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March 11, 2015

Company name: PAL CO., LTD.
Representative: Ryuta Inoue, President and Representative Director
(Code number: 2726, First Section of the Tokyo
Stock Exchange)
Contact: Yukio Utsunomiya, Managing Officer and General
Manager of Administrative Department
(Phone: +81-6-6227-0308)

Additional Disclosure Regarding “Announcement of Conclusion of Share Exchange Agreement by PAL CO., LTD. Making NICE CLAUP Co., LTD. a Wholly Owned Subsidiary”

With regards to “Announcement of Conclusion of Share Exchange Agreement by PAL CO., LTD. Making NICE CLAUP Co., LTD. a Wholly Owned Subsidiary” announced on March 10, 2015 by PAL CO., LTD. (hereinafter “PAL”), additions have been made to “2) Outline of the calculation” of “(2) Matters related to the calculation of share exchange ratio” under “3. Rationale for the allotment associated with the Share Exchange.” Details are as follows.

1. Outline of the calculation

SMBC Nikko Securities Inc., to which NICE CLAUP Co., LTD. (hereinafter “NICE CLAUP”) has appointed to calculate the share exchange ratio, calculated the common share exchange ratio between PAL and NICE CLAUP using the DCF method in order to reflect the prospective business activities of both parties on the evaluation. Financial projections of the two companies have not been made based on the assumption that this share exchange will take place.

Corporate value of PAL is evaluated on a present value basis by discounting the future cash flows based on financial projections from the fiscal year ended February 28, 2015 to fiscal year ending February 29, 2020 provided by PAL using a fixed discount rate, which ranges from 6.20% to 7.20%, and calculation of terminal value adopts the perpetuity growth method with the perpetuity growth rate at 0.00%.

On the other hand, corporate value of NICE CLAUP is evaluated on a present value basis by discounting the future cash flows based on financial projections from the fiscal year ended January 31, 2015 to fiscal year ending January 31, 2020 provided by NICE CLAUP using a fixed discount rate, which ranges from 8.58% to 9.58%, and calculation of terminal value adopts the perpetuity growth method with the perpetuity growth rate at 0.00%.