

Date : April 17, 2007

Septeni to Establish a Joint Venture Subsidiary

The Board of Directors of Septeni Holdings Co., Ltd., meeting on April 17, 2007, has approved the establishment of a new subsidiary, a joint venture with Allied Architects, Inc. (hereafter Allied Architects; Head office: Shibuya Ward, Tokyo; President and CEO: Masahide Nakamura). The details are as follows:

1. Profile of joint venture

- Name: Buzz Marketing Co., Ltd.
- Head office: Sumitomo Gaien Building, 24 Daikyo-cho, Shinjuku Ward, Tokyo
- Date of establishment: April 20, 2007 (tentative)
- Commencement of operations: May 1, 2007 (tentative)
- Capital: 3,000 million
- Capital participation:
Septeni (approximately 50.3%), Allied Architects (49.0%, Akihiro Higashi (approximately 0.7%)
- Fiscal year end: September 30
- Representatives:
Representative Director and President: Kazuhiro Takiguchi (Director, Allied Architects)
Representative Director and Vice President: Akihiro Higashi (Septeni employee)
- Activities: Buzz marketing (word-of-mouth marketing, sales promotion support services)

2. Reasons for establishing the joint venture

Buzz marketing, a word-of-mouth marketing method (WOMM) that uses personal recommendations and referrals through blogs, SNS and other consumer-initiated communication channels, has started to garner attention in online advertising media.

The Septeni Group already offers sales promotion services using blogs, SNS and other similar channels to a wide range of companies, and is now confident that demand is increasing for WOMM marketing.

Allied Architects offers a WOMM portal-site development tool, “*edita*,” to the consumer market. The company had a presence in 12,000 sites as of March 2007.

The two partners started to market “*Kuchikomi edita*,” a WOMM portal site development tool for corporate clients. Together, they have been exploring the potential of marketing methods focused on creating new methods of communication between “consumers and businesses” and the use of “consumer-initiated communication for marketing by businesses.”

While buzz marketing know-how is not yet well established, Septeni believes that integrating the know-how, technology and resources of the two partners will place it in a position of competitive advantage. The agreement to establish Buzz Marketing, a joint venture company specializing in buzz marketing, reflects these considerations.

The new company will offer a full range of WOMM services, from word-of-mouth marketing and sales promotion planning to execution of WOMM programs, while at the same time

building up a network of bloggers by signing up influential individuals who enjoy authority and a high number of personal connections, and who can trigger and accelerate the distribution of the marketing message.

3. Impact on operating results

The effect of the establishment of the new subsidiary on current term operating results is likely to be minimal.

For reference

Profile of Allied Architects

- Name: Allied Architects, Inc.
- Head office: 1-5-13 Hiroo, Shibuya Ward, Tokyo
- Representative: Representative Director and CEO, Masahide Nakamura
- Established: August 2005
- Capital: 113.05 million yen
- Employees: 19 (as of March 2007)
- Activities: Web design solutions, CMS solutions, WOMM solutions