	-	-	-	-	-	-	-

(2) Number of shares held by major shareholders and officers

(i) Major shareholders

Name or corporate name	Address or location	Number of shares held	as of
			Ratio to the total number of issued shares (%)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total	-	-	-

(ii) Officers

Name	Title	Job title	Number of shares held	as of
				Ratio to the total number of issued shares (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total	-	-	-	-

4. Matters concerning the Target Company which is an ongoing disclosure company

(1) Documents filed by the Target Company

- (i) Annual securities report and documents attached thereto
Annual securities report and documents attached thereto for the 46th term (from March 1, 2014 to February 28, 2015) were filed to the Director-General of the Kanto Local Finance Bureau on May 28, 2015
Annual securities report and documents attached thereto for the 47th term (from March 1, 2015 to February 29, 2016) were filed to the Director-General of the Kanto Local Finance Bureau on May 26, 2016

- (ii) Quarterly securities report or semiannual securities report
Quarterly Securities Report for the Second Quarter of the 48th Term (from June 1, 2016 to August 31, 2016) is filed to the Director-General of the Kanto Local Finance Bureau on October 14, 2016

- (iii) Extraordinary report
N/A

- (iv) Amendment report
N/A

(2) Place of public inspection of documents mentioned above

Aderans Company Limited
(13-4, Araki-cho, Shinjuku-ku, Tokyo)

Tokyo Stock Exchange, Inc.
(2-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)

5. Details, etc. of facts regarding implementation of tender offer that have been notified

N/A

6. Other matters

(1) Announcement of “Notice Regarding Revision to Dividend Forecast for Fiscal 2017”

It has been announced that the Target Company decided at the board of directors meeting held on October 14, 2016 to revise its dividend forecast for the fiscal year ending February 2017 and not to declare a year-end dividend for the fiscal year ending February 2017, on the condition that the Tender Offer is completed. Please refer to the announced notice for further details.

(2) Announcement of “Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast”

On October 14, 2016, the Target Company announced “Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast” and on October 17, 2016, the Target Company announced “(Correction) Partial Correction to ‘Notice regarding Differences between First Two-Quarter Performance Forecast and Actual Results and Revision of Full-Year Performance Forecast’”. Based on the announcement, overview of the difference between earnings forecast and actual earnings figures for consolidated cumulative second quarter for the fiscal year ending February 2017 and annual consolidated performance forecast for the fiscal year ending February 2017 for the Target Company are as follows. The overview of the announcement below is an excerpt of the notice announced by the Target Company. Please refer to the announced notice for further details.

Difference between performance forecast and actual earnings figures for consolidated cumulative second quarter for the fiscal year ending February 2017 (March 1, 2016 to August 31, 2016)

	Net Sales	Operating income	Ordinary income	Net quarterly income attributable to the shareholders of the parent company	Net quarterly income per share
Previous forecast (A)	40,000 million yen	200 million yen	190 million yen	30 million yen	0.86 yen
Actual earnings (B)	37,860 million yen	169 million yen	(1,245) million yen	(1,319) million yen	(37.85) yen
Difference (B-A)	(2,140) million yen	(31) million yen	(1,435) million yen	(1,349) million yen	—
Change	(5.3)%	(15.0)%	—	—	—
(Reference) Actual results for the second quarter for the fiscal year ended February 2016	39,842 million yen	459 million yen	821 million yen	349 million yen	10.00 yen

Annual consolidated performance forecast for the fiscal year ending February 2017 (March 1, 2016 to February 28, 2017)

	Net Sales	Operating income	Ordinary income	Net income attributable to the shareholders of the parent company	Net income per share
Previous forecast (A)	81,300 million yen	650 million yen	640 million yen	100 million yen	2.86 yen
Revised forecast (B)	77,462 million yen	(370) million yen	(1,520) million yen	(1,900) million yen	(54.49) yen
Difference (B-A)	(3,838) million yen	(1,020) million yen	(2,160) million yen	(2,000) million yen	—
Change	(4.7)%	—	—	—	—

(Reference) Actual results for the fiscal year ended February 2016	79,153 million yen	(125) million yen	(548) million yen	(1,860) million yen	(53.27) yen
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(3) Announcement of “Notice regarding Booking of Non-Operating Expenses (Foreign Exchange Losses)”

On October 14, 2016, the Target Company announced “Notice regarding Booking of Non-Operating Expenses (Foreign Exchange Losses)”. According to the notice, the Target Company posted foreign exchange losses of 1,419 million yen as non-operating expenses for the consolidated cumulative second quarter for the fiscal year ending February 2017 because of the yen’s appreciation. Please refer to the announced notice for further details.