



February 18, 2013

Company Name: Universal Entertainment Corporation
Representative: Jun Fujimoto
Representative Director and President
(JASDAQ Code: 6425)
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Our Position Regarding Asahi Shimbun's Response

In our "Request to Asahi Shimbun Reporter" of February 13, 2013, we requested the involved reporter to show us provenance and authenticity of the "Board of Directors Resolution" no later than February 15, 2013.

In the February 8th morning edition of the Asahi Shimbun, a report appeared on the first and the third pages regarding the transfer of US\$40 million in connection with our Company's Philippine business. It was reported that a Board of Directors' resolution states that "resolve to agree and approve the payment of this expense" and is signed by Kazuo Okada, Chairman of the Board of Universal Entertainment Corporation, who also serves as Director of Aruze USA, and by Tomohiro Okada, Director of Universal Entertainment Corporation. However, no such document titled "Board of Directors' Resolution," the ground of such allegations, and which would not be used by companies in general, exists as an official document in our corporate group. We filed the above request in view of the need to immediately verify the facts.

In the first place, this verification was made doubly necessary because of the surfacing of evidence showing mysterious e-mail communication with a member of our administration staff through which our employee Mr. N had directed the preparation of a document contrary to the facts.

In response to our Company's request for submission of these internal documents, Asahi Shimbun on February 15 rejected our request citing its responsibility as a news organization to protect information sources. In addition, Asahi Shimbun not only declined to identify the source of information but also failed to provide a copy of the "Board of Directors' Resolution" (see attachment).

We are fully aware of a news organization's responsibility to protect information sources and are not in any way asking it to abandon such an important responsibility. According to Asahi Shimbun, since the document in question is our classified material, it is unlikely that someone's secret or privacy will be violated even if the document is disclosed to us and that there are no reasons to prevent the concerned "Board of Directors' Resolution" being disclosed to our Company.

Therefore, whether or not the source is disclosed, we were expecting the aforementioned "Board of Directors' Resolution" to be disclosed. Note that our Company had requested only the provision of that document, which the involved Asahi Shimbun reporter already possessed, so the request involved no particular undue burden. Therefore, since the document has not been presented by the deadline, as well as Asahi Shimbun has declined to produce the concerned document without justifiable cause and is not

disclosing its source, the content of the aforementioned news report must be considered to be false or mendacious. At the same time, we must conclude that Asahi Shimbun could not disclose the source because it is not reliable.

The letter of February 15, 2013 received from Asahi Shimbun in response to our request included a comment claiming that, although not reported in the news article, Asahi Shimbun has in its possession a copy of a document titled "Proposal on countermeasures on accounting issues concerning the Manila Bay Resort Project" (dated April 11, 2010) prepared by Mr. Norihisa Kiri, an employee of our Company in the Finance and Accounting Division. Based on this document, Asahi Shimbun in the above letter claimed that our Company's management was aware of this scheme, thus suggesting the possession of evidence other than the documentary evidence we had requested.

Asahi Shimbun now indicates it has new evidence, which does not support this particular allegation in sustainability at all, while flatly rejecting with no reason to present the document we requested. It is difficult to know what Asahi Shimbun means by making such attitude in response to our request. In addition, to make the matter clear, the new document titled "Accounting Treatment of and Solution for Manila Bay Resort Project" (hereinafter referred to as "Accounting Manager's Manipulation Memorandum") has no credibility.

According to the internal investigation by our Company, it has turned out that the said Accounting Manager's Manipulation Memorandum was prepared by only the major persons involved in the scheme of US\$10 million fund circulation on which the Third-party Committee raised a question.

Asahi Shimbun claims that the top management of our Company is aware of this scheme based on the following two points: (1) The said Accounting Manager's Manipulation Memorandum was prepared at our Company's terminal and that (2) it was put on agenda at the Strategy Committee held on April 5, 2010

However, there is no connection between the fact referred to in (1) and awareness of the top management. At the Strategy Committee referred to in (2), there exists no fact that a decision was made regarding the fund circulation at that particular time. (The Strategy Committee is, in short, an organ to discuss or report a project but not to make a decision. The matter discussed or reported should be forwarded to a decision-making organ such as Board of Directors.) The said accounting manager was not a member of the Strategy Committee and neither in a position of learning the discussion there. Therefore, "the aforementioned, manager of the Finance and Accounting Division knew the deliberation of the Strategy Committee in details that he did not attend, suggested he did it based on our Company's intent and prepared a concrete scheme chart. However, for some reason, he did not submit it to the top management, but handled it by e-mails among those involved on whom the Third-party Committee raised a question (including the said Manager of the Finance and Accounting Division who signed on the document as issuer.) Following this unusual course of development as a fact, it is apparently difficult to judge that the top management of our Company is aware of the said scheme.

A material on which this particular allegation by Asahi Shimbun is based has not been presented to us (we simply requested to present the confidential materials which Asahi Shimbun claims one of ours, and there seems to be no reason for Asahi Shimbun to keep it confidential.) Therefore, we are unable to validate the said material. However, the alleged background against which the material was prepared is unusual, and also there can exist no such document in the administration of our Company. Although Asahi Shimbun indicates new evidence, instead of presenting the said material, which has no probative value at all. After all, we have to

come to a conclusion that the aforementioned news report must be considered to be false or mendacious, and now it is clear that it lacks “accuracy and fairness” as stipulated by the Japan Newspaper Publishers and Editors Association. That’s the reason we would hereby make this matter public.

We therefore request Asahi Shimbun to admit this particular allegation was incorrect and to express apologies. In the event that the request is not accepted, our Company has to file a litigation or take any other measures to restore itself from the damage it incurred.

Attachment

Universal Entertainment Limited

PR / IR Office Asst. General Manager Mr. Nobuyuki Horiuchi

Asahi Shimbun Company PR Department [seal]

Dear Sirs,

This is a response from the PR Department, our external point of contact, to your letter of February 12th addressed by email to Mr. Shin'ya Sawa of our company.

The article published on pages 1 and 3 in the February 8th morning edition of our paper, relating to the fact that it was reported to the top management of your company that a total of \$40 million had been sent from your subsidiary to consultants of the Philippines casino regulatory authority (hereinafter referred to as the "Article") was published based on firm information. As stated in the article, we are in possession of company internal materials indicating that it had been reported to the top management of your company that \$40 million had been sent by Aruze USA Ltd. to the Philippine Amusement and Gaming Corporation. However, as a news organization, we maintain the confidentiality of sources, and we must refuse your request to disclose the said internal materials to your company.

In addition, although it was not stated in the Article, we are in possession of a copy of a document titled "Manila Bay Project Accounting Treatment Problems and Proposed Measures" (dated April 11th, 2010) authored in the name of Mr. Norihisa Kiri of your company's Finance and Accounting Department. According to the file information of the document, it was most recently changed on April 11th, 2010, and the terminal used by the author was an Aruze operational management terminal. There is no room for doubt that this is a genuine document. According to the document, the scheme to send \$40 million as the core of a consulting agreement between Future Fortune Ltd. and Subic Ltd. was proposed as a "New investment structure policy" in the strategy meeting of April 5th, 2010, and from this it may be considered that the management team of your company was aware of this scheme.

Furthermore, when our reporter inquired with yourself [Mr. Horiuchi] after your company's results amendment of the 14th as to how the other \$35 million, excluding the \$5 million under investigation, had been accounted for until now, you explained that \$7 million had been capitalized as a "Payment handling fee" to Mr. Soliano, and \$28 million as "Real estate development fees" sent to Mr. Soliano for his handling of the complex rights required for the casino land. Thus, at least \$35 million of what was sent was formally accounted for, and we believe that it is self-evident that "It was reported to the top management of your company" given that your Board of Directors approved these results.

Given that we published the Report based on numerous such company internal materials and plentiful corroborating testimony from involved parties, the fact that you baselessly insist that this was a "False report" seriously damages the credit of our company.

In addition, in your response of February 7th, you stated that our acquisition of the above company internal materials is in violation of the Unfair Competition Prevention Act. However, our acquisition of the above company internal materials was for purposes of legitimate reporting, and the provision of information was in the public interest, and our understanding is that this does not violate the said Act.

This forms our response. Thank you for your understanding.

Yours Sincerely

February 18th, 2013

To: Asahi Shimbun Company

Universal Entertainment Limited Legal Office

Dear Sirs,

The following is our response to and notification in regard of your letter dated February 15th, 2013.

1. Assumptions and history

On pages 1 and 3 of the February 8th 2013 morning edition of your paper, you reported in relation to the sending of \$40 million in connection with our Philippines business that, "The written resolution of the board of directors states that 'It is resolved that we consent to and approve the payment of these costs', and is signed by UE chairman Kazuo Okada, who serves jointly as director of Aruze USA, and UE director Tomohiro Okada".

However, the "written resolution of the board of directors" which forms a major basis of the report, is not used in ordinary corporations, and is naturally not used as a formal document in our company group.

In addition, several months after the aforementioned money was sent, evidence was discovered that a former employee of our company had, through an inexplicable email exchange with a clerical staff member, caused the said staff member to create documents with content that is clearly contrary to the truth.

Accordingly, doubt exists regarding the veracity, origin, etc. of the purported "written resolution of the board of directors" that was the basis of your report of February 8th, 2013. On the 12th of February, we therefore inquired with Mr. Sawa of your Special Reports Department regarding the veracity and origin of the said "written resolution of the board of directors".

In addition, as is clear from the fact that you printed the aforementioned report "on the first page, while being aware of and acknowledging that this will give rise to a significant impact upon the societal and economic credibility of

our company", we infer that you must have absolute confidence in the basis for this.

Furthermore, as our opinion is that "If such a document that should not exist, does exist, we would very much like to confirm it", we believe that an opportunity exists for you to dispel these doubts in a single blow by providing the basis for your report. We look forward to hearing from you in relation to this.

We are of course suspicious that "while covering up the serious damage caused to the societal and economic credibility of our company, you will now bring out the grounds of the 'protection of sources' in order to 'escape', and leave this matter unanswered".

However,

- 1) We believe that it would be unimaginable for your company, which is a newspaper company of long history and boasts the country's leading circulation, to delay or evade a request to disclose the basis for what you made based on your own decision and judgment into a front page scoop
- 2) According to your paper, the documents in question are "our" secret materials, and so it would be impossible for them to infringe anyone's secrecy or privacy even if you disclosed them to us, and there is absolutely no reason for you not to disclose the "written resolution of the board of directors" itself to us
- 3) Even if you claim the "protection of sources", it is clear according to the objective facts that those "sources" are the architects of the recent improper accounting scheme themselves, the former employees of our company Kiriu, Hida and Nakano, and we have already understood and are aware of their criminality and the details of their actions at our company, and they have been named as parties in a lawsuit. In other words, when we are already fully aware of who the said sources are, they are outside the scope of the definition of such "protection"
- 4) Despite the fact that the aforementioned report was not requested by our company, and was not of a topic of special interest to society as a whole, you chose a topic that would damage our company's societal and economic creditability and cause us extensive damage, and embarked upon a one-sided and judgmental report based upon your own independent judgment despite recognizing and admitting that such damage would arise. Accordingly, when

you actively chose to make this report, you have an obligation to explain it, and we do not believe that it is a situation where you should be passive or negative towards the disclosure of the basis for your report.

Accordingly, it is our belief that it would be impossible for you to take the "protection of sources" and use such an "unreasonable reason" to decisively refuse an inquiry as to the basis.

However, although we find it difficult to imagine that you would, if you "refuse to provide or delay providing 'our' secret materials that 'we' request due to 'our' privacy", or "take the necessity of 'protecting' sources that we are already aware of and which fall outside the definition of 'protection', or other such unreasonable reason as a basis to refuse or delay our inquiry", actions that could only be called abnormal, we presume that it would mean that "on the balance of probabilities, your company admits that there are significant doubts as to the veracity and source of the 'written resolution of the board of directors' that was the basis of the report".

Furthermore, we are astonished that on the day of the deadline for reply, we received a reply, not from your reporter Mr. Sawa to whom the inquiry was directed, but from your PR department, stating that you would "under no circumstances disclose the said documents" on the basis of the "protection of sources".

2. Regarding your refusal of our inquiry

As previously stated, the "sources" that you hold it "necessary to protect" are the architects of the recent improper accounting scheme themselves, the former employees of our company Kiriu, Hida and Nakano, and we have already understood and are aware of their criminality and the details of their actions at our company, and they fall outside the scope of "protection" to begin with.

Separately, in tandem with the aforementioned inquiry, as has been made clear by the findings of the third party committee and our disclosures of February 8th, it was found from the computer of Mr. Nakano, who has been seen to be the mastermind of the handling of the sending of money in violation of our internal regulations and the improper accounting scheme, that he had taken confidential documents from his former employer, which constitutes a serious violation of the law. Accordingly, we provided this information as evidence to Investigation Unit 2 of the Tokyo Metropolitan Police Department.

In addition, in relation to the purported “written resolution of the board of directors”, evidence was discovered that, through an inexplicable email exchange with a clerical staff member, the said staff member had been made to create documents with content that is clearly contrary to the truth, and the staff member in question was also Nakano.

Given the above situation, on the balance of probabilities, it can only be concluded your company is not refusing inquiries such as the above on the basis of the “protection of sources” that can be accepted to be for sincere news-gathering activity, but that you are using the “protection of sources” as an excuse to delay releasing the documents.

In other words, it can only be concluded that either,

(1) The purported “written resolution of the board of directors” document never existed, or

(2) The “written resolution of the board of directors” originates from Kiriu, Hida and Nakano, as we are already aware, and by leaking this, the sources that provided it are complicit in multiple violations of the law, and if parties to lawsuits with our company leaked this, it would in fact be self-evident that the said document is a forgery;

your company therefore feared that it would be revealed that you had embarked upon a seriously mistaken report, and that you are attempting to legitimize an improper refusal to respond on the basis that “a person whom our company is already aware of, for whom there is no reason or necessity for protection” is a “‘source’ who should be protected”.

Incidentally, your company is treating information regarding the source of and the parties involved in the purported “written resolution of the board of directors” document as extremely sensitive on the basis of the “protection of sources”.

However, in relation to the name of the author of the purported “Manila Bay Project Accounting Treatment Problems and Proposed Measures” document (hereinafter referred to as the “Kiriu Cover-up Memo”) that you suddenly brought up in your reply, you state his real name as “Norihisa Kiriu” without any consideration for protection. This shows a contradiction that is hard to understand.

It is entirely unclear how the rules for the “protection of sources” are being applied consistently by your company, and we and others can only presume that

the rule applied is that “when it is threatened to be revealed that your company embarked upon a baseless mistaken report, you will conveniently bring up ‘rules for the protection of sources’ in order to conceal this, and discreetly decline to answer”

3. Regarding the "Kiriu Cover-up Memo"

In your reply, you also state that, “In addition, although it was not stated in the Article, we are in possession of a copy of a document titled ‘Manila Bay Project Accounting Treatment Problems and Proposed Measures’ (dated April 11th, 2010) authored in the name of Mr. Norihisa Kiriu of your company’s Finance and Accounting Department ”, and that “it may be considered that the management team of your company was aware of this scheme ”, deliberately hinting at the existence of evidence separate to the documents we requested.

However,

1) To begin with, our “strategy meeting” is in essence a “project review meeting and coordination meeting for the delivery of various reports”, and is not a decision making body. In addition, under the committee system at the time, the executive committee and the strategy meeting were unified, and their business was recorded under the executive committee minutes; it has been clearly confirmed that the said business was not recorded within the executive committee minutes of the 5th of April that year. Furthermore, Director Okada is not a member of the executive committee. In other words, the current strategy meeting does not make any decisions, and under the committee system of the time, no strategy meeting existed that was separate to the executive committee.

2) Mr. Kiriu is not a director, so he was not present at the April 5th strategy meeting. No director who was present at that strategy meeting informed Mr. Kiriu of the content of the meeting, and no problems or countermeasures such as the above were proposed. To state further, Mr. Kiriu is a member of staff engaged in practical work, and is entirely unconnected with any situation in which “strategy” or “planning” are discussed.

3) Separately, from Mr. Kiriu’s email data, evidence has been discovered that Kiriu attached and sent the Kiriu Cover-up Memo to both Hida and Nakano, who were involved in the whitewash. No directors who were present at the strategy meeting held that day were included in the addressees of the email in

question. The email in question was addressed to Hida and Nakano, who were co-conspirators in the improper accounting scheme at issue.

4) Rather, conversely, the Kiriū Cover-up Memo and the email that circulated the said memo show the abnormal situation that “Mr. Kiriū intimates that he knew the details of a strategy meeting he never even attended, and worked based on the will of the company to create a specific scheme plan, but for some reason did not send the said materials to the management team, but only exchanged emails with parties the third party committee suspect were involved (including the finance director who was the titular author)”, and the said memo and b mail can be considered evidence indicating that “unconnected to the strategy meeting, a member of staff engaged in practical work was involved in a cover-up in excess of his authority”. The above are the facts that have become clear.

To begin with, Kiriū, Hida and Nakano have almost never participated in important meetings as official members, and it is possible that they mistook the “strategy meeting” for the board of directors or executive committee.

In other words, Mr. Kiriū, who was unaware of the significance or purpose of the strategy meeting, imagined the strategy meeting of the 5th of April, which he had not attended or ever heard the content of, and used e-mail to plan the details of the improper accounting scheme with co-conspirators Hida, Nakano etc., who were members of staff engaged in practical work; an overall evaluation of the emails of the involved parties and all relevant documents and data that we are aware of and have gathered shows that the Kiriū Cover-up Memo and the email to which the said memo was attached can only be accepted as evidence of the state of the above dirty tricks.

As stated above, “your company, which is using the ‘protection of sources’ in relation to confirmation of the veracity of the purported ‘written resolution of the board of directors’ in order to comprehensively refuse inquiries” has deliberately brought up the Kiriū Cover-up Memo, which we did not ask for in any way, in its response; it is completely unclear, not only to us, why the rule of the “protection of sources” was not a consideration in relation to the said memo, and the name of Kiriū himself revealed.

4. Conclusion

Whichever is the case, given your company’s response, the balance of probabilities is that,

1) you cannot demonstrate the veracity of the purported “written resolution of the board of directors” document that was the basis of your paper’s front page scoop report, or,

2) even if it exists on its face, given its origin and the process by which it was created, its credibility is severely lacking, and given that there are multiple disadvantageous circumstances by which it may be determined that a mistaken report was made, you cannot demonstrate its existence.

These are the only conclusions that can be made.

Our company has suffered significant damage to its societal and economic credibility due to your company's seriously mistaken report.

The resolution of this matter and the pursuit of responsibility will be left to a forthcoming claim for damages, and we urge you to print an apology in relation to the mistaken report in question in order to prevent the expansion of damages.

In addition, if your company reports upon our company again in future, we ask that you perform strict checks on the investigation and assessment of facts, and put your house in order so that the present situation does not occur again.

Yours Sincerely