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[Translation]

January 31, 2011

To Whom It May Concern:

Name of Company:	WPK Holdings Inc.
Name of Representative:	Shingo Ota, Representative Director

**Notice of Commencement of Tender Offer for
Share Certificates, Etc. of Works Applications Co., Ltd.**

WPK Holdings Inc. (the “Tender Offeror”) announces that as of today, it has decided to acquire the shares of common stock and stock acquisition rights of Works Applications Co., Ltd. (Code Number: 4329 on JASDAQ; the “Target Company”) by a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended, the “Act”). The details are as follows.

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

The Tender Offeror is a *kabushiki kaisha*, whose shares at present are 100% owned by Polaris K&C Investment Partnership (the “PK Partnership”) incorporated for the purpose of acquiring and holding the shares of common stock of the Target Company (the “Target Company Common Shares”) and the Stock Acquisition Rights of the Target Company (as defined in “(ii) Stock acquisition rights” of “(2) Class of Share Certificates, Etc. for the Tender Offer” of “2. Outline of the Tender Offer” below) through the Tender Offer. The PK Partnership is a partnership under the Civil Code whose partners are (i) Polaris Private Equity Fund II, L.P. (“PFII”), which Polaris Capital Group Co., Ltd. (“Polaris”) manages and controls as a general partner and (ii) Polaris Karita Kyodo Investment Limited Partnership (“Polaris Karita Kyodo LP”), which Polaris and Kabushiki Kaisha Karita and Company (“K&C”) manage and control as general partners. Each of the partners in the PK Partnership, namely PFII and Polaris Karita Kyodo LP, is an investment limited partnership incorporated under the Limited Partnership Act for Investment.

Polaris is a buyout fund management company incorporated in September 2004 and composed of 22 professional members, including President and Chief Executive Officer Mr. Yuji Kimura, having a wide variety of career backgrounds such as investment banking, business company, management consulting, and investment fund management. Its shareholders and fund investors include, but are not limited to, a great number of excellent Japanese financial institutions and other organizations such as Mizuho Securities Co., Ltd. (“Mizuho Securities”) and DIAM Co., Ltd. Polaris is a buyout fund whose major members are from The Industrial Bank of Japan, Limited, a former leader in industrial finance. In addition, Polaris performs a wide range of investment activities through PFII and other investment limited partnerships that Polaris manages and controls, including investments in unlisted companies with growth potential, spin-

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outs of business units or subsidiaries resulting from readjustment of business strategies by major companies, investments in unlisted shares when a joint venture company realigns or restructures its capital structure, or investments that involve the going private of a listed company that, from a medium-term perspective, requires a drastic change in its management strategy. In the last 6 years over, Polaris has achieved as many as 13 investment transactions in total, including 2 going private transactions. Polaris asserts that its management vision is to “help Japanese companies compete in the global market place with unique technologies and brands and thus make Japan an attractive place for foreign investors to invest,” and has a considerable track record and expertise in assisting portfolio companies to enhance their corporate value by means that include strengthening corporate governance, utilizing corporate financing techniques, and supporting the formulation and implementation of business plans.

K&C is a buyout fund management company incorporated in May 2007, and consists of members who have expertise in creating value as managers of business companies and abundant experience in investment and implementing exit strategies as buyout fund managers. Its business philosophy involves ascertaining management psychology and the “timing” of communication and achieving results that elicit stakeholder satisfaction by rationally maximizing corporate value through sharing appropriate solutions with management. K&C has been expanding its activities to create business value by organizing “new business opportunities,” “solutions for business challenges,” “personnel and teams,” and other resources for target companies that have investment needs in terms of “succession of business,” “activation of brands,” and “market reorganization.” In addition, K&C Representative Director Mr. Naobumi Karita served as an outside director of the Target Company for a period from September 2009 to April 2010, and K&C had already established a relationship by which K&C is able to satisfactorily communicate with directors and employees of the Target Company before the deliberation of the Transactions (defined below).

The Tender Offeror is implementing the Tender Offer as part of a series of transactions (the “Transactions”) for acquiring all of the outstanding shares of common stock of the Target Company (other than treasury shares owned by the Target Company; the Target Company does not own treasury shares as of today) and the Stock Acquisition Rights and for causing the Target Company Common Shares to go private.

The Tender Offer will be implemented with the approval of the Target Company’s board of directors in order to amicably acquire the Target Company Common Shares and the Stock Acquisition Rights as part of a so-called management buyout (MBO) (which means a transaction in which the management of a target company, in collaboration with financial investor(s), contributes funds to purchase the shares of the target company on the premise of continuing the business of the target company).

The Tender Offeror and PK Partnership have entered into a tender offer agreement dated January 28, 2011(the “Tender Offer Agreement”) with Mr. Masayuki Makino (“Mr. Makino”), who is a Representative Director and Chief Executive Officer of the Target Company (number of shares owned: 26,559 shares; shareholding ratio (note): 5.71%), Mr. Takashi Abe (“Mr. Abe”) who is a Representative Director and Chief Operating Officer of the Target Company (number of shares owned: 25,018 shares; shareholding ratio: 5.38%), and Mr. Yoshiro Ishikawa (“Mr. Ishikawa”); together with Mr. Makino and Mr. Abe, the “Management Team”) who is a Representative Director and Chief Technology Officer of the Target Company (number of shares owned: 49,977 shares; shareholding ratio: 10.75%). The Management Team has agreed under the Tender Offer

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Agreement to tender for the Tender Offer all of the Target Company Common Shares (total number of shares: 101,554 shares; shareholding ratio: 21.84%) that each member of the Management Team owns after extinguishing pledges (the “Pledges”) which have been created on 26,501 shares owned by Mr. Makino, 24,646 shares owned by Mr. Abe, and 43,037 shares owned by Mr. Ishikawa.

Upon consummation of the Tender Offer, the Tender Offeror plans to execute individual executive service agreements with each member of the Management Team and the PK Partnership regarding assumption of office as directors of the Target Company and the Tender Offeror after the consummation of the Tender Offer. In addition, if the Tender Offer is consummated, then promptly after settlement of the Tender Offer the Management Team plans to newly contribute the total of 3,800,000,000 yen to the Tender Offeror directly or through a company to which the Management Team contributes. Further, after requesting the employee stock ownership plan of the Target Company and its partners at the time of the Transactions to tender their shares and the Tender Offeror plans to issue shares of the Tender Offeror to the employee stock ownership plan for the employees of the Target Company after the consummation of the Tender Offer.

For the details of the Tender Offer Agreement, the executive service agreements described above, and the contribution to the Tender Offeror, please see “(3) Agreements on the Tender Offer” below.

The Tender Offeror plans to obtain a loan (the “Acquisition Loan”) from The Bank of Tokyo-Mitsubishi UFJ, Ltd. of up to 17,100,000,000 yen as funds required for the settlement of the Tender Offer. The detail loan terms and conditions of the Acquisition Loan will be separately discussed and stipulated in the loan agreement of the Acquisition Loan. The loan agreement for the Acquisition Loan will provide for the terms and conditions set out in ordinary acquisition finance transactions, such as precedent conditions for drawdown and financial covenants. The Target Company Common Shares to be acquired by the Tender Offeror as a result of the Tender Offer, the shares that are issued by the Tender Offeror and subscribed to by the PK Partnership and the Management Team (or a company to which the Management Team contributes), and certain assets of the Tender Offeror and PK Partnership will be offered as security. In addition, after the Target Company becomes a wholly-owned subsidiary of the Tender Offeror, the Target Company and the Target Company’s wholly-owned consolidated subsidiaries (excluding Works Products Co., Ltd.) will become jointly and severally liable guarantors of the Tender Offeror, and certain assets of the Target Company and certain assets of the Target Company’s wholly-owned consolidated subsidiaries (excluding Works Products Co., Ltd.) will be offered as security for the Acquisition Loan.

For the Tender Offer, the number of shares (304,367 shares) equal to 70% (fractions of less than one share are to be rounded down) of the total number of outstanding shares of the Target Company (434,811 shares) (the Target Company did not own treasury shares) as of September 30, 2010 indicated in the first quarterly report for the 15th fiscal year that was filed by the Target Company on November 11, 2010 is set as the minimum number of shares contemplated to be purchased. If the total number of tendered share certificates, etc. is less than the minimum number of shares contemplated to be purchased, the Tender Offeror will not purchase any of the tendered share certificates, etc. The minimum number of shares contemplated to be purchased (304,367 shares) is more than two-thirds (289,874 shares) of the total number of outstanding shares of the Target Company (434,811 shares) as described above. On the other hand, no limit has been set for the maximum number of shares contemplated to be purchased, and if the number

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of shares tendered equals or exceeds the minimum number of shares contemplated to be purchased, the Tender Offeror will purchase all of the tendered share certificates, etc. If the Tender Offeror is unable to acquire all of the outstanding shares of common stock of the Target Company through the Tender Offer, the Tender Offeror plans, as part of the Transactions and after the Tender Offer, to implement procedures for making the Target Company its wholly-owned subsidiary (details are set out in “(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”)” below) so that the Tender Offeror can acquire all of the outstanding shares of the Target Company.

(Note) Shareholding ratio means the ratio of shareholding as a percentage of the total number of shares (465,075 shares), which is equal to the sum of (a) the total number of outstanding shares (434,811 shares) as of September 30, 2010 indicated in the first quarterly report for the 15th fiscal year that was filed by the Target Company on November 11, 2010 and (b) the maximum number (30,264 shares) of the Target Company Common Shares that can be delivered upon exercise of the Stock Acquisition Rights as of September 30, 2010 indicated in the same first quarterly report for the 15th fiscal year. In this calculation, the shareholding ratio is rounded to the second decimal place.

(2) Background, grounds, and decision-making process for undertaking the Tender Offer

The background, grounds, and decision-making process for the Tender Offeror undertaking the Tender Offer and the management policy after the Tender Offer are as follows. Please note that the outline of the Target Company indicated below is based on the explanation provided by the Target Company.

The Target Company, whose corporate philosophy involves “We will improve efficiency of the IT investment by Japanese companies to the global level” and “We will provide the critical workers in Japan with the field of performance,” was incorporated by the Management Team in July 1996 and officially began selling an ERP (enterprise resource planning system) packaged software product for major companies called “COMPANY®” (Human resource and Payroll) in September 1996. Subsequently, the Target Company has proceeded to develop a comprehensive lineup for the “COMPANY®” series, and it has expanded its business into development, sale, support, and operation and maintenance services for packaged software products in various fields, such as accounting and SCM, in addition to personnel and salary management. The Target Company currently caters to major Japanese companies and aims to contribute to the enhanced competitive strength of its client companies by providing an information system (i) that comprehensively handles business practices and culture unique to Japan, (ii) that does not require individual software customization, and (iii) that realizes a high ROI (return on investment). In particular, the “COMPANY®” HR series, including “COMPANY®” (Human resource and Payroll) has been well received since its launch as a series of packaged software products that consistently achieves cost reductions in the field of personnel related products, which is traditionally a non-competitive field in which companies are not required to differentiate themselves from other companies, and holds a 55.3% market share for major domestic companies in this field (source: “Current status and foresight of ERP/CRM market from 2009 to 2010” published by Yano Research Institute Ltd.), and in fields other than personnel and salary management, a 15.7% market share for companies in the field of accounting (source: same as the above).

In recent years the Target Company has sought to quantitatively and qualitatively strengthen its

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human resources, mainly by hiring new graduates as management resources necessary for its growth strategies, which include development of a full line of products and dramatic quality enhancement. The Target Company has increased the number of employees (non-consolidated) by over 30% from the previous year for 2 consecutive fiscal years.

In addition, The Target Company continues to actively develop and invest in product feature expansion and quality enhancement and product implementation streamlining and to actively hire new graduates as well as hiring mid-career employees in a way unique to the Target Company in order to secure human resources necessary for such investments, and while it pushes forward with strengthening of its sales system, continuously carries out advance investment critical for growth by performing business acquisitions in the support service business field.

At the same time, IT investment in packaged software products, which are the main products of the Target Company, has stagnated because of declining corporate motivation to invest due to global financial instability originating in the United States and resulting poor corporate business performance. In light of these circumstances, the Target Company has been making efforts for several years to improve profitability such as significantly cutting outsourcing, hiring, and other related costs without limiting growth opportunities, downsizing its unprofitable SI business, and reassigning its staff to its support service business and product development division, but as a result of strategically adding and increasing expenditure, especially personal expenditure, critical for its implementation of growth strategies, the Target Company's business performance has unavoidably stagnated.

Although corporate attitudes toward IT investment seem more positive than they were immediately after the so-called Lehman shock, there are still few signs of recovery. Under these circumstances, if the Target Company boldly proceeds various investments that it considers necessary for implementation of its growth strategies, it is not able to nullify the possibility that poor business performance will continue, at least in the short term. In addition, it is critical for the Target Company to implement more efficient allocation of management resources and more agile management to respond to substantial changes in the recent business environment.

Polaris and K&C believe that in order for the Target Company to achieve medium- and long-term improvement in corporate value in such a severe business climate it is critical for its growth to do the following without being constrained by concerns regarding short-term sales, profits, or stock prices: enhance product features and quality for its entire lineup of products, including personnel and salary products and accounting and SCM products (supply chain management or product management products); conduct basic technological development for cloud computing and other systems; strengthen and diversify its service business; and maintain and strengthen active investment in management resources including various development activities and personnel resources such as in market development, including investment in overseas business development.

In a financial environment showing delayed recovery for investments in IT, if the Target Company continues investment necessary for such medium- and long-term business development, it is anticipated that its profit level will temporarily decline due to slow growth in sales, which is expected to result in an adverse effect on stock prices. In addition, due to short-term changes in business performance, it is possible that the Target Company will not necessarily be subject to satisfactory evaluation in the capital markets and will be unable to respond to the expectations of the Target Company's shareholders.

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Taking into consideration these circumstances, Polaris and K&C have determined that a change in business is necessary in the medium- to long-term, which includes continuous medium- and long-term sustainable active investment in management resources including development and personnel resources critical for its growth and drastic structural change without being excessively influenced by changes in short-term business performance, in order for the Target Company to swiftly adjust to this severe operating environment and to achieve increased corporate value. Since October 2010, Polaris and K&C and the Management Team have carefully deliberated on this matter. As a result, the Management Team recognized that Polaris and K&C deeply understand the medium- and long-term growth strategies of the Target Company and have made clear their attitudes toward supporting the achievement of such strategies. In January 2011, Polaris and K&C concluded together with the Management Team that the Target Company going private by the Tender Offeror acquiring all of the shares of the Target Company is the most effective solution for the Target Company (a) to prevent the shareholders from being burdened by any risk arising from unstable stock prices, if upon the Target Company conducting active investment, the profit level temporarily declines due to external or temporary reasons and such a result is not acceptable to the shareholders and (b) to respond quickly to changes in the management environment and adeptly make decisions that take into consideration possible business globalization, including measures such as a merger, split, and relocation of headquarters or subsidiaries to foreign countries. After the Target Company goes private, the Tender Offeror will strive to achieve a series of management reforms by causing the Management Team to cooperate with Polaris and K&C based on their relationship of mutual trust, and by causing the Management Team and its employees to strive together to establish a system to enable the Target Company to change its business, under the leadership of the Management Team and with the financial and managerial administrative support of Polaris and K&C which have extensive expertise relating to portfolio companies.

(3) Agreements on the Tender Offer

The Tender Offeror and PK Partnership have entered into the Tender Offer Agreement with the Management Team. The Management Team has agreed under the Tender Offer Agreement to tender for the Tender Offer all of the Target Company Common Shares (total number of shares: 101,554 shares; shareholding ratio: 21.84 %) that each member of the Management Team holds after extinguishing the Pledges. If the Tender Offer is consummated, the Management Team also agrees to promptly waive for no compensation all of the Stock Acquisition Rights (117 of the first series of the Stock Acquisition Rights and 20,828 of the fourth series of the Stock Acquisition Rights) owned by the Management Team.

The Management Team may, by giving written notice to all of the other parties, immediately cancel the Tender Offer Agreement if the Tender Offeror or the PK Partnership breaches any of its material duties (including confidentiality obligations and prohibition on transfer of its contractual status) under the Tender Offer Agreement or if there has been a material breach of any representations or warranties of the Tender Offeror or the PK Partnership (see Note 1) set out in the Tender Offer Agreement. However, even if the Management Team terminates the Tender Offer Agreement in such a case, each member of the Management Team is not prohibited or restricted from tendering shares for the Tender Offer at his own discretion.

In addition, the Tender Offeror or the PK Partnership may, by giving written notice to all of the other parties, immediately cancel the Tender Offer Agreement if the Management Team breaches any of its material duties (including any of the following: obligations to tender shares for the Tender Offer after extinguishing the Pledges created on all of the Target Company

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Common Shares owned by the Management Team; obligations to operate or cause others to operate business and manage assets with the due care of a good manager and within substantially the same scope as it performed with respect to the Target Company and its subsidiaries before the execution date of the Tender Offer Agreement and within the scope of ordinary business; confidentiality obligations; and prohibition of transfer of its contractual status) under the Tender Offer Agreement or if there has been a material breach of any representations or warranties of the Management Team (see Note 2) set out in the Tender Offer Agreement. However, even if the Tender Offeror or the PK Partnership terminates the Tender Offer Agreement in such a case, each member of the Management Team is not prohibited or restricted from tendering shares for the Tender Offer at his own discretion.

(Note 1) Provisions regarding representations and warranties of the Tender Offeror and the PK Partnership set out in the Tender Offer Agreement include, but are not limited to, the following matters: (i) existence of the Tender Offeror and the PK Partnership; (ii) power and authority necessary for execution and performance of the Tender Offer Agreement; (iii) legal binding obligation and enforceability of the Tender Offer Agreement; (iv) no conflict with any laws and ordinances regarding the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (v) acquisition and performance of approvals and licenses necessary for the execution and performance of the Tender Offer Agreement and the performance of the Transactions.

(Note 2) Provisions regarding representations and warranties of the Management Team set out in the Tender Offer Agreement include, but are not limited to, the following matters: (i) with respect to the Management Team, (a) rights, powers and capacities necessary for the execution and performance of the Tender Offer Agreement, (b) legal binding obligation and enforceability of the Tender Offer Agreement, (c) no conflict with any laws and regulations regarding the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (d) acquisition and performance of approvals and licenses necessary for the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (e) holding of the Target Company Common Shares and no encumbrances and (f) observing the obligations (including obligations with the due care of a good manager) of directors of the Target Companies, etc.; and (ii) with respect to the Target Company and others, (a) incorporation and existence thereof, (b) no conflict with laws and ordinances regarding the performance of the Transactions, (c) no bankruptcy proceedings or other proceedings, (d) accuracy of information disclosed to the Tender Offeror or the PK Partnership, (e) valid issue of shares, etc. and no other latent shares, etc., (f) holding of shares of subsidiaries and affiliates by the Target Company, (g) no other subsidiaries or affiliates, (h) accuracy of financial statements, (i) no subsequent events or other contingent liabilities, (j) legal and effective execution of material contracts and no event of default of material contracts, (k) authority to hold or use assets necessary for business and no encumbrances on its own assets, (l) compliance with laws and ordinances, (m) acquisition and performance of approvals and licenses, (n) no legal proceedings, (o) declaration and payment of taxes and public charges, (p) compliance with labor-related laws and ordinances, (q) no lack of reserve for retirement allowances and no accrued salary, (r) terms and conditions of insurance and payment of insurance premiums, and (s) no relationship with antisocial forces.

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The Management Team also agrees under the Tender Offer Agreement to enter into each of the following agreements if the Tender Offer is consummated:

- (i) individual executive service agreements executed between the Tender Offeror and the PK Partnership and each individual member of the Management Team regarding the assumption of office as directors of the Target Company and the Tender Offeror after the consummation of the Tender Offer;
 - (ii) individual share subscription agreements executed between the Tender Offeror and each individual member of the Management Team regarding the new contribution of 3,800,000,000 yen in total by the Management Team to the Tender Offeror promptly after the settlement of the Tender Offer directly or through a company to which the Management Team contributes;
 - (iii) individual share pledge agreements executed between the Bank of Tokyo-Mitsubishi UFJ, Ltd. and each individual member of the Management Team regarding creation of a pledge over all of the shares of the Tender Offeror that are subscribed to by the Management Team directly or through an asset management company of the Management Team, for the purpose of securing obligations owed by the Tender Offeror to the Bank of Tokyo-Mitsubishi UFJ, Ltd. in relation to the Acquisition Loan; and
 - (iv) a shareholders agreement executed with the PK Partnership, Polaris Karita Kyodo LP, PFII and an asset management company of the Management Team regarding matters for approval and reports, etc. concerning composition of officers and operations, etc. of the Tender Offeror and the Target Company after the consummation of the Tender Offer and restriction on transfer, etc. of shares of the Tender Offeror that are planned to be subscribed by the Management Team directly or through a company to which the Management Team contributes and restriction on transfer, etc. of shares of the Tender Offeror owned by the PK Partnership.
- (4) Measures to ensure fairness of tender offer price, measures to avoid conflicts of interest, and other measures to ensure fairness of the Tender Offer

The Tender Offeror and the Target Company recognize that the Tender Offer will be carried out as part of the Transactions for a management buyout (MBO) and that there may be an issue of structural conflicts of interest, and so they have taken the measures set out below as principal measures to ensure the fairness of the Transactions including the Tender Offer from the perspectives of (a) ensuring the fairness of the tender offer price of the Target Company Common Shares in the Tender Offer (the “Tender Offer Price”), (b) eliminating arbitrariness in the decision-making process leading to the decision to carry out the Tender Offer, and (c) avoiding conflicts of interest. (Please note that the statements below on the measures taken by the Target Company are based on the explanations given by the Target Company.)

- (i) Deliberation on appropriateness of price

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price the Tender Offeror requested Mizuho Securities, a third-party appraiser that is independent

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of both the Tender Offeror and the Target Company, to value the Target Company's shares, received the valuation report on January 31, 2011 ("Valuation Report (Mizuho Securities)") and used it as a reference.

In valuing the Target Company's shares, after considering factors such as the financial conditions of the Target Company and trends in market value of the Target Company Common Shares, Mizuho Securities decided it appropriate to value the shares multilaterally and valued the Target Company's shares by using the average market price method, the comparable company method, and the discounted cash flow method (the "DCF Method"). According to the Valuation Report (Mizuho Securities), the ranges of value per share of the Target Company are 38,355 yen to 42,104 yen by the average market price method, 49,958 yen to 56,987 yen by the comparable company method, and 48,012 yen to 58,452 yen by the DCF Method.

For the average market price method, the record date was set at January 28, 2011, and the valuation was made based on the closing price on the record date (41,000 yen) and the volume weighted average closing prices for the last one-month, three-month, and six-month periods prior to the record date (42,104 yen, 38,355 yen, and 38,436 yen, respectively). The range of 38,355 yen to 42,104 yen per share was derived through this analysis using the average market price method.

For the comparable company method, multiple listed companies engaged in businesses similar to those conducted by the Target Company were selected to value the Target Company's shares by comparing the market value of shares and comparing financial indicators representing profitability. The range of 49,958 yen to 56,987 yen per share was derived through this analysis using the comparable company method.

For the DCF Method, the free cash flow expected to be created by the business activities of the Target Company in the future based on the Target Company's estimated future earnings, which were derived by considering factors such as the Target Company's financial prospects, information about the Target Company submitted to Mizuho Securities, the trends in the Target Company's performance to date, and publicly disclosed information (and not based on the consolidated results for the second quarter of the fiscal year ending June 2011 set out in the summary of financial results for the second quarter of the fiscal year ending June 2011 published by the Target Company on January 31, 2011 and the announcements made by the Target Company regarding the projected consolidated results for the fiscal year ending June 2011), was discounted to the current value by using a certain discount rate in order to analyze the Target Company's corporate value and share value. The range of 48,012 yen to 58,452 yen per share was derived through this analysis using the DCF Method.

The Tender Offeror deliberated the Tender Offer Price by using as a reference the valuation results in the Valuation Report (Mizuho Securities). In addition, by comprehensively taking into account factors such as whether the Target Company would express an affirmative opinion on the Tender Offer, trends in the market value of the Target Company Common Shares, the level of premiums added to the market share values in tender offers for share certificates, etc. carried out in the past as part of an MBO by a party other than an issuer, and prospects for tendering in the Tender Offer, and based on the judgment that it would be reasonable to offer the existing shareholders of the Target Company a tender offer price consisting of the market share value of the Target Company Common Shares plus a sufficient premium, the Tender Offeror ultimately decided on the Tender Offer Price of 55,000 yen per share on January 31, 2011 through discussion and negotiation with the Target Company. The Tender Offeror has not obtained an

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opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

The Tender Offer Price includes a premium of (a) 34.15% (rounded to two decimal places) on 41,000 yen, which is the closing price of the Target Company Common Shares quoted on the Osaka Securities Exchange JASDAQ (Standard) (“OSE JASDAQ”) (see note below) on January 28, 2011, which is the business day preceding the public announcement date of the Tender Offer, (b) 30.63% (rounded to two decimal places) on 42,104 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last one month from the business day preceding the public announcement date of the Tender Offer, (c) 43.40% (rounded to two decimal places) on 38,355 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last three months from the business day preceding the public announcement date of the Tender Offer, and (d) 43.10% (rounded to two decimal places) on 38,436 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last six months from the business day preceding the public announcement date of the Tender Offer.

(Note) The prices were quoted on the OSE JASDAQ on and after October 12, 2010, and quoted on the Osaka Securities Exchange (JASDAQ Market) before that day. As Osaka Securities Exchange, Co., Ltd. merged with JASDAQ Securities Exchange, Inc. on April 1, 2010, the prices were based on the share prices quoted on the JASDAQ Securities Exchange on or before March 31, 2010.

The Stock Acquisition Rights are also subject to the Tender Offer. However, all the Stock Acquisition Rights subject to the Tender Offer were issued as stock options to the directors, employees, or statutory auditors of the Target Company or its affiliates, and it is understood that the Tender Offeror is not permitted to exercise the Stock Acquisition Rights even if the Tender Offeror purchases the Stock Acquisition Rights through the Tender Offer, taking into account that the holders of the Stock Acquisition Rights (“Stock Acquisition Rights Holders”) are subject to the following requirements: (a) a holder of Series 1 Stock Acquisition Rights and Series 2 Stock Acquisition Rights must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates at the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); (b) a holder of Series 3 Stock Acquisition Rights, must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); and (c) a holder of Series 4 Stock Acquisition Rights must hold the position of director of the Target Company continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances). In addition, the exercise price of the Stock Acquisition Rights is higher than the Tender Offer Price. For these reasons, the Tender Offeror decided on the tender offer price of 1 yen per Share Acquisition Right subject to the Tender Offer.

On the other hand, according to the “Notice Regarding Implementation of MBO and Recommendation of Tendering” released by the Target Company on January 31, 2011 (“Target Company Press Release”), in order to ensure the fairness of the Tender Offer Price, when evaluating the Tender Offer Price the Target Company requested Trustees Advisory Co., Ltd. (“Trustees”), a third-party appraiser that is independent of both the Target Company and Tender Offer and is not a related party, to value the Target Company’s shares and obtained a valuation

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report (“Valuation Report (Trustees)”) on January 31, 2011 (the Target Company has not obtained an opinion on the fairness of the Tender Offer Price (a fairness opinion) from Trustees).

From the beginning the Target Company has requested Trustees to value the Target Company’s shares, and there is no evidence that the Target Company has changed its appraiser. The results of valuation of the Target Company Common Shares by Trustees are set out below.

Trustees valued the Target Company Common Shares in accordance with certain assumptions and conditions based on the financial information provided by the Target Company and the Target Company Business Plans (see note below). Based on the assumption that the Target Company is a going concern, Trustees decided it appropriate to value the shares multilaterally and valued the Target Company’s shares by using the market price method, the comparable company method, and the DCF Method.

According to the Valuation Report (Trustees), the ranges of value per share of the Target Company are 38,355 yen to 42,104 yen by the average market price method, 29,684 yen to 41,974 yen by the comparable company method, and 49,073 yen to 60,056 yen by the DCF Method.

For the average market price method, the record date was set at January 28, 2011, and the ranges of value per share were calculated based on the closing price on the record date (41,000 yen) and the volume weighted average (closing) prices for the last one-month, three-month, and six-month periods prior to the record date (42,104 yen, 38,355 yen, and 38,436 yen, respectively).

For the comparable company method, multiple listed companies engaged in businesses similar to those conducted by the Target Company were selected to value the Target Company’s shares by comparing the market value of shares and comparing financial indicators representing profitability. The range of per share was derived through this analysis using the comparable company method.

For the DCF Method, the free cash flow expected to be created by the Target Company in the future based on the Target Company’s estimated future earnings for the fiscal year ending June 2011 and later periods, which were derived by examining interviews with the Management Team and materials obtained by the Target Company regarding the Target Company’s financial information and the Target Company Business Plans (see note below), was discounted to the current value by using a certain discount rate in order to analyze the corporate value and share value. In this way, the range of per share value was derived through this analysis using the DCF Method.

(Note) The “Target Company Business Plans” are composed of the medium-term business plan (consolidated) and its related materials included in the annual securities report for the 14th fiscal year that was filed on September 28, 2010. According to the medium-term business plan, (i) the estimated sales and current profit for the fiscal year ending June 2011 are 25.73 billion yen and 1.9 billion yen, respectively, (ii) the estimated sales and current profit for the fiscal year ending June 2012 are 30.1 billion yen and 2.5 billion yen, respectively, (iii) the estimated sales and current profit for the fiscal year ending June 2013 are 35.5 billion yen and 3 billion yen, respectively, and (iv) the estimated sales and current profit for the fiscal year ending June 2014 are 41.5 billion yen and 3.5 billion yen, respectively.

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(ii) Deliberation, discussion, and negotiation by the Target Company Project Team

Following a notification by the Management Team and Polaris and K&C that they were deliberating the Transactions including the Tender Offer, and taking into account that the Tender Offer will be implemented as part of transactions for an MBO and there may be an issue of structural conflicts of interest between the Target Company and the Management Team, the Target Company held a meeting of the Target Company's board of directors in November, 2010 in order to decide how to deal with the Transactions including the Tender Offer. At that meeting, the Target Company established a project team for the Transactions ("Target Company Project Team") to be lead by Jun Hosoya, who is an outside director of the Target Company and who does not have any special interest in the Transactions including the Tender Offer, for the purpose of (a) eliminating arbitrariness as much as possible in the decision-making process regarding the Transactions, and (b) discussing, deliberating, and negotiating the Transactions including the Tender Offer from the perspectives of the Target Company's corporate value and the overall interests of shareholders. Thereafter, The Target Company Project Team discussed and deliberated the merits and demerits of the Transactions including the Tender Offer from the perspectives above and discussed and negotiated on many occasions with the Tender Offeror regarding the Transactions including the Tender Offer. The Management Team, in its position as the director of the Target Company, did not participate in the Target Company Project Team, and Jun Hosoya, who is an outside director of the Target Company, took a central role in the deliberation, discussion, and negotiation, thus, the Target Company Project Team was independent of the Management Team.

(iii) Establishment of third-party committee by the Target Company

According to the Target Company Press Release, the Target Company's board of directors resolved on January 7, 2011 to establish a third-party committee composed of outside experts independent of the Target Company and the Tender Offeror in order to eliminate arbitrariness in the Target Company's decision-making regarding the Tender Offer and to secure a fair, transparent, and objective decision-making process. (Hideya Taida (current outside statutory auditor of the Target Company and chairman of the third-party committee), Akira Nishida (attorney-at-law, Nishida Law Office), and Wataru Yoshizawa (certified public accountant, Yoshizawa Certified Public Accountant Office), who are independent of the Target Company and the Tender Offeror, were appointed as the members of the third-party committee. Except for Hideya Taida's position, stated above, as outside statutory auditor of the Target Company, there is no current or past business relationship between each member of the third-party committee and the Target Company or the Tender Offeror. Also, the Target Company has appointed these three persons as members of the third-party committee from the beginning, and there is no evidence that the Target Company has changed those members.) In order to deliberate details of the opinion to be expressed by the Target Company on the Tender Offer, the Target Company's board of directors also resolved on the same day to consult the third-party committee regarding whether (i) the transactions including the Tender Offer for making the Target Company go private will enhance the corporate value of the Target Company, (ii) the fairness of the Tender Offer Price has been ensured, and (iii) the Tender Offer takes into account the interests of shareholders of the Target Company through fair procedures. Third-party committee meetings were held five times in total during the period from January 7, 2011 to January 31, 2011, where these three matters for consultation posed by the Target Company's board of directors were carefully deliberated. In the course of these deliberations, the third-party committee (a) received explanations from Mr. Makino, representative director and CEO of the Target Company, Polaris, and K&C about the background of the Tender Offer, progress of deliberations, and the

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Tender Offeror's opinion on the Tender Offer, (b) interviewed and asked Mr. Makino, representative director and CEO of the Target Company, Polaris, and K&C questions, and (c) examined related documents. Also, in order to use as a reference the Valuation Report (Trustees) submitted by Trustees to the Target Company, the third-party committee received explanations from Trustees about the valuation of shares of the Target Company. Under these circumstances, the third-party committee decided the following, and reported these decisions to the Target Company's board of directors on January 31, 2011: (i) the transactions including the Tender Offer for making the Target Company go private will enhance the corporate value of the Target Company over the medium and long term; (ii) fairness of the Tender Offer Price has been ensured; and (iii) there are no particular reservations about the fairness of procedures for the transactions including the Tender Offer for making the Target Company go private, and these transactions take into account the interests of minority shareholders of the Target Company. In addition, the third-party committee stated in its report the opinion that a series of transactions (the Transactions) for making the Target Company Common Shares go private, including the transactions set out in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions")," is not disadvantageous to the interests of minority shareholders of the Target Company.

(iv) Legal advice from independent law firm

According to the Target Company Press Release, the Target Company has obtained from Nagashima Ohno & Tsunematsu, a legal advisor independent of the Target Company and the Tender Offeror, legal advice on (a) the decision-making process regarding expressing opinions on the Tender Offer, (b) the method of decision-making, and (c) other considerations. The Target Company has appointed Nagashima Ohno & Tsunematsu as its legal advisor from the beginning, and there is no evidence that the Target Company has changed its legal advisor.

(v) Unanimous consent of non-interested directors and statutory auditors

According to the Target Company Press Release, the Target Company's board of directors carefully deliberated the terms and conditions of the Tender Offer based on the Valuation Report (Trustees) received from Trustees, the report received from the third-party committee, the legal advice received from Nagashima Ohno & Tsunematsu, and other related materials. As a result of those deliberations, at the Target Company's board of directors meeting held on January 31, 2011 the Target Company's board of directors decided, through careful discussion and deliberation on the tender offer price for the Tender Offer and the appropriateness of the terms and conditions of the Tender Offer from the perspectives of the financial conditions and business environment of the Target Company and equality between the shareholders, that it will contribute to the enhancement of the Target Company's corporate value over the medium and long term to make the Target Company Common Shares go private and make the Target Company a wholly-owned subsidiary of the Tender Offeror, that the terms and conditions of the Tender Offer are reasonable, and that the Tender Offer takes into account the interests to be received by the shareholders of the Target Company through fair procedures so that these interests will not be damaged. For these reasons, the Target Company's board of directors resolved at the same meeting to express an affirmative opinion on the Tender Offer and to express an opinion recommending that the shareholders of the Target Company tender their shares for the Tender Offer. Also, all of the statutory auditors of the Target Company attended that meeting and expressed their opinion that they do not object to the Target Company's board of directors expressing an affirmative opinion on the Tender Offer and recommending that the shareholders of the Target Company tender their shares for the Tender Offer as statutory auditor.

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On the other hand, the Target Company's board of directors resolved that the decision regarding whether to tender the Stock Acquisition Rights for the Tender Offer will be left to the judgment of the holders of the Stock Acquisition Rights because the Stock Acquisition Rights were issued as stock options to the directors, employees, or statutory auditors of the Target Company or its affiliates, and the tender offer price is set at 1 yen.

The Management Team has held discussions and deliberations with the Tender Offeror based on the premise of entering into the Tender Offer Agreement with the Tender Offeror and intends to contribute funds to the Tender Offeror after the settlement of the Tender Offer. Taking into account that this would result in structural conflicts of interest with the Target Company, the Management Team (a) in light of each member's status as a special interest party, did not participate in any discussion or resolution of the board of directors regarding the Transactions including the resolution to express an affirmative opinion on the Tender Offer and (b) in its position as the director of the Target Company, did not participate in any discussion or negotiation with the Tender Offeror.

Accordingly, Mr. Jun Hosoya and Mr. Noboru Hachimine, both of whom are outside directors of the Target Company, made the resolutions at the Target Company's board of directors meeting stated above after careful discussion and deliberation in its position which is independent of the Management Team. Also, at the Target Company's board of directors meeting, an outline of the Transactions including the Tender Offer and details of the report received from the third party-committee were explained in full detail to all officers (excluding the Management Team) of the Target Company who did not belong to the Target Company Project Team or the third-party committee prior to the discussion and resolution of proposals regarding the Tender Offer stated above, thus all officers (excluding the Management Team) of the Target Company who did not belong to the Target Company Project Team or the third-party committee were also fully informed about the Transactions.

(vi) Securing objectivity to ensure appropriateness of price

The Tender Offeror has set the period for the Tender Offer ("Tender Offer Period") as 30 business days, while the minimum Tender Offer Period stipulated by laws and ordinances is 20 business days. By setting a relatively long Tender Offer Period of 30 business days, the Tender Offeror intends to secure a suitable opportunity for shareholders of the Target Company to decide on whether to tender their shares for the Tender Offer and to ensure the fairness of the tender offer price by providing an opportunity for any party other than the Tender Offeror to make a counter offer. The Tender Offeror has not made any agreement with the Target Company to prohibit the Target Company from contacting any proponent of a counter offer.

(vii) Minimum number of shares contemplated to be purchased

The Tender Offeror has decided that the consummation of the Tender Offer is subject to the condition that shares equal to or more than 304,367 shares (fractions of less than one share are to be rounded down) are tendered in the Tender Offer, which is 70% of the total number of outstanding shares of the Target Company (434,811 shares) (the Target Company does not own treasury shares as of today). The minimum number of shares contemplated to be purchased (304,367 shares) is more than the number of shares (289,874 shares) equal to two-thirds of the total number of outstanding shares of the Target Company (434,811 shares) as described above. Accordingly, the Tender Offeror respects the intentions of the shareholders of the Target

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Company by ensuring that the Tender Offeror will not carry out the Transactions unless more than two-thirds of the Target Company Common Shares owned by the shareholders of the Target Company are tendered in the Tender Offer.

- (5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called “two-step acquisitions”)

If the Tender Offeror fails to acquire all shares of the Target Company excluding the treasury shares through the Tender Offer, then after the consummation of the Tender Offer, the Tender Offeror plans, as part of the Transactions and by the method set out below, to carry out procedures for acquiring all outstanding shares of common stock of the Target Company (excluding the treasury shares) (“Procedures to Make the Target Company a Wholly-Owned Subsidiary”), while providing the shareholders of the Target Company, excluding the Tender Offeror, with opportunities to sell their shares of the Target Company.

Specifically, after the consummation of the Tender Offer, the Tender Offeror intends to request the Target Company to hold an extraordinary general shareholders meeting at which the following proposals will be submitted: (i) to change the Target Company to a company with multiple classes of shares as stipulated by the Companies Act through the amendment to the articles of incorporation of the Target Company; (ii) to convert all shares of common stock issued by the Target Company into shares subject to a class-wide call (*zenbu shutoku joko*; as defined in Article 108, Paragraph 1, Item 7 of the Companies Act; the same applies hereinafter) through the amendment to the articles of incorporation of the Target Company; and (iii) to deliver a different class of shares of the Target Company in exchange for the acquisition of all the Target Company Common Shares (other than the treasury shares) (the Target Company does not intend to apply for listing of that different class of shares of the Target Company to be delivered). The Tender Offeror also intends to request the Target Company to hold a general class shareholders meeting consisting of the shareholders of common stock of the Target Company at which proposals including amendment to the articles of incorporation referred to in (ii) above will be submitted.

The Tender Offeror is expected to hold two-thirds or more of the Target Company Common Shares (excluding the treasury shares) upon the consummation of the Tender Offer and intends to vote in favor of each of proposals above at the extraordinary general shareholders meeting and the general class shareholders meeting set out above. If each of the procedures above is carried out, all of the Target Company Common Shares will be converted to shares subject to a class-wide call and then acquired by the Target Company. While a different class of shares of the Target Company will be delivered to the shareholders of the Target Company as consideration for the acquisition, the shareholders who will receive a fraction of one share of that different class of shares of the Target Company will instead receive an amount of money obtained by the sale or other disposal of that different class of shares of the Target Company equal to the total of the fractions (any fraction of that total will be rounded down to the nearest whole share), in accordance with the procedures stipulated in Article 234 of the Companies Act and other relevant laws and ordinances. The Tender Offeror intends to request the Target Company to calculate the amount of money to be delivered to each shareholder as a result of selling the different class of shares of the Target Company equal to the total of the fractions so that the amount of money will be equal to the Tender Offer Price multiplied by the number of the Target Company Common Shares owned by the shareholder. The class and number of shares of the Target Company to be delivered as consideration for the acquisition of shares of common stock subject to a class-wide call remains undetermined as of today. However, the Tender Offeror intends to

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request the Target Company to decide on a class and number so that the number of shares of the Target Company to be delivered to the shareholders of the Target Company (excluding the Tender Offeror) who did not tender their shares for the Tender Offer will be a fraction of one share in order for the Tender Offeror to own all of the outstanding shares of the Target Company.

The provisions under the Companies Act that are designed to protect minority shareholders' rights in relation to the procedures above provide that (a) the shareholders may request the purchase of their shares in accordance with Article 116 and Article 117 of the Companies Act and provisions of other relevant laws and ordinances if the articles of incorporation are amended to convert all common shares into shares subject to a class-wide call as set out in (ii) above and (b) the shareholders may file a petition to determine the acquisition price of their shares in accordance with Article 172 of the Companies Act and provisions of other relevant laws and ordinances if the acquisition of all the Target Company Common Shares subject to the class-wide call (excluding the treasury shares) set out in (iii) above is resolved at a general shareholders meeting of the Target Company. The purchase price and acquisition price per share under (a) or (b) will ultimately be decided by a court.

Procedures to Make the Target Company a Wholly-Owned Subsidiary may be replaced with other methods that have a substantially the same effect depending on the interpretation of any relevant law or ordinance by relevant authorities, the holding ratio of share certificates, etc. of the Tender Offeror after the Tender Offer, and the ownership of shares of the Target Company by the shareholders of the Target Company other than the Tender Offeror after the Tender Offer. However, even in that case, the Tender Offeror intends to adopt a method whereby it will ultimately deliver money to the Target Company's shareholders other than the Tender Offeror. The amount of money to be delivered to the Target Company's shareholders other than the Tender Offeror in that case is also expected to be calculated by the Target Company so that the amount of money will be equal to the Tender Offer Price multiplied by the number of the Target Company Common Shares owned by the shareholders. Specific procedures to be implemented in that case will be announced as soon as they are decided upon consultation with the Target Company.

The Tender Offeror intends to request the Target Company to hold the extraordinary general shareholders meeting and general class shareholders meeting set out above by around May or June 2011. Specific procedures and timing is expected to be announced by the Target Company as soon as a decision is made upon discussion between the Tender Offeror and the Target Company. After the completion of the Tender Offer and the Procedures to Make the Target Company a Wholly-Owned Subsidiary, the Tender Offeror intends to carry out a merger between the Tender Offeror and the Target Company (decisions regarding the timing of the merger and which of the Tender Offeror or the Target Company will become the surviving company have not been made at this time).

If the Tender Offeror fails to acquire all of the Stock Acquisition Rights despite the consummation of the Tender Offer, the Tender Offeror intends to request the Target Company to carry out procedures reasonably necessary for the Transactions, including recommending the waiving of the Stock Acquisition Rights.

According to the "Notification Regarding Revision of Dividends Forecast for Fiscal Year Ending June 2011" announced by the Target Company on January 31, 2011, at the board of directors meeting held on January 31, 2011, the Target Company also resolved not to pay out year-end dividends of surplus as of June 30, 2011 if the Tender Offer is consummated.

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The Tender Offer is not an offer intended to solicit the approval of the shareholders of the Target Company at the extraordinary general shareholders meeting and general class shareholders meeting stated above. Further, each shareholder should at its own responsibility confirm with tax experts with respect to any tax treatment in tendering shares for the Tender Offer, delivery of money under the Procedures to Make the Target Company a Wholly-Owned Subsidiary, or sale of shares pursuant to the share purchase request under the Procedures to Make the Target Company a Wholly-Owned Subsidiary.

(6) Possibility of and reasons for delisting

The Target Company Common Shares are listed on the OSE JASDAQ as of today. However, since the Tender Offeror has not set a maximum limit on the number of shares contemplated to be purchased in the Tender Offer, the Target Company Common Shares may be delisted through prescribed procedures if they fall under the OSE JASDAQ's criteria for delisting as a result of the Tender Offer. Also, even if the Target Company Common Shares do not fall under that criteria, as the Tender Offeror intends to acquire all the Target Company Common Shares (excluding treasury shares) after the Tender Offer in accordance with applicable laws and ordinances in the manner set out in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions"))" above, the Target Company Common Shares will be delisted in that case. After delisting, it will not be possible to trade the Target Company Common Shares on the OSE JASDAQ.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(1) Name	Works Applications Co., Ltd.	
(2) Address	1-12-32 Akasaka, Minato-ku, Tokyo	
(3) Name and Title of Representative	Masayuki Makino, Representative Director and Chief Executive Officer	
(4) Type of Business	Development and sale of and support for packaged software of ERP for major companies	
(5) Stated Capital	3,272,006,000 yen (as of September 30, 2010)	
(6) Date of Incorporation	July 24, 1996	
(7) Major Shareholders and Shareholding Ratios (as of June 30, 2010)	Yoshiro Ishikawa	11.49%
	Japan Trustee Services Bank, Ltd. (Trust Unit)	9.82%
	Master Trust Bank of Japan, Co., Ltd. (Trust Unit)	9.77%
	The Chase Manhattan Bank, N.A. London, S.L. Omnibus Account (Standing Proxy: Settlement Sales Department of Mizuho Corporate Bank Ltd.)	6.18%
	Masayuki Makino	6.11%
	Takashi Abe	5.75%
	Japan Trustee Services Bank, Ltd. (Trust Unit 9)	4.25%
	Mellon Bank ABN AMRO Global Custody N.V. (Standing Proxy: Settlement Sales Department of Mizuho Corporate Bank Ltd.)	2.86%

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	Works Applications Employee Stock Ownership Plan	2.17%
	NCT Trust and Banking Corporation (Trust Unit)	2.08%
(8) Relationship between Tender Offeror and Target Company (as of January 31, 2011)	Capital Relationship	Not applicable
	Personnel Relationship	Not applicable
	Business Relationship	Not applicable
	Status of Applicability to the Related Parties	Not applicable

(2) Class of share certificates, etc. for the Tender Offer

(i) Common stock

(ii) Stock acquisition rights

- a. Stock acquisition rights issued in accordance with the resolutions passed at the 6th general shareholders meeting held on September 27, 2002 and the board of directors meetings held on August 15, 2003 and September 10, 2004 (“Series 1 Stock Acquisition Rights”)
- b. Stock acquisition rights issued in accordance with the resolutions passed at the 7th general shareholders meeting held on September 26, 2003 and the board of directors meeting held on August 20, 2004 (“Series 2 Stock Acquisition Rights”)
- c. Stock acquisition rights issued in accordance with the resolutions passed at the 8th general shareholders meeting held on September 28, 2004 and the board of directors meeting held on September 8, 2005 (“Series 3 Stock Acquisition Rights”)
- d. Stock acquisition rights issued in accordance with the resolutions passed at the 9th general shareholders meeting held on September 28, 2005 and the board of directors meeting held on October 28, 2005 (“Series 4 Stock Acquisition Rights”; collectively with Series 1 Stock Acquisition Rights, Series 2 Stock Acquisition Rights, and Series 3 Stock Acquisition Rights, referred to as “Stock Acquisition Rights”)

(3) Tender offer period

(i) Tender offer period set at the time of filing

February 1, 2011 (Tuesday) to March 15, 2011 (Tuesday) (30 business days)

(ii) Possibility of extension upon the Target Company’s request

Not applicable

(4) Tender offer price

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- (i) 55,000 yen per share of common stock

- (ii) Stock acquisition rights
 - a. 1 yen per Series 1 Stock Acquisition Right
 - b. 1 yen per Series 2 Stock Acquisition Right
 - c. 1 yen per Series 3 Stock Acquisition Right
 - d. 1 yen per Series 4 Stock Acquisition Right

- (5) Calculation basis for tender offer price, etc.
 - (i) Basis of calculation
 - a. Common Stock

In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price the Tender Offeror requested Mizuho Securities, a third-party appraiser that is independent of both the Tender Offeror and the Target Company, to value the Target Company's shares, received the valuation report on January 31, 2011 (Valuation Report (Mizuho Securities)) and used it as a reference.

In valuing the Target Company's shares, after considering factors such as the financial conditions of the Target Company and trends in market value of the Target Company Common Shares, Mizuho Securities decided it appropriate to value the shares multilaterally and valued the Target Company's shares by using the average market price method, the comparable company method, and the DCF Method. According to the Valuation Report (Mizuho Securities), the ranges of value per share of the Target Company are 38,355 yen to 42,104 yen by the average market price method, 49,958 yen to 56,987 yen by the comparable company method, and 48,012 yen to 58,452 yen by the DCF Method.

For the average market price method, the record date was set at January 28, 2011, and the valuation was made based on the closing price on the record date (41,000 yen) and the volume weighted average closing prices for the last one-month, three-month, and six-month periods prior to the record date (42,104 yen, 38,355 yen, and 38,436 yen, respectively). The range of 38,355 yen to 42,104 yen per share was derived through this analysis using the average market price method.

For the comparable company method, multiple listed companies engaged in businesses similar to those conducted by the Target Company were selected to value the Target Company's shares by comparing the market value of shares and comparing financial indicators representing profitability. The range of 49,958 yen to 56,987 yen per share was derived through this analysis using the comparable company method.

For the DCF Method, the free cash flow expected to be created by the business activities of the Target Company in the future based on the Target Company's estimated future earnings, which were derived by considering factors such as the Target Company's financial prospects,

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information about the Target Company submitted to Mizuho Securities, the trends in the Target Company's performance to date, and publicly disclosed information (and not based on the consolidated results for the second quarter of the fiscal year ending June 2011 set out in the summary of financial results for the second quarter of the fiscal year ending June 2011 published by the Target Company on January 31, 2011 and the announcements made by the Target Company regarding the projected consolidated results for the fiscal year ending June 2011), was discounted to the current value by using a certain discount rate in order to analyze the Target Company's corporate value and share value. The range of 48,012 yen to 58,452 yen per share was derived through this analysis using the DCF Method.

The Tender Offeror deliberated the Tender Offer Price by using as a reference the valuation results in the Valuation Report (Mizuho Securities). In addition, by comprehensively taking into account factors such as whether the Target Company would express an affirmative opinion on the Tender Offer, trends in the market value of the Target Company Common Shares, the level of premiums added to the market share values in tender offers for share certificates, etc. carried out in the past as part of an MBO by a party other than an issuer, and prospects for tendering in the Tender Offer, and based on the judgment that it would be reasonable to offer the existing shareholders of the Target Company a tender offer price consisting of the market share value of the Target Company Common Shares plus a sufficient premium, the Tender Offeror ultimately decided on the Tender Offer Price of 55,000 yen per share on January 31, 2011 through discussion and negotiation with the Target Company. The Tender Offeror has not obtained an opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

The Tender Offer Price includes a premium of (a) 34.15% (rounded to two decimal places) on 41,000 yen, which is the closing price of the Target Company Common Shares quoted on the Osaka Securities Exchange JASDAQ (Standard) ("OSE JASDAQ") (see note below) on January 28, 2011, which is the business day preceding the public announcement date of the Tender Offer, (b) 30.63% (rounded to two decimal places) on 42,104 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last one month from the business day preceding the public announcement date of the Tender Offer, (c) 43.40% (rounded to two decimal places) on 38,355 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last three months from the business day preceding the public announcement date of the Tender Offer, and (d) 43.10% (rounded to two decimal places) on 38,436 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last six months from the business day preceding the public announcement date of the Tender Offer.

(Note) The prices were quoted on the OSE JASDAQ on and after October 12, 2010, and quoted on the Osaka Securities Exchange (JASDAQ Market) before that day. As Osaka Securities Exchange, Co., Ltd. merged with JASDAQ Securities Exchange, Inc. on April 1, 2010, the prices were based on the share prices quoted on the JASDAQ Securities Exchange on or before March 31, 2010.

b. Stock Acquisition Rights

The Stock Acquisition Rights are also subject to the Tender Offer. However, all the Stock Acquisition Rights subject to the Tender Offer were issued as stock options to the directors, employees, or statutory auditors of the Target Company or its affiliates, and it is understood that the Tender Offeror is not permitted to exercise the Stock Acquisition Rights even if the Tender Offeror purchases the Stock Acquisition Rights through the Tender Offer, taking into account that

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the holders of the Stock Acquisition Rights (“Stock Acquisition Rights Holders”) are subject to the following requirements: (a) a holder of Series 1 Stock Acquisition Rights and Series 2 Stock Acquisition Rights must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates at the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); (b) a holder of Series 3 Stock Acquisition Rights, must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); and (c) a holder of Series 4 Stock Acquisition Rights must hold the position of director of the Target Company continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances). In addition, the exercise price of the Stock Acquisition Rights is higher than the Tender Offer Price. For these reasons, the Tender Offeror decided on the tender offer price of 1 yen per Share Acquisition Right subject to the Tender Offer.

(ii) Background to calculation

(Background leading to the decision of tender offer price)

Polaris and K&C have determined that a change in business is necessary in the medium- to long-term, which includes continuous medium- and long-term sustainable active investment in management resources including development and personnel resources critical for its growth and drastic structural change without being excessively influenced by changes in short-term business performance, in order for the Target Company to swiftly adjust to this severe operating environment and to achieve increased corporate value. Since October 2010, Polaris and K&C and the Management Team have carefully deliberated at length on this matter. As a result, the Management Team recognized that Polaris and K&C deeply understand the medium- and long-term growth strategies of the Target Company and have made clear their attitudes toward supporting the achievement of such strategies. In January 2011, Polaris and K&C concluded together with the Management Team that the Target Company going private by the Tender Offeror acquiring all of the shares of the Target Company is the most effective solution for the Target Company (a) to prevent the shareholders from being burdened by any risk arising from unstable stock prices, if upon the Target Company conducting active investment, the profit level temporarily declines due to external or temporary reasons and such a result is not acceptable to the shareholders and (b) to respond quickly to changes in the management environment and adeptly make decisions that take into consideration possible business globalization, including measures such as a merger, split, and relocation of headquarters or subsidiaries to foreign countries. After the Target Company goes private, the Tender Offeror will strive to achieve a series of management reforms by causing the Management Team to cooperate with Polaris and K&C based on their relationship of mutual trust, and by causing the Management Team and its employees to strive together to establish a system to enable the Target Company to change its business, under the leadership of the Management Team and with the financial and managerial administrative support of Polaris and K&C which have extensive expertise relating to portfolio companies.

(Measures to ensure fairness of tender offer price)

(i) Deliberation on appropriateness of price

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In order to ensure the fairness of the Tender Offer Price, when determining the Tender Offer Price the Tender Offeror requested Mizuho Securities, a third-party appraiser that is independent of both the Tender Offeror and the Target Company, to value the Target Company's shares, received the valuation report on January 31, 2011 (Valuation Report (Mizuho Securities)) and used it as a reference.

According to the Valuation Report (Mizuho Securities), the ranges of value per share of the Target Company are 38,355 yen to 42,104 yen by the average market price method, 49,958 yen to 56,987 yen by the comparable company method, and 48,012 yen to 58,452 yen by the DCF Method.

For the average market price method, the record date was set at January 28, 2011, and the valuation was made based on the closing price on the record date (41,000 yen) and the volume weighted average closing prices for the last one-month, three-month, and six-month periods prior to the record date (42,104 yen, 38,355 yen, and 38,436 yen, respectively). The range of 38,355 yen to 42,104 yen per share was derived through this analysis using the average market price method.

For the comparable company method, multiple listed companies engaged in businesses similar to those conducted by the Target Company were selected to value the Target Company's shares by comparing the market value of shares and comparing financial indicators representing profitability. The range of 49,958 yen to 56,987 yen per share was derived through this analysis using the comparable company method.

For the DCF Method, the free cash flow expected to be created by the business activities of the Target Company in the future based on the Target Company's estimated future earnings, which were derived by considering factors such as the Target Company's financial prospects, information about the Target Company submitted to Mizuho Securities, the trends in the Target Company's performance to date, and publicly disclosed information (and not based on the consolidated results for the second quarter of the fiscal year ending June 2011 set out in the summary of financial results for the second quarter of the fiscal year ending June 2011 published by the Target Company on January 31, 2011 and the announcements made by the Target Company regarding the projected consolidated results for the fiscal year ending June 2011), was discounted to the current value by using a certain discount rate in order to analyze the Target Company's corporate value and share value. The range of 48,012 yen to 58,452 yen per share was derived through this analysis using the DCF Method.

The Tender Offeror deliberated the Tender Offer Price by using as a reference the valuation results in the Valuation Report (Mizuho Securities). In addition, by comprehensively taking into account factors such as whether the Target Company would express an affirmative opinion on the Tender Offer, trends in the market value of the Target Company Common Shares, the level of premiums added to the market share values in tender offers for share certificates, etc. carried out in the past as part of an MBO by a party other than an issuer, and prospects for tendering in the Tender Offer, and based on the judgment that it would be reasonable to offer the existing shareholders of the Target Company a tender offer price consisting of the market share value of the Target Company Common Shares plus a sufficient premium, the Tender Offeror ultimately decided on the Tender Offer Price of 55,000 yen per share on January 31, 2011 through discussion and negotiation with the Target Company. The Tender Offeror has not obtained an opinion on the fairness of the Tender Offer Price (a fairness opinion) from Mizuho Securities.

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The Tender Offer Price includes a premium of (a) 34.15% (rounded to two decimal places) on 41,000 yen, which is the closing price of the Target Company Common Shares quoted on the Osaka Securities Exchange JASDAQ (Standard) (“OSE JASDAQ”) (see note below) on January 28, 2011, which is the business day preceding the public announcement date of the Tender Offer, (b) 30.63% (rounded to two decimal places) on 42,104 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last one month from the business day preceding the public announcement date of the Tender Offer, (c) 43.40% (rounded to two decimal places) on 38,355 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last three months from the business day preceding the public announcement date of the Tender Offer, and (d) 43.10% (rounded to two decimal places) on 38,436 yen (rounded to the nearest whole yen), which is the value weighed average closing price for the last six months from the business day preceding the public announcement date of the Tender Offer.

(Note) The prices were quoted on the OSE JASDAQ on and after October 12, 2010, and quoted on the Osaka Securities Exchange (JASDAQ Market) before that day. As Osaka Securities Exchange, Co., Ltd. merged with JASDAQ Securities Exchange, Inc. on April 1, 2010, the prices were based on the share prices quoted on the JASDAQ Securities Exchange on or before March 31, 2010.

The Stock Acquisition Rights are also subject to the Tender Offer. However, all the Stock Acquisition Rights subject to the Tender Offer were issued as stock options to the directors, employees, or statutory auditors of the Target Company or its affiliates, and it is understood that the Tender Offeror is not permitted to exercise the Stock Acquisition Rights even if the Tender Offeror purchases the Stock Acquisition Rights through the Tender Offer, taking into account that the holders of the Stock Acquisition Rights (“Stock Acquisition Rights Holders”) are subject to the following requirements: (a) a holder of Series 1 Stock Acquisition Rights and Series 2 Stock Acquisition Rights must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates at the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); (b) a holder of Series 3 Stock Acquisition Rights, must hold the position of director, employee, or statutory auditor of the Target Company or its affiliates continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances or retires on reaching the statutory retirement age); and (c) a holder of Series 4 Stock Acquisition Rights must hold the position of director of the Target Company continuously from the date of issue of the Stock Acquisition Rights until the time of exercise (this does not apply if the holder retires upon expiration of its term of office or amendment of laws and ordinances). In addition, the exercise price of the Stock Acquisition Rights is higher than the Tender Offer Price. For these reasons, the Tender Offeror decided on the tender offer price of 1 yen per Share Acquisition Right subject to the Tender Offer.

On the other hand, according to the “Notice Regarding Implementation of MBO and Recommendation of Tendering” released by the Target Company on January 31, 2011 (“Target Company Press Release”), in order to ensure the fairness of the Tender Offer Price, when evaluating the Tender Offer Price the Target Company requested Trustees Advisory Co., Ltd. (“Trustees”), a third-party appraiser that is independent of both the Target Company and Tender Offer and is not a related party, to value the Target Company’s shares and obtained a valuation report (“Valuation Report (Trustees)”) on January 31, 2011 (the Target Company has not

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obtained an opinion on the fairness of the Tender Offer Price (a fairness opinion) from Trustees).

From the beginning the Target Company has requested Trustees to value the Target Company's shares, and there is no evidence that the Target Company has changed its appraiser. The results of valuation of the Target Company Common Shares by Trustees are set out below.

Trustees valued the Target Company Common Shares in accordance with certain assumptions and conditions based on the financial information provided by the Target Company and the Target Company Business Plans (see note below). Based on the assumption that the Target Company is a going concern, Trustees decided it appropriate to value the shares multilaterally and valued the Target Company's shares by using the market price method, the comparable company method, and the DCF Method.

According to the Valuation Report (Trustees), the ranges of value per share of the Target Company are 38,355 yen to 42,104 yen by the average market price method, 29,684 yen to 41,974 yen by the comparable company method, and 49,073 yen to 60,056 yen by the DCF Method.

For the average market price method, the record date was set at January 28, 2011, and the ranges of value per share were calculated based on the closing price on the record date (41,000 yen) and the volume weighted average (closing) prices for the last one-month, three-month, and six-month periods prior to the record date (42,104 yen, 38,355 yen, and 38,436 yen, respectively).

For the comparable company method, multiple listed companies engaged in businesses similar to those conducted by the Target Company were selected to value the Target Company's shares by comparing the market value of shares and comparing financial indicators representing profitability. The range of per share was derived through this analysis using the comparable company method.

For the DCF Method, the free cash flow expected to be created by the Target Company in the future based on the Target Company's estimated future earnings for the fiscal year ending June 2011 and later periods, which were derived by examining interviews with the Management Team and materials obtained by the Target Company regarding the Target Company's financial information and the Target Company Business Plans (see note below), was discounted to the current value by using a certain discount rate in order to analyze the corporate value and share value. In this way, the range of per share value was derived through this analysis using the DCF Method.

(Note) The "Target Company Business Plans" are composed of the medium-term business plan (consolidated) and its related materials included in the annual securities report for the 14th fiscal year that was filed on September 28, 2010. According to the medium-term business plan, (i) the estimated sales and current profit for the fiscal year ending June 2011 are 25.7 billion yen and 1.9 billion yen, respectively, (ii) the estimated sales and current profit for the fiscal year ending June 2012 are 30.1 billion yen and 2.5 billion yen, respectively, (iii) the estimated sales and current profit for the fiscal year ending June 2013 are 35.5 billion yen and 3 billion yen, respectively, and (iv) the estimated sales and current profit for the fiscal year ending June 2014 are 41.5 billion yen and 3.5 billion yen, respectively.

(ii) Deliberation, discussion, and negotiation by the Target Company Project Team

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Following a notification by the Management Team and Polaris and K&C that they were deliberating the Transactions including the Tender Offer, and taking into account that the Tender Offer will be implemented as part of transactions for an MBO and there may be an issue of structural conflicts of interest between the Target Company and the Management Team, the Target Company held a meeting of the Target Company's board of directors in November, 2010 in order to decide how to deal with the Transactions including the Tender Offer. At that meeting, the Target Company established the Target Company Project Team to be lead by Jun Hosoya, who is an outside director of the Target Company and who does not have any special interest in the Transactions including the Tender Offer, for the purpose of (a) eliminating arbitrariness as much as possible in the decision-making process regarding the Transactions, and (b) discussing, deliberating, and negotiating the Transactions including the Tender Offer from the perspectives of the Target Company's corporate value and the overall interests of shareholders. Thereafter, The Target Company Project Team discussed and deliberated the merits and demerits of the Transactions including the Tender Offer from the perspectives above and discussed and negotiated on many occasions with the Tender Offeror regarding the Transactions including the Tender Offer. The Management Team, in its position as the director of the Target Company, did not participate in the Target Company Project Team, and Jun Hosoya, who is an outside director of the Target Company, took a central role in the deliberation, discussion, and negotiation, thus, the Target Company Project Team was independent of the Management Team.

(iii) Establishment of third-party committee by the Target Company

According to the Target Company Press Release, the Target Company's board of directors resolved on January 7, 2011 to establish a third-party committee composed of outside experts independent of the Target Company and the Tender Offeror in order to eliminate arbitrariness in the Target Company's decision-making regarding the Tender Offer and to secure a fair, transparent, and objective decision-making process. (Hideya Taida (current outside statutory auditor of the Target Company and chairman of the third-party committee), Akira Nishida (attorney-at-law, Nishida Law Office), and Wataru Yoshizawa (certified public accountant, Yoshizawa Certified Public Accountant Office), who are independent of the Target Company and the Tender Offeror, were appointed as the members of the third-party committee. Except for Hideya Taida's position, stated above, as outside statutory auditor of the Target Company, there is no current or past business relationship between each member of the third-party committee and the Target Company or the Tender Offeror. Also, the Target Company has appointed these three persons as members of the third-party committee from the beginning, and there is no evidence that the Target Company has changed those members.) In order to deliberate details of the opinion to be expressed by the Target Company on the Tender Offer, the Target Company's board of directors also resolved on the same day to consult the third-party committee regarding whether (i) the transactions including the Tender Offer for making the Target Company go private will enhance the corporate value of the Target Company, (ii) the fairness of the Tender Offer Price has been ensured, and (iii) the Tender Offer takes into account the interests of shareholders of the Target Company through fair procedures. Third-party committee meetings were held five times in total during the period from January 7, 2011 to January 31, 2011, where these three matters for consultation posed by the Target Company's board of directors were carefully deliberated. In the course of these deliberations, the third-party committee (a) received explanations from Mr. Makino, representative director and CEO of the Target Company, Polaris, and K&C about the background of the Tender Offer, progress of deliberations, and the Tender Offeror's opinion on the Tender Offer, (b) interviewed and asked Mr. Makino, representative director and CEO of the Target Company, Polaris, and K&C questions, and (c)

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examined related documents. Also, in order to use as a reference the Valuation Report (Trustees) submitted by Trustees to the Target Company, the third-party committee received explanations from Trustees about the valuation of shares of the Target Company. Under these circumstances, the third-party committee decided the following, and reported these decisions to the Target Company's board of directors on January 31, 2011: (i) the transactions including the Tender Offer for making the Target Company go private will enhance the corporate value of the Target Company over the medium and long term; (ii) fairness of the Tender Offer Price has been ensured; and (iii) there are no particular reservations about the fairness of procedures for the transactions including the Tender Offer for making the Target Company go private, and these transactions take into account the interests of minority shareholders of the Target Company. In addition, the third-party committee stated in its report the opinion that a series of transactions (the Transactions) for making the Target Company Common Shares go private, including the transactions set out in "(5) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-step acquisitions")," is not disadvantageous to the interests of minority shareholders of the Target Company.

(iv) Legal advice from independent law firm

According to the Target Company Press Release, the Target Company has obtained from Nagashima Ohno & Tsunematsu, a legal advisor independent of the Target Company and the Tender Offeror, legal advice on (a) the decision-making process regarding expressing opinions on the Tender Offer, (b) the method of decision-making, and (c) other considerations. The Target Company has appointed Nagashima Ohno & Tsunematsu as its legal advisor from the beginning, and there is no evidence that the Target Company has changed its legal advisor.

(v) Unanimous consent of non-interested directors and statutory auditors

According to the Target Company Press Release, the Target Company's board of directors carefully deliberated the terms and conditions of the Tender Offer based on the Valuation Report (Trustees) received from Trustees, the report received from the third-party committee, the legal advice received from Nagashima Ohno & Tsunematsu, and other related materials. As a result of those deliberations, at the Target Company's board of directors meeting held on January 31, 2011 the Target Company's board of directors decided, through careful discussion and deliberation on the tender offer price for the Tender Offer and the appropriateness of the terms and conditions of the Tender Offer from the perspectives of the financial conditions and business environment of the Target Company and equality between the shareholders, that it will contribute to the enhancement of the Target Company's corporate value over the medium and long term to make the Target Company Common Shares go private and make the Target Company a wholly-owned subsidiary of the Tender Offeror, that the terms and conditions of the Tender Offer are reasonable, and that the Tender Offer takes into account the interests to be received by the shareholders of the Target Company through fair procedures so that these interests will not be damaged. For these reasons, the Target Company's board of directors resolved at the same meeting to express an affirmative opinion on the Tender Offer and to express an opinion recommending that the shareholders of the Target Company tender their shares for the Tender Offer. Also, all of the statutory auditors of the Target Company attended that meeting and expressed their opinion that they do not object to the Target Company's board of directors expressing an affirmative opinion on the Tender Offer and recommending that the shareholders of the Target Company tender their shares for the Tender Offer as statutory auditor.

On the other hand, the Target Company's board of directors resolved that the decision regarding

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whether to tender the Stock Acquisition Rights for the Tender Offer will be left to the judgment of the holders of the Stock Acquisition Rights because the Stock Acquisition Rights were issued as stock options to the directors, employees, or statutory auditors of the Target Company or its affiliates, and the tender offer price is set at 1 yen.

The Management Team has held discussions and deliberations with the Tender Offeror based on the premise of entering into the Tender Offer Agreement with the Tender Offeror and intends to contribute funds to the Tender Offeror after the settlement of the Tender Offer. Taking into account that this would result in structural conflicts of interest with the Target Company, the Management Team (a) in light of each member's status as a special interest party, did not participate in any discussion or resolution of the board of directors regarding the Transactions including the resolution to express an affirmative opinion on the Tender Offer and (b) in its position as the director of the Target Company, did not participate in any discussion or negotiation with the Tender Offeror.

Accordingly, Mr. Jun Hosoya and Mr. Noboru Hachimine, both of whom are outside directors of the Target Company, made the resolutions at the Target Company's board of directors meeting stated above after careful discussion and deliberation in its position which is independent of the Management Team. Also, at the Target Company's board of directors meeting, an outline of the Transactions including the Tender Offer and details of the report received from the third party-committee were explained in full detail to all officers (excluding the Management Team) of the Target Company who did not belong to the Target Company Project Team or the third-party committee prior to the discussion and resolution of proposals regarding the Tender Offer stated above, thus all officers (excluding the Management Team) of the Target Company who did not belong to the Target Company Project Team or the third-party committee were also fully informed about the Transactions.

(vi) Securing objectivity to ensure appropriateness of price

The Tender Offeror has set the period for the Tender Offer ("Tender Offer Period") as 30 business days, while the minimum Tender Offer Period stipulated by laws and ordinances is 20 business days. By setting a relatively long Tender Offer Period of 30 business days, the Tender Offeror intends to secure a suitable opportunity for shareholders of the Target Company to decide on whether to tender their shares for the Tender Offer and to ensure the fairness of the tender offer price by providing an opportunity for any party other than the Tender Offeror to make a counter offer. The Tender Offeror has not made any agreement with the Target Company to prohibit the Target Company from contacting any proponent of a counter offer.

(vii) Minimum number of shares contemplated to be purchased

The Tender Offeror has decided that the consummation of the Tender Offer is subject to the condition that shares equal to or more than 304,367 shares (fractions of less than one share are to be rounded down) are tendered in the Tender Offer, which is 70% of the total number of outstanding shares of the Target Company (434,811 shares) (the Target Company does not own treasury shares as of today). The minimum number of shares contemplated to be purchased (304,367 shares) is more than the number of shares (289,874 shares) equal to two-thirds of the total number of outstanding shares of the Target Company (434,811 shares) as described above. Accordingly, the Tender Offeror respects the intentions of the shareholders of the Target Company by ensuring that the Tender Offeror will not carry out the Transactions unless more than two-thirds of the Target Company Common Shares owned by the shareholders of the Target

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Company are tendered in the Tender Offer.

(iii) Relationship with the appraiser

Mizuho Securities, which is a third-party appraiser, has no material interest in the Tender Offer.

(6) Number of share certificates, etc. contemplated to be purchased

Number of Share Certificates, etc. contemplated to be Purchased	Minimum Number of Share Certificates, etc. contemplated to be Purchased	Maximum Number of Share Certificates, etc. contemplated to be Purchased
465,075 shares	304,367 shares	— shares

(Note 1) The number of share certificates, etc. contemplated to be purchased is 465,075 shares, which is the maximum number of share certificates, etc. of the Target Company contemplated to be purchased by the Tender Offeror through the Tender Offer.

This is the total number of shares, which is equal to the sum of (a) the total number of outstanding shares (434,811 shares) as of September 30, 2010 indicated in the first quarterly report for the 15th fiscal year that was filed by the Target Company on November 11, 2010 and (b) the maximum number (30,264 shares) of the Target Company Common Shares that can be delivered upon exercise of the Stock Acquisition Rights as of September 30, 2010 indicated in the same first quarterly report for the 15th fiscal year.

(Note 2) If the total number of tendered share certificates, etc. is less than the minimum number (304,367 shares) of shares contemplated to be purchased, the Tender Offeror will not purchase any of the tendered share certificates, etc.. If the total number of tendered share certificates, etc. equals or exceeds the minimum number of shares contemplated to be purchased, the tender offer for all of the tendered share certificates, etc. will be carried out.

(Note 3) It is possible for the Stock Acquisition Rights to be exercised before the last day of the Tender Offer Period, and the Target Company Common Shares to be delivered as a result of such exercise are subject to the Tender Offer.

(Note 4) The minimum number of shares contemplated to be purchased (304,367 shares) (fractions of less than one share are to be rounded down) is 70% of the total number of outstanding shares of the Target Company (434,811 shares) (the Target Company did not own treasury shares) as of September 30, 2010 indicated in the first quarterly report for the 15th fiscal year described above. The minimum number of shares contemplated to be purchased (304,367 shares) is more than two-thirds (289,874 shares) of the total number of outstanding shares of the Target Company (434,811 shares) as described above.

(7) Change in holding ratio of share certificates, etc. through the Tender Offer

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Number of voting rights represented by share certificates, etc. owned by the Tender Offeror before the Tender Offer	— rights	(Holding ratio of share certificates, etc. before the Tender Offer 0.00 %)
Number of voting rights represented by share certificates, etc. owned by persons in a special relationship before the Tender Offer	124,588 rights	(Holding ratio of share certificates, etc. before the Tender Offer 26.79 %)
Number of voting rights represented by the share certificates, etc. contemplated to be purchased	465,075 rights	(Holding ratio of share certificates, etc. after the Tender Offer 100.00 %)
Number of voting rights of all shareholders, etc. of the Target Company	434,811 rights	

(Note 1) The “number of voting rights represented by the share certificates, etc. contemplated to be purchased” is the number of voting rights represented by the number of shares (465,075 shares) contemplated to be purchased in the Tender Offer.

(Note 2) The “number of voting rights represented by share certificates, etc. owned by persons in a special relationship before the Tender Offer” is the total number of voting rights of share certificates, etc. owned by each person in a special relationship (excluding persons in a special relationship who are excluded from persons in a special relationship under Article 3, Paragraph 2, Item (1) of the Cabinet Office Ordinance On Disclosure of Tender Offer for Share Certificates, etc. Conducted by Those Other than Issuing Corporation (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “Cabinet Office Ordinance”) upon calculation of the holding ratio of share certificates, etc. under each item of Article 27-2, Paragraph 1 of the Act). However, because the share certificates, etc. owned by persons in a special relationship are subject to the Tender Offer, when calculating the “holding ratio of share certificates, etc. after the Tender Offer,” the “number of voting rights represented by share certificates, etc. owned by persons in a special relationship before the Tender Offer” is not added to the numerator in that calculation.

(Note 3) The “number of voting rights of all shareholders of the Target Company” is the number of voting rights of all shareholders as of September 30, 2010 indicated in the first quarterly report for the 15th fiscal year that was filed by the Target Company on November 11, 2010. For the Tender Offer, however, because the Target Company Common Shares that can be delivered upon exercise of the Stock Acquisition Rights before the last day of the Tender Offer Period are also subject to the Tender Offer, when calculating the “holding ratio of share certificates, etc. before the Tender Offer” and the “holding ratio of share certificates, etc. after the Tender Offer,” the denominator used in that calculation is 465,075 rights, which is the number of voting rights represented by the number of shares (465,075 shares)

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equal to the sum of (a) the total number of outstanding shares of the Target Company (434,811 shares) as of September 30, 2010 indicated in the quarterly report indicated above and (b) the maximum number of the Target Company Common Shares that can be delivered upon exercise of the Stock Acquisition Rights before the last day of the Tender Offer Period (30,264 shares) (including the Target Company Common Shares delivered upon exercise of the Stock Acquisition Rights for the period from September 30, 2010 to today).

(Note 4) The “holding ratio of share certificates, etc. before the Tender Offer” and the “holding ratio of share certificates, etc. after the Tender Offer” are rounded to the second decimal place.

(8) Purchase price: 25,579 million yen

(Note) The “purchase price” is calculated by multiplying the number of shares contemplated to be purchased (465,075 shares) by the per share tender offer price.

(9) Method of settlement

(i) Name and address of head office of financial instruments firms, banks, etc. in charge of settlement of the Tender Offer

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

(ii) Commencement date of settlement
April 7, 2011 (Thursday)

(iii) Method of settlement

Notice of purchase of shares by tender offer will be sent by postal service to the addresses of the tendering shareholders, etc. (or to the addresses of the standing proxies in the case of shareholders (including corporate shareholders) who reside in any foreign country; the “Foreign Shareholders”) without delay after the end of the Tender Offer Period. The purchase price of tendered shares will be paid in cash. The tender offer agent that accepted the tender shall, without delay after the commencement date of settlement and in accordance with the instructions of the tendering shareholders (or the standing proxies in the case of the Foreign Shareholders), will remit the purchase price for the tendered share certificates, etc. to the location designated by the tendering shareholders (or the standing proxies in the case of the Foreign Shareholders) or pay the purchase price at the head office or a Japanese branch of the tender offer agent that accepted the tender.

(iv) Method of return of share certificates, etc.

If none of the tendered share certificates, etc. are purchased under the terms mentioned in “(i) Conditions set forth in each item of Article 27-13, Paragraph

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4 of the Act” or “(ii) Existence of conditions for withdrawal, etc. of the Tender Offer, condition details and method of disclosure of withdrawal, etc.” in “(10) Other conditions and methods of purchase, etc.” below, then on or after the commencement date of the settlement (or the date of withdrawal if the tender offer is withdrawn), the tender offer agent shall promptly restore the tendered share certificates, etc. that need to be returned to the same status as at the time of tender.

(10) Other conditions and methods of purchase, etc.

(i) Conditions set forth in each item of Article 27-13, Paragraph 4 of the Act

If the total number of tendered share certificates, etc. falls short of the minimum number of share certificates, etc. contemplated to be purchased (304,367 shares), the Tender Offeror will not purchase any of the tendered share certificates, etc. If the total number of the tendered share certificates, etc. is equal to or exceeds the minimum number of share certificates, etc. contemplated to be purchased, the Tender Offeror will purchase all of the tendered share certificates, etc.

(ii) Existence of conditions for withdrawal, etc. of the Tender Offer, condition details 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 Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”) occurs, the Tender Offeror may withdraw the Tender Offer.

With respect to Article 14, Paragraph 1, Item (3)10 of the Enforcement Order, the events which are equivalent to those listed in Items (3)1 through (3)9 of the same Paragraph shall refer to any of the following events:

- a. If 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;
or
- b. If any of the events listed in Article 14, Paragraph 1, Items (3)1 through (3)9 of the Enforcement Order occurs to an important subsidiary of the Target Company.

With respect to the prior notification that is provided to the Fair Trade Commission pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947, as amended; the “Antimonopoly Act”), in any of the following cases the Tender Offeror may withdraw the Tender Offer on or before the day preceding the date of expiration of the Tender Offer Period (including in any case where this period is extended), as it will be deemed that the Tender Offeror was not able to obtain “license, etc.” set out in Article 14, Paragraph 1, Item (4) of the

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Enforcement Order in each of those cases: (i) the Tender Offeror receives prior notice of a cease and desist order from the Fair Trade Commission ordering the disposal of all or some of the Target Company's shares, transfer of part of the Target Company's business, or any other similar disposition; (ii) the period in which the Tender Offeror may receive prior notice a cease and desist order from the Fair Trade Commission in accordance with the Antimonopoly Act does not end; or (iii) the Tender Offeror is subject to an emergency prohibition order from a court on the grounds that the Tender Offeror is suspected of conducting an act breaching the provision of Article 10, Paragraph 1 of the Antimonopoly Act. 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 Nihon Keizai Shimbun. 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 Office Ordinance and give a public notice immediately after the announcement.

- (iii) Existence of conditions for reduction of tender offer price, condition details 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 tender offer price in accordance with the standards set out in Article 19, Paragraph 1 of the Cabinet Office Ordinance. If the Tender Offeror intends to reduce the tender offer price, the Tender Offeror will give an electronic public notice and publish a notice to that effect in The Nihon Keizai Shimbun. 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 Office Ordinance and give a public notice immediately after the announcement. If the tender offer 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 tender offer price.

- (iv) Matters concerning tendering shareholders' right of cancellation of agreements

Tendering shareholders may, at any time during the Tender Offer Period, cancel their agreement for the tender offer. Tendering shareholders who wish to cancel their agreement for the tender offer must personally deliver or mail a document stating that the tendering shareholder wish to cancel the agreement for the tender offer (the "Cancellation Notice") together with the receipt of acceptance of the tender offer to the head office or any Japanese branch of the tender offer agent who accepted the tender by 3 p.m. on the last day of the Tender Offer Period. The cancellation of the agreement for the tender offer becomes effective at the time the Cancellation Notice is delivered to or arrives at the tender offer agent. Please note that if the Cancellation Notice is mailed, it must reach the tender offer agent by 3 p.m. on the last day of the Tender Offer Period or the cancellation will not be effective.

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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 “(iv) Method of return of share certificates, etc” in “(9) Method of settlement” above.

(v) Method of disclosure if conditions, etc. 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 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 Nihon Keizai Shimbun. 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 Office 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.

(vi) Method of disclosure if an amendment statement is filed

If the Tender Offeror submits an amendment statement to the Director-General of the Kanto Local Finance Bureau, 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 Office 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.

(vii) 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 Office Ordinance.

(11) Tender offer agent

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

3. Policies after the Tender Offer and future prospects

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Please refer to “1. Purpose of the Tender Offer” above for details regarding policies after the Tender Offer and future prospects.

4. Miscellaneous

- (1) Existence of agreements between the Tender Offeror and the Target Company or officers, and agreement details

The Tender Offeror and PK Partnership have entered into the Tender Offer Agreement with the Management Team. The Management Team has agreed under the Tender Offer Agreement to tender for the Tender Offer all of the Target Company Common Shares (total number of shares: 101,554 shares; shareholding ratio: 21.84 %) that each member of the Management Team holds after extinguishing the Pledges. If the Tender Offer is consummated, the Management Team also agrees to promptly waive for no compensation all of the Stock Acquisition Rights (117 of the first series of the Stock Acquisition Rights and 20,828 of the fourth series of the Stock Acquisition Rights) owned by the Management Team.

The Management Team may, by giving written notice to all of the other parties, immediately cancel the Tender Offer Agreement if the Tender Offeror or the PK Partnership breaches any of its material duties (including confidentiality obligations and prohibition on transfer of its contractual status) under the Tender Offer Agreement or if there has been a material breach of any representations or warranties of the Tender Offeror or the PK Partnership (see Note 1) set out in the Tender Offer Agreement. However, even if the Management Team terminates the Tender Offer Agreement in such a case, each member of the Management Team is not prohibited or restricted from tendering shares for the Tender Offer at his own discretion.

In addition, the Tender Offeror or the PK Partnership may, by giving written notice to all of the other parties, immediately cancel the Tender Offer Agreement if the Management Team breaches any of its material duties (including any of the following: obligations to tender shares for the Tender Offer after extinguishing the Pledges created on all of the Target Company Common Shares owned by the Management Team; obligations to execute or cause others to execute business and administer or manage assets with the due care of a good manager and within substantially the same scope as it performed with respect to the Target Company and its subsidiaries before the execution date of the Tender Offer Agreement and within the scope of ordinary business; confidentiality obligations; and prohibition of transfer of its contractual status) under the Tender Offer Agreement or if there has been a material breach of any representations or warranties of the Management Team (see Note 2) set out in the Tender Offer Agreement. However, even if the Tender Offeror or the PK Partnership terminates the Tender Offer Agreement in such a case, each member of the Management Team is not prohibited or restricted from tendering shares for the Tender Offer at his own discretion.

- (Note 1) Provisions regarding representations and warranties of the Tender Offeror and the PK Partnership set out in the Tender Offer Agreement include, but are not limited to, the following matters: (i) existence of the Tender Offeror and the PK Partnership; (ii) power and authority necessary for execution and performance of the Tender Offer Agreement; (iii) legal binding obligation and enforceability of the Tender Offer Agreement; (iv) no conflict with any laws and ordinances regarding the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (v) acquisition and performance of approvals

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and licenses necessary for the execution and performance of the Tender Offer Agreement and the performance of the Transactions.

- (Note 2) Provisions regarding representations and warranties of the Management Team set out in the Tender Offer Agreement include, but are not limited to, the following matters: (i) with respect to the Management Team, (a) rights, powers and capacities necessary for the execution and performance of the Tender Offer Agreement, (b) legal binding obligation and enforceability of the Tender Offer Agreement, (c) no conflict with any laws and ordinances regarding the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (d) acquisition and performance of approvals and licenses necessary for the execution and performance of the Tender Offer Agreement and the performance of the Transactions, (e) holding of the Target Company Common Shares and no encumbrances and (f) observing the obligations (including obligations with the due care of a good manager) of directors of the Target Companies, etc.; and (ii) with respect to the Target Company and others, (a) incorporation and existence thereof, (b) no conflict with laws and ordinances regarding the performance of the Transactions, (c) no bankruptcy proceedings or other proceedings, (d) accuracy of information disclosed to the Tender Offeror or the PK Partnership, (e) valid issue of shares, etc. and no other latent shares, etc., (f) holding of shares of subsidiaries and affiliates by the Target Company, (g) no other subsidiaries or affiliates, (h) accuracy of financial statements, (i) no subsequent events or other contingent liabilities, (j) legal and effective execution of material contracts and no event of default of material contracts, (k) authority to hold or use assets necessary for business and no encumbrances on its own assets, (l) compliance with laws and ordinances, (m) acquisition and performance of approvals and licenses, (n) no legal proceedings, (o) declaration and payment of taxes and public charges, (p) compliance with labor-related laws and ordinances, (q) no lack of reserve for retirement allowances and no accrued salary, (r) terms and conditions of insurance and payment of insurance premiums, and (s) no relationship with antisocial forces.

The Management Team also agrees under the Tender Offer Agreement to enter into each of the following agreements if the Tender Offer is consummated:

- (i) individual executive service agreements executed between the Tender Offeror and the PK Partnership and each individual member of the Management Team regarding the assumption of office as directors of the Target Company and the Tender Offeror after the consummation of the Tender Offer;
- (ii) individual share subscription agreements executed between the Tender Offeror and each individual member of the Management Team regarding the new contribution of 3,800,000,000 yen in total by the Management Team to the Tender Offeror promptly after the settlement of the Tender Offer directly or through a company to which the Management Team contributes;
- (iii) individual share pledge agreements executed between the Bank of Tokyo-Mitsubishi UFJ, Ltd. and each individual member of the Management Team regarding creation of a pledge over all of the shares of the Tender Offeror that are subscribed to by the Management Team directly or through an asset management

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company of the Management Team, for the purpose of securing obligations owed by the Tender Offeror to the Bank of Tokyo-Mitsubishi UFJ, Ltd. in relation to the Acquisition Loan; and

- (iv) a shareholders agreement executed with the PK Partnership, Polaris Karita Kyodo LP, PFII and an asset management company of the Management Team regarding matters for approval and reports, etc. concerning composition of officers and operations, etc. of the Tender Offeror and the Target Company after the consummation of the Tender Offer and restriction on transfer, etc. of shares of the Tender Offeror that are planned to be subscribed by the Management Team directly or through a company to which the Management Team contributes and restriction on transfer, etc. of shares of the Tender Offeror owned by the PK Partnership.
- (2) Other information deemed necessary for investors to decide whether to tender shares for the Tender Offer
- (i) Summary of consolidated financial results for the second quarter of the fiscal year ending June 2011 and revision of projected results for the second quarter of the fiscal year ending June 2011

The Target Company announced the “Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 2011” and the “Notification Regarding Revision of Projected Results for the Second Quarter of the Fiscal Year Ending June 2011” at OSE JASDAQ on January 31, 2011. The Target Company’s consolidated profits and losses and revisions of projected results according to such press release are as follows. The details of the consolidated profits and losses have not been audited by any audit firm under Article 193-2 of the Act. Further, the following outline is only an extract from the summary published by the Target Company and the Tender Offeror is not responsible for independently verifying the accuracy or reliability of the summary and has not conducted any such verification. Please refer to the content of the published summary for further details.

- a. Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending June 2011
 - i. Profits and losses (consolidated)

Time of Account Settlement	Second Quarter Consolidated Cumulative period for the Fiscal Year Ending June 2011 (15th Fiscal year)
Net Sales	11,603,459 thousand yen
Cost of Sales	6,541,592 thousand yen
Sales Expenses and General and Administrative Expenses	4,147,363 thousand yen
Non-operating Profit	11,131 thousand yen
Non-operating Expenses	56,752 thousand yen
Quarterly Net Profit	702,910 thousand yen

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ii. Profits and losses per share (consolidated)

Time of Account Settlement	Second Quarter Consolidated Cumulative period for the Fiscal Year Ending June 2011 (15th Fiscal Year)
Quarterly Net Profit or Loss per Share	1,616.59 yen
Dividends per Share	- yen
Net Assets per Share	32,972.11 yen

Note: According to the Target Company, the Target Company is planning to submit a second quarterly report for 15th fiscal year during the Tender Offer Period.

b. Revision of Projected Results for the Second Quarter Consolidated Cumulative period for the Fiscal Year Ending June 2011 (From July 1, 2010 to December 31, 2010)

i. Consolidated projected results

(Amounts less than one million yen are rounded down)

	Net Sales	Operating Profit	Recurring Profit	Quarterly Net Profit	Quarterly Net Profit Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously Announced Projection (A)	12,310	780	700	370	850.94
Current Revised Projection (B)	11,603	914	868	702	1,616.59
Amount of Increase or Decrease (B – A)	(706)	134	168	332	—
Percentage of Increase or Decrease	(5.7%)	17.2%	24.1%	90.0%	—
(Reference) Results for the Second Quarter One Year Earlier	9,578	578	445	196	451.88

ii. Individual projected results

(Amounts less than one million yen are rounded down)

	Net Sales	Operating Profit	Recurring Profit	Quarterly Net Profit	Quarterly Net Profit
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					Per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously Announced Projection (A)	9,140	50	30	18	41.40
Current Revised Projection (B)	9,248	348	377	193	445.81
Amount of Increase or Decrease (B – A)	108	298	347	175	—
Percentage of Increase or Decrease	1.2%	596.1%	—	—	—
(Reference) Results for the Second Quarter One Year Earlier	—	—	—	—	—

iii. Reason for revisions

The net sales for the current second quarter of the consolidated cumulative period for the fiscal year are generally as initially projected, while the operating profit and the recurring profit are higher than initial projections as a result of the Target Company continuing since the previous consolidated fiscal year to make efforts to reduce costs and expenses, especially outsourcing fees and advertising costs for recruiting. In addition, the quarterly net profit is considerably higher than initial projections due to the effect of the decrease in corporation tax as a result of the fulfillment of requirements for recognition of the appraisal loss in shares of affiliates that was reported before the end of the previous consolidated fiscal year.

Individual results have been similar to net sales in that they are generally as initially projected in terms of consolidated results, and the operating profit, the recurring profit, and the quarterly net profit are considerably higher than initial projections as a result of the effect of decreases in the costs and expenses of the individual results being reflected more greatly than in that of the consolidated results.

However, because the outlook of the economic environment surrounding corporations remains uncertain, and acquisitions of companies newly implementing the Target Company's products in the latter half of the fiscal year remains unpredictable, the outlook of the full fiscal year is expected to remain uncertain in the future.

The Target Company's group is proceeding with reorganization and restructuring of the group in the current consolidated fiscal year. During the

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current second quarter consolidated cumulative period for the fiscal year, the Target Company additionally acquired shares of its consolidated subsidiary, Works Systems Co., Ltd., and its non-consolidated subsidiary, Connecty Inc., and strengthened its relationships with those companies in areas such as cooperation in product development. The principal business of Works Products Co., Ltd., a consolidated subsidiary, was transferred to Works Solutions Co., Ltd. through an absorption-type split, and Works Products Co., Ltd. commenced liquidation procedures. With respect to equity method affiliates, the Target Company disposed of all of its shares of REVIC Global Co., Ltd. in November 2010 and all of the shares of 3C Consulting Co., Ltd. in January 2011. The amount of profits and losses from sales of the shares of those two equity method affiliates are small as a result of the application of the equity method from the previous year. The Target Company's policy is to maintain a cooperative business relationship with those two companies. Therefore, apart from its recognition that there has been a decrease in corporation tax (which was recognized in the first quarter of the consolidated fiscal year) on the appraisal loss in shares of affiliates relating to Works Products Co., Ltd. on a consolidated basis, the Target Company believes that the reorganization or restructuring of the group will have little effect on the results for the current consolidated fiscal year.

Taking into consideration the circumstances described above, the Target Company's group decided not to revise the projected results for the full consolidated fiscal year that it announced on July 29, 2010.

The projected results are prepared based on the information currently available. Therefore, the actual results may be different from the projected results due to uncertain elements inherent in the projections and future changes in the economic environment or business operations.

(ii) Revision of dividend forecast

According to the "Notification Regarding Revision of Dividends Forecast for the Fiscal Year Ending June 2011" announced by the Target Company on January 31, 2011, the Target Company resolved at the meeting of board of directors held on January 31, 2011 not to pay out year-end dividends of surplus as of June 30, 2011 if the Tender Offer is consummated. Please refer to the content of the notification for details.