JASDAQ

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Announcement Regarding Commencement of Tender Offer of Seta Corp.

As announced in its "Announcement Regarding Resolution of Tender Offer for Shares of ARUZE Subsidiary (Seta Corp.)" dated October 5, 2007, ARUZE CORP. (hereinafter referred to as "the Company" and "Tender Offeror") passed a resolution to acquire shares of Seta Corp. (Securities Code 4670; "Target Company" below) through a tender offer (hereinafter referred to as the "Tender Offer"). At a Meeting of the Board of Directors that convened today, a resolution was passed regarding the particulars of this matter. Please see below for details.

1. Purpose of Tender Offer

(1) Overview of Tender Offer

As of the submission date of these disclosed materials, the Company owns approximately 68.45%, or 9,029,000 shares, of the total outstanding shares in the Target Company, and treats it as a consolidated subsidiary. To increase its control over the management of the Target Company by making it a wholly-owned subsidiary, the Company has elected to acquire all the outstanding shares in the Target Company, excluding those owned by the Company and treasury stock owned by the Target Company, by a tender offer. Accordingly, the Company does not set an upper or lower limit on the number of shares to be purchased through the Tender Offer, and will buy all the shares certificates, etc. for the Target Company that those persons who have accepted the Company 's offer, or who have offered for sale, intend to sell through this tender offer (hereinafter referred to as "Tendered Share Certificates").

For these reasons, if the Tender Offer is successful, there is a possibility that the Target Company will be delisted from Jasdaq through a prescribed procedure according to the standards for delisting. Even should the Target Company not fall within the scope of companies to be delisted, the Company intends to render it a wholly-owned subsidiary by the aforementioned method in compliance with the applicable laws and regulations when the Tender Offer process ends. The Target Company will thereby be delisted, and it will no longer be possible to trade shares in the Target Company on

Jasdaq Securities Exchange, making it difficult to sell such shares.

(2) Agreement , Etc. Regarding Tender Offer

The Board of Directors of the Target Company made a resolution agreeing to the Tender Offer, with reservations on the purchase price, at a meeting on October 9, 2007, and made another resolution to express agreement to the Tender Offer, including the purchase price, at a meeting on October 25, 2007.

On October 25, 2007, the Company reached an agreement with shareholders of the Target Company, Jun Fujimoto, Representative Director and President of the Company, who owned 7.03% of the outstanding shares in the Target Company, Masayuki Nonaka, Director of the Target Company, who owned 0.87% of them, Toshio Akashi, who owned 0.38% of them, and Teruhiko Suzuki, who owned 0.10% of them, that each of them would tender all of their shares of the Target Company (hereinafter referred to as "Shareholding Percentage") as of March 31, 2007 in accordance with the Tender Offer.

(3) Background of Decision Leading to Execution of Tender Offer, and Management Policies after Acquisition of Target Company

The Company has mainly engaged in the development, manufacturing and sales of gaming machines including Pachislot and Pachinko machines, Pachislot machine rental business and the development, manufacturing and sales of gaming machines for amusement businesses.

The Target Company was established in 1985, and engaged in the domestic sales and import/export of electronic components/parts and amusement gaming machines and the creation and sales of computer software products. It became a consolidated subsidiary of the Company by issuing new shares to it in a third-party allocation in February 1999. Taking good opportunity of the investment by the Company, the Target Company entered the areas of development, manufacturing, sales and rental business of peripheral devices for gaming machines including Pachislot and Pachinko machines. It issued new shares to the Company in a third-party allocation again in March 2006 to strengthen its relationship with the Company.

The Target Company now engages in the development, manufacturing and sales of peripheral devices for gaming machines including Pachislot and Pachinko machines, mainly game-ball and game-coin dispensers for said machines. In the current environment where gaming parlors are discouraged from investing in equipment other than gaming machines due to intensified competition among them as the gaming population shrinks, combined with a heavier burden of investing in equipment following a revision of the standards for Pachislot machines that would force them to replace such machines with new ones to conform to the revised standards, the Target Company has managed to increase its number of gaming parlor customers.

On the other hand, as the Target Company publicly disclosed in the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" on October 2, 2007, an investigation by the Internal Compliance Committee revealed that there were irregularities in the closing of accounts of the Target Company for that year, that the then Representative Director and the then Senior Managing Director were actively involved in said irregularities and that said irregularities involved approximately 800 million yen improperly accounted for as sales, thus having a serious effect on the Target Company's sales revenue.

While the Company has been restructuring its group, it reviewed the group system in view of these irregularities, and reached the conclusion that it was essential to render the Target Company a wholly-owned subsidiary for the purposes of enhancing flexibility to handle the expansion of its amusement machine peripheral device business, increasing the synergy of this business with the amusement machine business and conducting a drastic improvement of the Target Company’s business constitution. This course of action was determined to be necessary in order to expand the profits of the group as a whole, and was believed to link to the heightened value of the Company group.

In addition to the above, the Company considered that it would be difficult for the Target Company to reform its management to prevent irregularities in the closing of accounts, or to play a good role in implementing the group's management strategies, while retaining its independence. It was therefore judged to be essential for the Company to participate more closely in the management of the Target Company by making it a wholly-owned subsidiary.

The Company also considered that it should reform the management of the Target Company as soon as possible to prevent the value of the Company group from being undermined, so it decided to render it a wholly-owned subsidiary through a public tender offer.

Once the Target Company becomes the Company 's wholly-owned subsidiary, the Company intends to carry out the following with the aim of enhancing the value of the Company group by reinforcing its competitiveness and earning power: (1) reduce costs by unifying branches of the Target Company to the Company 's offices across the country, (2) speed up decisions on the peripheral device business by transferring the Target Company's sales and technical support functions to the Company, strengthening the sales power for peripheral devices by using the know-how of the sales of gaming machines, and improving product development ability by strengthening the cooperation between development and sales, and (3) reinforce internal controls and promote cost reduction, etc. and introduce information systems into core functions (including accounting and finance, purchase, sales management, and shipment and inventory management).

With this background, the Company has decided to make the Tender as a part of making the Target Company its wholly-owned subsidiary.

(4) Actions to Ensure Fair Purchase Price and Prevent Conflict of Interest

In order to set a fair price for shares in the Target Company in the Tender Offer, the Company referred to the share value computation (hereinafter referred to as "Share Value Computation") provided by Frontier Management, Inc. (hereinafter referred to as "Frontier Management"), a third-party estimator, and considered all of the expected synergy effects with the Target Company, the results of investigations by the Internal Compliance Committee of the Target Company, the Target Company's Securities Registration Report corrected for the accounting year ending March 2007 (from April 1, 2006 to March 31, 2007), whether or not the Target Company agreed to the Tender Offer and the prospect for success of the Tender Offer. The Company also considered the outcome of negotiations with the Target Company. Based on this process and reflecting on the fact that the closing share price of the Target Company on October 4, 2007 was 230 yen, the Company set the price per share in this tender offer at 240 yen at a meeting of the Board of Directors on October 25, 2007.

Concerning the resolution to set the aforementioned price, Jun Fujimoto, Representative Director and President of the Company, did not take part in the relevant deliberations or decisions at the Meetings of the Board of Directors to avoid a conflict of interest, as he owns a large percentage of the stock of the Target Company, and therefore is a special-interest party.

The Target Company announced that its settlement of accounts may be corrected in the "Notification of Occurrence of Event that May Affect Past Business Results and Cause Postponement of Scheduled Date of Disclosure of Summary of Financial Status and Business Results for 1st Quarter of Fiscal Year Ending March 31, 2008" press release dated August 23, 2007, and disclosed the roughly calculated sales as corrected in the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" press release dated October 2, 2007. It is the opinion of the Company that it is necessary to pay heed to the fact that the stock prices of the Target Company prior to the disclosure of the these materials were based on the Target Company's sales etc. in its settlement of accounts before being corrected.

Regarding the share price of the tender offer, in the Share value computation, the record date is set as October 4, 2007 under the Market Share Price Average Method. This is to account for an inference that movement in the market share price of the Target Company on or after October 5, 2007 may have included the forecast share price indicated in the "Announcement of Resolution of Tender Offer for Shares of Subsidiary (Seta Corp.)," which was issued on October 5, 2007. If October 4, 2007 is set as the reference day for the share price of the Target Company, its closing price on the Jasdaq Securities Exchange (hereinafter referred to as "Jasdaq") was 230 yen; the average of its prices for two days from October 3, 2007 inclusive (i.e., the day following the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" by the Target Company) was 205 yen; the simple average of its closing prices for one month was 241 yen; and the simple average of its closing prices since August 24, 2007 (i.e., the day following the disclosure of the possibility of correction of the Target Company's settlement of accounts) was 244 yen (all prices rounded to the nearest whole number). Thus, the purchase price in this tender offer includes a 4.3%, a 17.1%, a -0.4% and a -1.6% premium (all numbers rounded off to one decimal place) for the aforementioned share prices respectively (A negative figure indicates a discount.).

The Board of Directors of the Target Company was provided with a corporate value appraisal report on the stock value of the Target Company (hereinafter referred to as "Corporate Value Appraisal") by Disclosure, Inc. (hereinafter referred to as "Disclosure") as a third-party appraiser independent of the Company and the Target Company with a view to preventing a conflict of interest because the Company owned more than two-thirds of all the voting rights attached to its common shares. Referring to that report, they thoroughly discussed and negotiated with the Company and carefully considered the conditions of the Tender Offer, and listened to legal advice from Hirokazu Suga, a lawyer and legal advisor to the Target Company. The Board of Directors subsequently concluded that the conditions were fair, and that the Tender Offer would provide the shareholders of the Target Company with an opportunity to sell their shares at a reasonable price. It made a resolution that it agreed to the Tender Offer including the purchase price at a Meeting of the Board of Directors on October 25, 2007.

Masayuki Nonaka, Noriaki Nishida and Soichiro Tanaka, directors of the Target Company, did not take part in the deliberations or decisions for the aforementioned resolution at that Meeting of the Board of Directors to avoid a conflict of interest because they were also employees of the Company, and thus special-interest parties. At the Meeting of the Board of Directors that made the resolution to agree to the Tender Offer, Hisakazu Hirabayashi, Representative Director and two among three auditors were present because they were not special-interest parties. When the resolution was made by the Director present, the two auditors present stated that they had no objection to the announcement by the Board of Directors that it would agree to the Tender Offer.

(5) Reorganization Policy Following Acquisition of Target Company

The Company does not set an upper or lower limit on the number shares to be purchased in the Tender Offer, so it will purchase all Tendered Share Certificates. If the Company should fail to acquire all the outstanding shares in the Target Company, excluding those owned by the Company and the Target Company, through the Tender Offer, it is planning to conduct a share exchange (including, but not limited to, cases where money is provided in consideration) (hereinafter referred to as "Share Exchange") making the Company a 100%-owning parent and the Target Company a wholly-owned subsidiary, in which the shareholders in the Target Company are given the opportunity to claim the repurchase of shares, in order to acquire all the shares. The Company may resort to the system of summary restructuring provided in Article 784, Paragraph 1 of the Companies Act, i.e., it may restructure the Target Company without having a relevant resolution of the General Meeting of Shareholders of the Target Company.

Considering the views of the competent authorities on the laws and regulations relevant to the method of acquiring all the shares in the Target Company, the percentage of the Company 's shares in the Target Company after the process of the Tender Offer, the status of such shares owned by shareholders other than the Company after that process and so on, the Company may adopt another method that has an equivalent effect to the abovementioned method to acquire all such shares.

The value of shares, money, etc. to be provided has not yet been decided in the case of the Share Exchange; however, it will be decided on the basis of the purchase price in the Tender Offer unless special circumstances change it. It is, however, possible that such value may be different from that purchase price due to special circumstances such as changes in the environment for the business of the Target Company, changes in the stock market and changes in the business results of the Company and the Target Company. In the Share Exchange, shareholders of the Target Company might be allowed to make a claim for repurchasing their shares to the Target Company pursuant to the procedures of laws and regulations. Then the price per share for repurchase might be different from the purchase price in the Tender Offer, or from the economic per-share value that shareholders in the Target Company might receive in the Share Exchange. Regarding taxes that may be levied on transactions in the Tender Offer, the Share Exchange or repurchase claim in the Share Exchange, all the parties concerned are requested to consult with their own tax advisors if they so desire.

The Tender Offer is not intended to solicit shareholders of the Target Company to exercise their voting rights at a General Meeting of Shareholders that may be called in accordance with the aforementioned procedures.

(6) Possibility of the Target Company Being Delisted and Reason for Aiming to Have It Delisted

The Target Company is currently listed on Jasdaq. In the Tender Offer, the Company will buy all Tendered Share Certificates for the Target Company, without an upper limit set on the number, because it intends to render the Target Company a wholly-owned subsidiary with a view to reinforcing its business power and mobility for expanding its business of peripheral devices for the gaming industry, increasing the synergy effect of the peripheral device business with the gaming machine business and implementing drastic reforms of the management of the Target Company. Therefore, if the Tender Offer is successful, there is the possibility that the Target Company will be delisted from Jasdaq through a prescribed procedure according to the standards for delisting. Even if the Target Company does not fall within the scope of companies to be delisted, the Company intends to render it a wholly-owned subsidiary by the aforementioned method in compliance with the applicable laws and regulations when the Tender Offer process ends. The Target Company will thereby be delisted, and it will no longer be possible to trade shares in the Target Company on Jasdaq, making it difficult to sell such shares.

Additionally, as disclosed on October 2, 2007 in the press release entitled "Announcement Regarding Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007," it was revealed that an inappropriate handling of sales by the Target Company was present in its settlement of accounts for the fiscal year ending March 31, 2007. Consequently, Jasdaq assigned a supervisory post to the Target Company as of October 2, 2007, citing a possibility that the Target Company may fall under the standards for delisting due to falsified printed information.

The Target Company has already concluded corrections to its settlement of accounts for the past fiscal year. In addition to submitting a correction report on October 25, 2007 for the Securities Registration Report for the fiscal year ending March 31, 2007 (25^{th} Term), the Target Company has also disclosed a corrected version of its Brief Report of Settlement of Accounts for the same fiscal year on October 25, 2007. However, whether or not these corrections result in the continued listing of the shares of the Target Company or its delisting on the Jasdaq, the shares of the Target Company were scheduled to ultimately be delisted, meaning that transactions on the Jasdaq involving securities pertaining to shares of the Target Company cannot be conducted.

2. Description of Tender Offer, etc.

(1) Description of Target Company

1. Trade Name	Seta Corp.
2. Primary Business Activities	Development, manufacturing and sales of peripheral devices for Pachislot, Pachinko and other amusement machines
3. Date of Establishment	October 1, 1985
4. Location of Headquarters	3-1-25 Ariake, Koto-ku, Tokyo, Japan

5. Name and Title of Representative	Hisakazu Hirabayashi, Representative Director	
6. Capital	2,495,050,000 yen (As of March 31, 2007)	
7. Name and Ownership Ratio of Major Shareholders (As of March 31, 2007)	ARUZE CORP. 68.45% Jun Fujimoto 7.03% Shigeo Saisu 1.64% Nobuya Minato 0.95% Kuniharu Matsui 0.91% Masayuki Nonaka 0.87% Hiroyuki Watanabe 0.87% Hisakazu Nemoto 0.75% Koei Shoji Ltd. 0.72% Michiko Shono 0.65%	
8. Relationship Between Offeror and Target Company, Etc.	Capital Relationship	The Tender Offeror holds approximately 68.45% (9,029,000) of the outstanding shares of the Target Company.
	Human Relationship	The Tender Offeror has dispatched three individuals, Masayuki Nonaka, Noriaki Nishida and Soichiro Tanaka to serve as Directors at the Target Company. Of these three individuals, Noriaki Nishida and Soichiro Tanaka represent Outside Directors as stipulated in Article 2, Clause 15 of the Companies Act. The Tender Offeror has also loaned one additional employee to the Target Company.

	Business Relationship	The following business relationship exists between the Tender Offeror and Target Company (Transaction amounts are for the fiscal year ending March 31, 2007.) ① The amount of products sold to the Target Company and product development work consigned from the company equals 747,566,000 yen. ② The amount of office rent fees and system support fees received from the Target Company equals 59,875,000 yen. ③ The amount of component, merchandise and product stock purchased from the Target Company and product consignment work assigned to the Target Company equals 1,216,322,000 yen. ④ The amount of royalties paid to the Target Company equals 9,069,000 yen. ⑤ The amount of borrowed monies paid back by the Target Company equals 450,000,000 yen. ⑥ The amount of interest received from the Target Company equals 8,320,000 yen.
	Pertinent Status with Regard to Involved Parties	The Target Company is a consolidated subsidiary of the Tender Offeror and falls under a related party.

(2) Period of Tender Offer, Etc.

① Tender Offer Period As of Initial Filing

From Friday, October 26, 2007 to Monday, December 10, 2007 (31 business days)

② Possibility of Extension at Request of Target Company

Not Applicable

③ Contact Information when Tender Offer Period is Extended

Not Applicable

(3) Price of Tender Offer, Etc.

240 yen per share of common stock

(4) Basis of Calculation for Share Price under Tender Offer, Etc.

①Fundamentals of Calculation

In setting the per share price of 240 yen for the Tender Offer, the Company referred to the Share Value Computation provided by Frontier Management, a third-party estimator, and considered all the expected synergy effects with the Target Company, the results of investigations by the Internal Compliance Committee of the Target Company, the Target Company's Securities Registration Report corrected for the accounting year ending March 2007 (from April 1, 2006 to March 31, 2007), whether or not the Target Company agreed to the Tender Offer and the prospect for success of the Tender Offer. The Company also considered the outcome of negotiations with the Target Company. Additionally, the Target Company announced that its settlement of accounts may be corrected in the "Notification of Occurrence of Event that May Affect Past Business Results and Cause Postponement of Scheduled Date of Disclosure of Summary of Financial Status and Business Results for 1st Quarter of Fiscal Year Ending March 31, 2008" press release dated August 23, 2007, and disclosed the roughly calculated sales as corrected in the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" press release dated October 2, 2007. As the Tender Offeror, It is the opinion of the Company that it is necessary to pay heed to the fact that the stock prices of the Target Company prior to the disclosure of the these materials were based on the Target Company’s sales etc. in its settlement of accounts before being corrected.

Frontier Management calculated the share price of the Target Company using three methods: the Market Share Price Average Method, the Similar Company Comparison Method and Discounted Cash Flow Method (“DCF Method” below). In the Share value computation issued, per share price ranges of 205 yen to 244 yen under the Market Share Price Average Method, 54 yen to 228 yen under the Similar Company Comparison Method and 139 yen to 269 yen for the DCF Method were indicated. Additionally, in the Share value computation, the record date is set as October 4, 2007 for the Market Share Price Average Method. This is to account for an inference that movement in the market share price of the Target Company on or after the day following October 5, 2007 may have included the forecast share price indicated in the “Announcement of Resolution of Tender Buyout for Shares of Subsidiary (Seta Corp.), which was issued on October 5, 2007. In addition, analysis was conducted for the closing price of the shares of the Target Company on and after October 2, 2007, the date on which an estimate of the corrected amount of net sales was announced in the “Announcement Regarding Investigation Results for Handling of Net Sales for Fiscal Year Ending March 31, 2007” press release dated October 2, 2007.

Following the above, the Company referred to the Share Value Computation provided by Frontier Management and considered all the expected synergy effects with the Target Company, the results of investigations by the Internal Compliance Committee of the Target Company, the Target Company's Securities Registration Report corrected for the accounting year ending March 2007 (from April 1, 2006 to March 31, 2007), whether or not the Target Company agreed to the Tender Offer and the prospect for success of the Tender Offer. The Company also considered the outcome of negotiations with the Target Company. Based on this process, the Tender Offeror set the price per share in the Tender Offer at 240 yen at a meeting of the Board of Directors on October 25, 2007.

Regarding the share price of the Tender Offer, if October 4, 2007 is set as the reference day for the share price of the Target Company, its closing price on the Jasdaq was 230 yen; the average of its prices for two days from October 3, 2007 inclusive (i.e., the day following the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" by the Target Company) was 205 yen; the simple average of its closing prices for one month was 241 yen; and the simple average of its closing prices since August 24, 2007 (i.e., the day following the disclosure of the possibility of correction of the Target Company's settlement of accounts) was 244 yen (all prices rounded to the nearest whole number). Thus, the purchase price in the Tender Offer includes a 4.3%, a 17.1%, a -0.4% and a -1.6% premium (all numbers rounded off to one decimal place) for the aforementioned share prices respectively (A negative figure indicates a discount.).

②Calculation Process

(i) Common Shares

As the Target Company publicly disclosed in the "Announcement of Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007" on October 2, 2007, an investigation by the Internal Compliance Committee has revealed that there were irregularities in the closing of accounts of the Target Company. While the Company has been restructuring its group, it reviewed the group system in view of these irregularities, and reached the conclusion that it was essential to render the Target Company a wholly-owned subsidiary for the purposes of enhancing flexibility to handle the expansion of its amusement machine peripheral device business, increasing the synergy of this business with the amusement machine business and conducting a drastic improvement of the Target Company's business constitution. This course of action was determined to be necessary in order to expand the profits of the Tender Offeror's group as a whole, and was believed to link to the heightened value of that group. In addition to the above, the Company considered that it would be difficult for the Target Company to reform its management to prevent irregularities in the settlement of accounts, or to play a proper role in implementing the group's management strategies, while retaining its independence.

The Company determined that it be a priority to issue an early announcement of its future response as the parent company in order to avoid any unnecessary confusion. Base on the above, at its Meeting of the Board of Directors held on October 3, 2007 regarding the Tender Offer, the Company decided to render the Target Company a wholly-owned subsidiary.

Additionally, as a measure of preventing any damage to the value of the Company group, the Company determined that it be necessary to initiate improvement measures directed at the business constitution of the Target Company as early possible. Consequently, at the Meeting of the Board of Directors held on October 4, 2007, the Company decided to render the Target Company into a wholly-owned subsidiary through a tender offer and, regardless of any decision to preserve the listing or delist the shares of the Target Company on Jasdaq, set the price of the tender offer at 240 yen per share after full consideration of recent stock trends.

Subsequently, in order to execute the Tender Offer, the Company issued a request to Frontier Management, a third-party estimator, for the Share Value Computation. Based on this request, Frontier Management conducted an estimate of the share value of the Target Company. The Company then received the Share value computation from Frontier Management on October 24, 2007.

Frontier Management calculated the share price of the Target Company using three methods: the Market Share Price Average Method, the Similar Company Comparison Method and DCF Method." In the Share value computation issued, per share price ranges of 205 yen to 244 yen under the Market Share Price Average Method, 54 yen to 228 yen under the Similar Company Comparison Method and 139 yen to 269 yen for the DCF Method were indicated. Additionally, in this Share value computation report, the record date is set as October 4, 2007 for the Market Share Price Average Method. This is to account for an inference that movement in the market share price of the Target Company on or after the day following October 5, 2007 may have included the forecast share price indicated in the "Announcement of Resolution of Tender Buyout for Shares of Subsidiary (Seta Corp.), which was issued on October 5, 2007. In addition, analysis was conducted for the closing price of the shares of the Target Company on and after October 2, 2007, the date on which an estimate of the corrected amount of net sales was announced in the "Announcement Regarding Investigation Results for Handling of Net Sales for Fiscal Year Ending March 31, 2007" press release dated October 2, 2007.

Following this process, the Company referred to the Share Value Computation provided by Frontier Management, and considered all the expected synergy effects with the Target Company, the results of investigations by the Internal Compliance Committee of the Target Company, the Target Company's Securities Registration Report corrected for the accounting year ending March 2007 (from April 1, 2006 to March 31, 2007), whether or not the Target Company agreed to the Tender Offer and the prospect for success of the Tender Offer. The Company also considered the outcome of negotiations with the Target Company. Based on this process, the Company set the price per share in this tender offer at 240 yen at a meeting of the Board of Directors on October 25, 2007.

Concerning the resolution to set the aforementioned price, Jun Fujimoto, Representative Director and President of the Company, did not take part in the relevant deliberations or decisions at the Meetings of the Board of Directors to avoid a conflict of interest, as he owns a large percentage of the stock of the Target Company, and therefore is a special-interest party.

(ii) Actions to Ensure Fair Purchase Price and Prevent Conflict of Interest

The Board of Directors of the Target Company was provided with a Corporate Value Appraisal report on the stock value of the Target Company by Disclosure as a third-party appraiser independent of the Tender Offeror and Target Company with a view to preventing a conflict of interest because the Company owned more than two-thirds of all the voting rights attached to its common shares. It was reported in the Corporate Value Appraisal that following a total evaluation using the Market Share Price Average Method, the Similar Company Comparison Method and DCF Method, it was determined that a 124 yen to 244 yen range for the per share value appraisal for the Target Company was appropriate.

Following this process, the Company, while referring to said report, thoroughly discussed and negotiated with the Company and carefully considered the conditions of the Tender Offer, and listened to legal advice from Hirokazu Suga, a lawyer and legal advisor to the Target Company. Then the Board of Directors concluded that the conditions were fair, and that the Tender Offer would provide the shareholders of the Target Company with an opportunity to sell their shares at a reasonable price. It made a resolution that it agreed to the Tender Offer including the purchase price at a Meeting of the Board of Directors on October 25, 2007.

Additionally, Masayuki Nonaka, Noriaki Nishida and Soichiro Tanaka, directors of the Target Company, did not take part in the deliberations or decisions for the aforementioned resolution at that Board meeting to avoid a conflict of interest because they were also employees of the Tender Offeror, and thus special-interest parties. At the Meeting of the Board of Directors that made the resolution to agree to the Tender Offer, Hisakazu Hirabayashi, Representative Director and two among three auditors were present because they were not special-interest parties. When the resolution was made by the Director present, the two auditors present expressed their agreement to indicate consent to the Tender Offer.

③Relationship with Calculation Institution

Frontier Management, Inc conducted analysis based on a request issued by the Company, and does not fall under a related party with respect to the Company and the Target Company.

(5) Number of Share Certificates, Etc. Scheduled Under Tender Offer

Type of Shares, Etc.	①Scheduled Number Under Tender Offer Following Conversion to Shares	②Scheduled Excess Number Following Conversion to Shares
Share Certificates	4,155,380	-
Share Purchase Warrant Securities	-	-
Corporate Bonds with Share Purchase Warrants	-	-
Share Depository Receipts	-	-
Total	4,155,380	-

(Note 1) The Tender Offeror under the Tender Offer does not fall under any of the conditions listed in each item of Article 27-13, Paragraph 4 of the Companies Act, and shall execute the purchase of all shares tendered.

(Note 2) There is no plan to acquire treasury stock held by the Target Company (6,070 shares as of September 30, 2007. (Excluding shares not beneficially held by the Target Company. Same applies below.)) through the Tender Offer.

(Note 3) Shares constituting less than one unit are also subject to the Tender Offer. However, the submission of share certificates at the time of tendering the shares is required.

Should the share certificates be held by the tender offer agent (or Japan Securities Depository Center Inc. through the tender offer agent), the submission of share certificates is not required.

(Note 4) The maximum number of share certificates, etc. for which purchase, etc. will be conducted under the Tender Offer is 4,155,380. This represents the number of shares obtained after subtracting the treasury stock held by the Target Company (6,070 shares as of September 30, 2007) and the number of shares held by the purchaser (9,029,000 shares as of September 30, 2007) from the total number of outstanding shares as of March 31, 2007 as listed in the 25th Term Securities Registration Report submitted by the Target Company on June 27, 2007.

(6) Movement in Number of Shares Held Following Tender Offer

Number of Voting Rights Associated with Share Certificates Held, Etc. by the Tender Offeror Prior to Purchase, Etc.	9,029	(Holding percentage of share certificates, etc. prior to purchase, etc.: 68.45%)
Number of Voting Rights Associated with Share Certificates, Etc. Scheduled Under Purchase	4,155	(Holding percentage of share certificates, etc. following purchase, etc.: 100.00%)
Number of Voting Rights Held by Total Shareholders, Etc.	13,177	-
(Reference) Number of Voting Rights Associated with Share Certificates, Etc. Held by Special Related Parties Prior to Purchase, Etc.	1,105	(Holding percentage of share certificates, etc. prior to purchase, etc.: 8.38%)

(Note 1) The "Number of Voting Rights Associated with Share Certificates, Etc. Scheduled Under Purchase" represents the number of voting rights associated with the maximum number of share certificates to be purchased, etc. under the Tender Offer.

(Note 2) The "Number of Voting Rights Associated with Share Certificates, Etc. Held by Special Related Parties Prior to Purchase, Etc." represents the total number of voting rights associated with share certificates, etc. held by each special related party (Excluding treasury stock held by the Target Company.). However, as the number of voting rights associated with share certificates, etc. held by special related parties is included in the "Number of Voting Rights Associated with Share Certificates, Etc. Scheduled Under Purchase," the "Number of Voting Rights Associated with Share Certificates, Etc. Held by Special Involved Parties Prior to Purchase, Etc." is not added as an element in the calculation of the "Holding percentage of share certificates, etc. following purchase, etc.”

(Note 3) The Number of Voting Rights Held by Total Shareholders, Etc.” is the number of voting rights of the total shareholders as of March 31, 2007 as listed in the 25th Term Securities Registration Report submitted by the Target Company on June 27, 2007. However, as shares constituting less than one unit are also subject to this tender offer, in the calculations for the “Ratio of voting rights associated with share certificates, etc. scheduled under purchase to number of voting rights of total shareholders” and the “Holding percentage of share certificates, etc. following purchase, etc.,” the number of voting rights associated with shares constituting less than one unit (Seven voting rights held by the Target Company as of September 30, 2007, excluding treasury stock constituting less that one unit that is held by the Target Company.) was added, and the “Number of Voting Rights of Total Shareholders of Target Company” was calculated as 13,184 (The number of shares of the Target Company constituting one unit is 1,000.).

(Note 4) For the “Holding percentage of share certificates, etc. prior to purchase, etc.” and “Holding percentage of share certificates, etc. following purchase, etc.,” the third decimal place was rounded off.

(7) Price of Tender Offer 999,291,200 yen

(Note 1) The price of the tender offer is listed as the amount obtained after multiplying the maximum number of share certificates, etc. to be purchased under the Tender Offer by the per share price under the Tender Offer.

(8) Method of Settlement

① Name and Location of Headquarters for Financial Instrument and Exchange Business/Bank, Etc. to Settle Tender Offer, Etc.

Aizawa-Securities Co., Ltd.

② Date of Commencing Settlement

Tuesday, December 18, 2007

③ Procedures of Settlement:

A written notice of purchasing will be mailed to the address or location of each tendering shareholder, etc. (or the address of the standing proxy in the case of a Non-Japanese shareholder) without delay following the expiration of the period of the tender offer.

The tender offer shall be settled in cash. The tender offer agent will remit the sales amount for the purchased shares to the place designated by each tendering shareholder, etc. in accordance with the instructions given by the tendering shareholders, etc. without delay following the commencement date of settlement.

④ Procedures for Returning Share Certificates, etc.

In the event that all the Tendered Share Certificates are not purchased under the terms set forth in the below item "② Existence of Conditions for Withdrawal, etc. of Tender Offer, Details Thereof and Manner of Disclosure of Withdrawal, Etc." under "(9) Other Conditions and Procedures Relating to Tender Offer, Etc.," the share certificates, etc to be returned shall be delivered to each tendering shareholder, etc. or returned by mail to the address of each tendering shareholder, etc. (to the address of standing proxy for Non-Japanese shareholder), or, for share certificates, etc. deposited with the tender offer agent (or the Japan Securities Depository Center Inc. through the tender offer agent) at the time of tendering, shall be returned to their original state of custody immediately prior to the tender, without delay following the commencement date of settlement (or, in case where the Tender Offer is withdrawn, the date of withdrawal) in accordance with the instructions given by tendering shareholders, etc.

(9) Other Conditions and Procedures Relating to Tender Offer, Etc.

① Existence (or Non-existence) and Details of Conditions Listed in Items Under Article 27-3, Paragraph 4 of the Law

No applicable items. The Tender Offeror will purchase all of the Tendered Share Certificates.

② Existence of Conditions for Withdrawal, etc. of Tender Offer, Details Thereof and Manner of Disclosure of Withdrawal, Etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Item 1 (a) through 1(i), Item 3(a) through 3(h) and Paragraph 2, Item 3 through Item 6 of the Implementation Act, the Tender Offeror may withdraw the Tender Offer. Upon withdrawing the Tender Offer, the Tender Offeror will issue an electronic public notice and announce in the Nikkei Shimbun Newspaper that such public notice has been given; provided, however, that is deemed difficult to give such public notice by the last day of the tender offer period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance shall be made, and public notice shall be given promptly thereafter.

③ Existence of Conditions for Reducing Tender Offer Price, Details Thereof and Manner of Disclosure of Reduction

If the Target Company engages in any act stipulated in Article 13, Paragraph 1 of the Enforcement Order pursuant to Article 27-6, Paragraph 1, Item 1 of the Law during the tender offer period, the Tender Offeror may reduce the tender offer price as set forth in Article 19, Paragraph 1 of the Cabinet Office Ordinance. When reducing the tender offer price, the Tender Offeror will issue an electronic public notice and announce in the Nikkei Shimbun Newspaper that such public notice has been given; provided, however, that is deemed difficult to give such public notice by the last day of the Tender Offer Period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance shall be made, and public notice shall be given promptly thereafter. If the tender office price is so reduced, all Tendered Share Certificates on and prior to the date of such public notice shall be purchased at the reduced prices.

④ Matters Regarding Right of Tendering Shareholders, Etc. to Cancel Agreement

Tendering shareholders, etc. may cancel any agreement concerning the Tender Offer at any time during the tender offer period. In the event of cancellation of the agreement, please deliver or mail a written notice of cancellation (a tender offer application acceptance receipt and written notice indicating cancellation of the agreement associated with the Tender Offer) to its headquarters or any branch nationwide of the tender offer agent accepting tenders by 3:30 PM on the final day of the Tender Offer. The Tender Offeror will not seek monetary damages of civil penalties against tendering shareholders, etc. who cancel agreements relating to the Tender Offer. The Tender Offeror will be responsible for all expenses incurred in returning the Tendered Share Certificates.

⑤ Manner of Disclosure in Case of Modification of Conditions, Etc. of Tender Offer

When modifying the conditions, etc. of the Tender Offer, the Tender Offeror will give public notice providing the details of such modification electronically and announce in the Nikkei Shimbun Newspaper that such public notice has been given; provided, however, that is deemed difficult to give such public notice by the last day of the tender offer period, a public announcement pursuant to Article 20 of the Cabinet Office Ordinance shall be made, and public notice shall be given promptly thereafter. If any of the conditions, etc. of the Tender Offer is modified, all Tendered Share Certificates on and prior to the date of such public notice shall be purchased in accordance with the modified conditions, etc. of the Tender Offer.

⑥ Manner of Disclosure upon Filing of Amendment to Registration Statement

If the Tender Offeror files any amendment to this registration statement with the Director-General of the Kanto Local Finance Bureau, the Tender Offeror shall promptly make a public announcement regarding such Amendment to the extent that it relates to any information contained in the public notice of the commencement of the Tender Offer pursuant to Article 20 of the Cabinet Office Ordinance. The Tender Offeror shall immediately amend the Tender Offer Explanatory Statement and provide the amended Tender Offer Explanatory Statement to the tendering shareholders, etc. who have received the original Tender Offer Explanatory Statement. However, if only limited amendments are made, in place of providing an amended Tender Offer Explanatory Statement, the Tender Offeror shall prepare and provide a document stating the reasons for such amendments, the items that have been amended and the amended information.

⑦ Manner of Disclosure of Results of Tender Offer

The results of the Tender Offer will be publicly announced pursuant to Article 9-4 of the Enforcement Order and in Article 30-2 of the Cabinet Office Ordinance on the date immediately following the last day of the tender offer period.

⑧ Other

The Tender Offer does not, directly or indirectly, cover the United States of America. No person is permitted to participate in the Tender Offer by U.S. mail, or any other way or means of U.S. interstate or international trade, including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communication, or through securities exchanges in the United States. No person is permitted to tender shares in the Target Company to the Tender Offer by such way or means, or through such exchanges, or from the United States in any way.

None of the disclosure documents for the Tender Offer, or related documents, are sent or distributed in or to the United States, or from within the United States, by mail or any other means. Tenders that involve a direct or indirect violation of the restriction in the preceding sentence will not be accepted.

A person who tenders shares in the Target Company to the Tender Offer, or a standing proxy for such person if he or she is an Non-Japanese shareholder, may be requested to make the following representations and warranties to the Company:

That he or she does not reside in the United States either at the point of tendering or at the point of sending a tender form for the Tender Offer;

That he or she has not, directly or indirectly, received or sent any information, including duplicates thereof, related to the Tender Offer in, to or from the United States;

That he or she has not, directly or indirectly, used U.S. mail, or any other way or means of U.S. interstate or international trade, including, but not limited to, telephone, telex, facsimile, electronic mail, and Internet communication, nor acted through securities exchanges in the United States, in tendering shares in the Target Company or signing and delivering a tender form for the Tender Offer, and;

That he or she does not act as an agent, trustee or proxy for another person without discretionary power for the Tender Offer, excluding cases where he or she acts totally as instructed by another person outside the United States for the Tender Offer.

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

Friday, October 26, 2007

(11) Tender Offer Agent

Aizawa-Securities Co., Ltd. 1-20-3 Nihonbashi, Chuo-ku, Tokyo, Japan

3. Other

(1) Agreement, Etc. Between Target Company or its Directors

The Board of Directors of the Target Company made a resolution to agree to the Tender Offer, with reservations on the purchase price, at a meeting on October 9, 2007, and made another resolution to express agreement to the Tender Offer, including the purchase price, at a meeting on October 25, 2007.

On October 25, 2007, the Company reached an agreement with shareholders of the Target Company, Jun Fujimoto, Representative Director and President of the Company, who owned 7.03%

of the outstanding shares in the Target Company, Masayuki Nonaka, Director of the Target Company, who owned 0.87% of them, Toshio Akashi, who owned 0.38% of them, and Teruhiko Suzuki, who owned 0.10% of them, that each of them would tender all of their shares of the Target Company (hereinafter referred to as “Shareholding Percentage”) as of March 31, 2007 in accordance with the Tender Offer.

(2) Other Information Deemed to Be Necessary for Investors to Determine Tendering of Shares for Purchase, Etc.

As disclosed on October 2, 2007 in the press release entitled “Announcement Regarding Investigation Results for Handling of Sales for Fiscal Year Ending March 31, 2007,” it was revealed that an inappropriate handling of sales by the Target Company was present in its settlement of accounts for the fiscal year ending March 31, 2007. Consequently, Jasdaq assigned a supervisory post to the Target Company as of October 2, 2007, citing a possibility that the Target Company may fall under the standards for delisting due to falsified printed information.

The Target Company has already concluded corrections to its settlement of accounts for past fiscal years. In addition to submitting a correction report on October 25, 2007 for the Securities Registration Report for the fiscal year ending March 31, 2007 (25^{th} Term), the Target Company has also disclosed a corrected version of its Brief Report of Settlement of Accounts for the same fiscal year on October 25, 2007. However, whether or not these corrections result in the continued listing of the shares of the Target Company or its delisting on the Jasdaq, as indicated in the item “(6) Possibility of the Target Company Being Delisted and Reason for Aiming to Have It Delisted “ under “1. Purpose of Tender Offer,“ the shares of the Target Company were scheduled to ultimately be delisted, meaning that transactions on the Jasdaq involving securities pertaining to shares of the Target Company cannot be conducted.

(Note 1) For calculations rounded up or down to the nearest figure in this announcement, not all values contained in the total columns necessarily match the sum totals of the calculations.

(Note 2) In this announcement, “Law” refers to the Financial Instrument Transaction Law (Law No. 25. of 1948. Includes all subsequent amendments.), “Implementation Act” refers to the “Implementation Act for the Financial Instruments and Exchange Law” (Government Ordinance No. 321 of 1965. Includes all subsequent amendments.) and “Cabinet Office Ordinance” refers to the Cabinet Office Ordinance Concerning the Disclosure of the Tender Offer of Share Certificates, Etc. By a Party Other than the Issuer” (Finance Ministry Ordinance No 38. of 1990. Includes all subsequent amendments.).

(Note 3) Numbers of days or dates and times provided in this announcement represent those used within Japan unless specified otherwise. “Business days” as they appear in this document represent days excluding those specified under Article 1, Paragraph 1 of the

Law Concerning the Holidays of Administrative Organs (Law No. 91 of 1988. Includes all subsequent amendments.).