

# **GREE's Global Strategy and OpenFeint Acquisition**

GREE, Inc.

April 22, 2011



Expand a social gaming network business and monetize through social games developed in Japan and internationally for the global smartphone market

### Smartphone focus

The global smartphone market will continue to grow rapidly with vast market potential

#### Platform business expansion

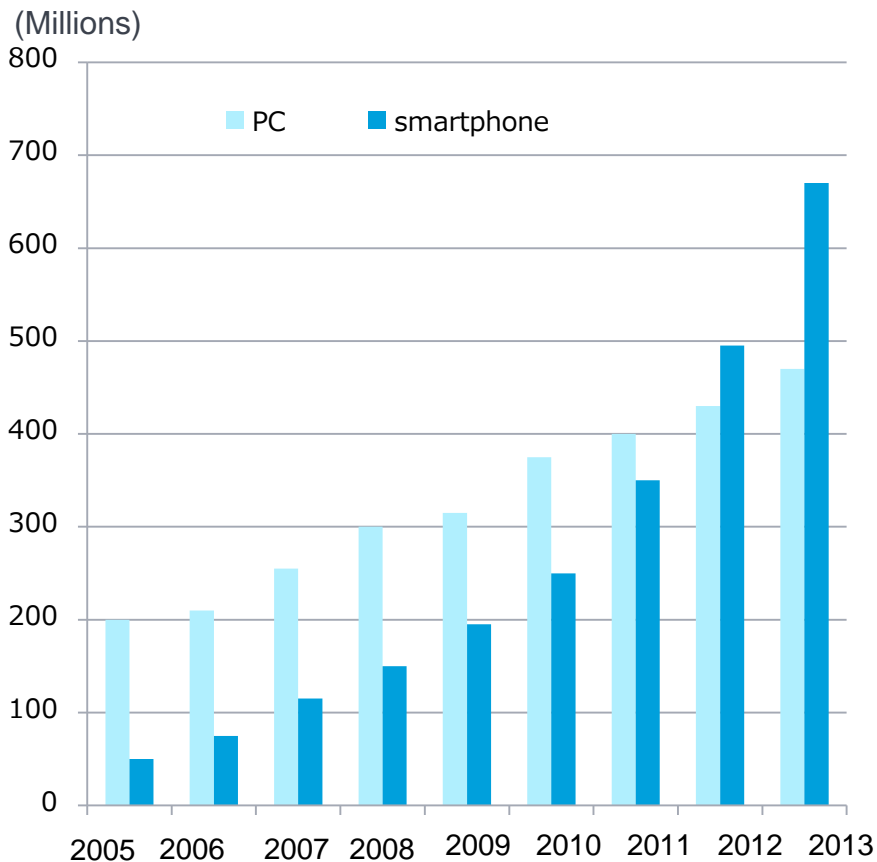
Build a global social gaming network through expanding GREE (including M&As) and partnering with global platform players with shared platform specifications

#### Social game development

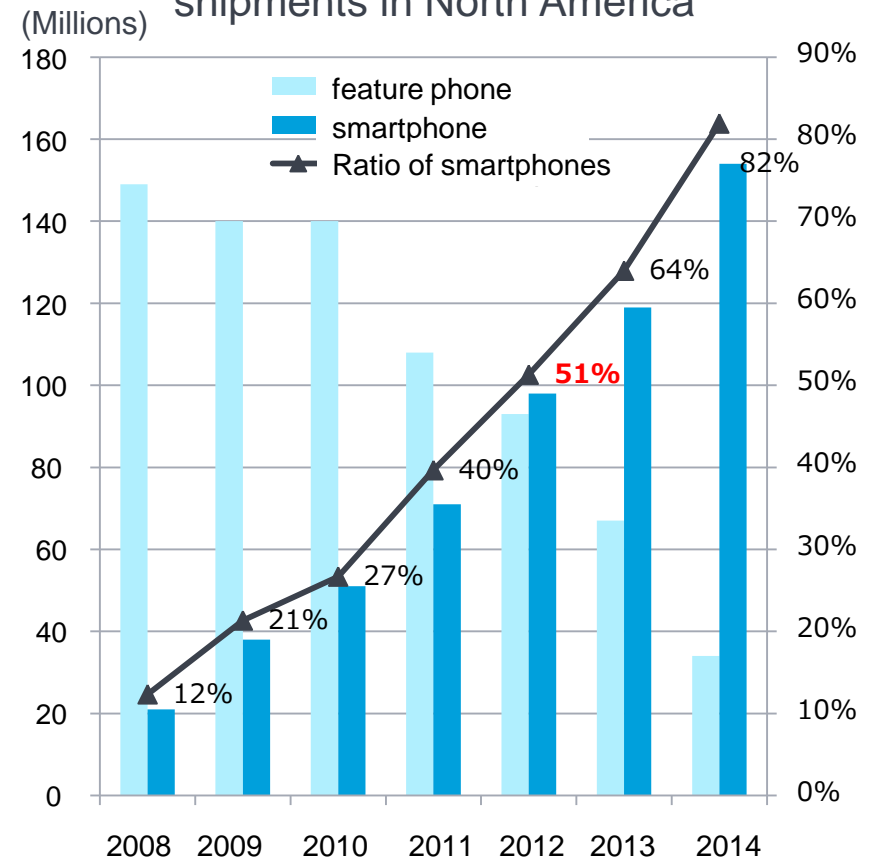
Develop social games in Japan and internationally for our global social gaming network

The rapid growth of the global smartphone market will enable our global business expansion

Smartphone vs. PC shipments worldwide

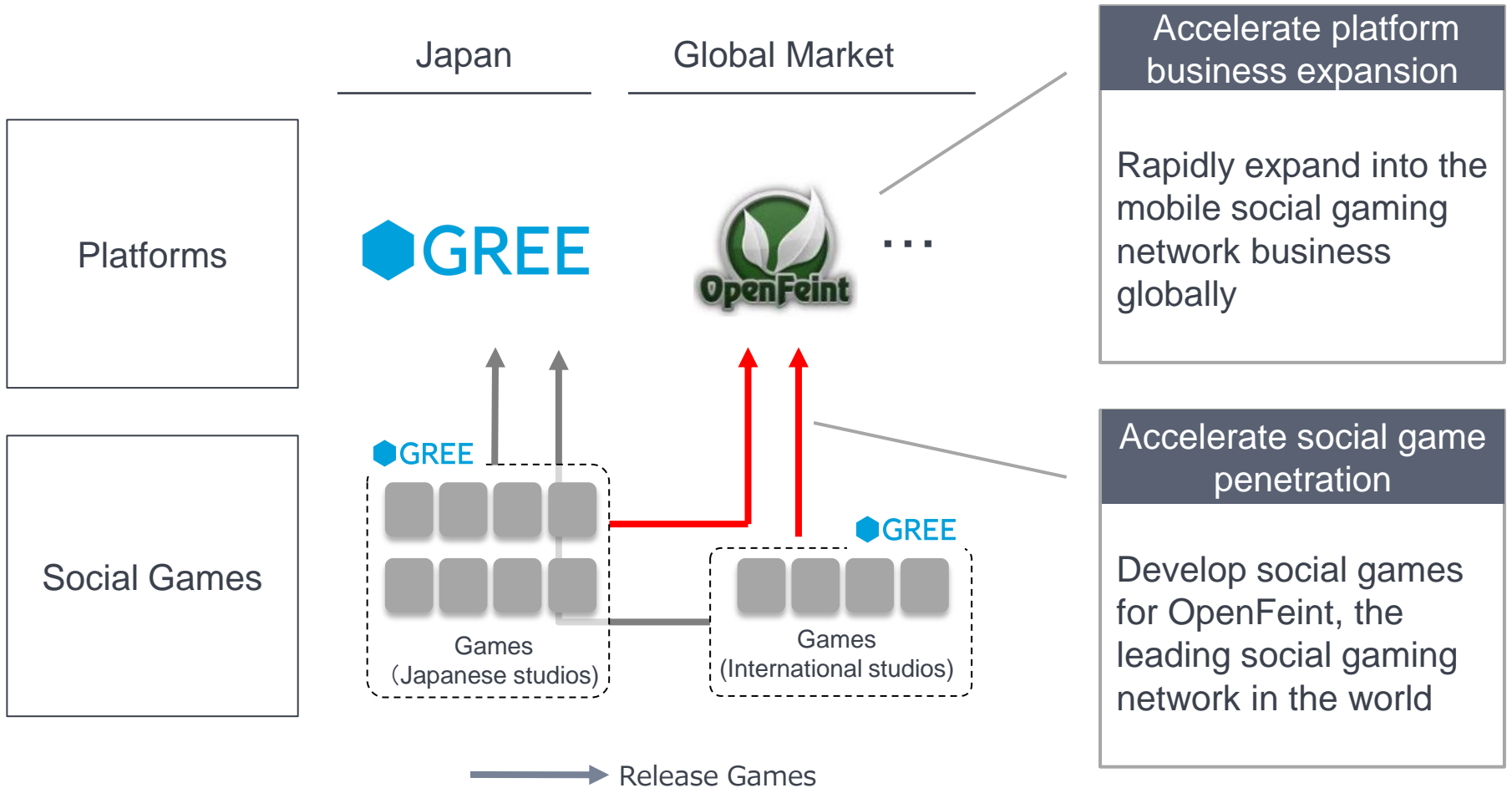


Smartphone vs. feature phone shipments in North America



Source: Morgan Stanley

The acquisition accelerates GREE's expansion into the global market



OpenFeint, Inc. operates a social gaming network for smartphones with one of the largest number of users (75 million), games (5,000) and developers (19,000) in the world

Company name	OpenFeint, Inc.
Established	August 2008
CEO	Jason Citron
Business	“OpenFeint”, a social gaming network for smartphones
Office	California, U.S.A.
Number of users	75 million (as of April 2011)
Number of games	5,000 (as of April 2011)
Number of developers	19,000 (as of April 2011)
Major titles	Fruit Ninja, Tiny Wings (ranked as No.1 in iTunes App Store game ranking)
Recent activities	<p>Sep. 2010: Released an SDK for Android</p> <p>Oct. 2010: Partnered with Verizon Wireless</p> <p>Dec. 2010: Released new services: “OFX” “Game Channel”</p> <p>Jan. 2011: Partnered with AT&amp;T, Inc.</p>

As a social gaming network for smartphones, OpenFeint provides game developers with a suite of solutions from marketing to monetization

Marketing



User acquisition through games and game portals

- ✓ More than 75 million users
- ✓ More than 5,000 apps
- ✓ Game portal applications “Game Channel” and “Feint SPOTLIGHT”

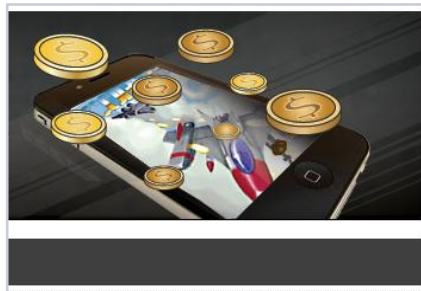
Activation



User activation through social features

- ✓ Social features (leaderboards, achievements, forums etc.) via their free SDK for iOS and Android OS

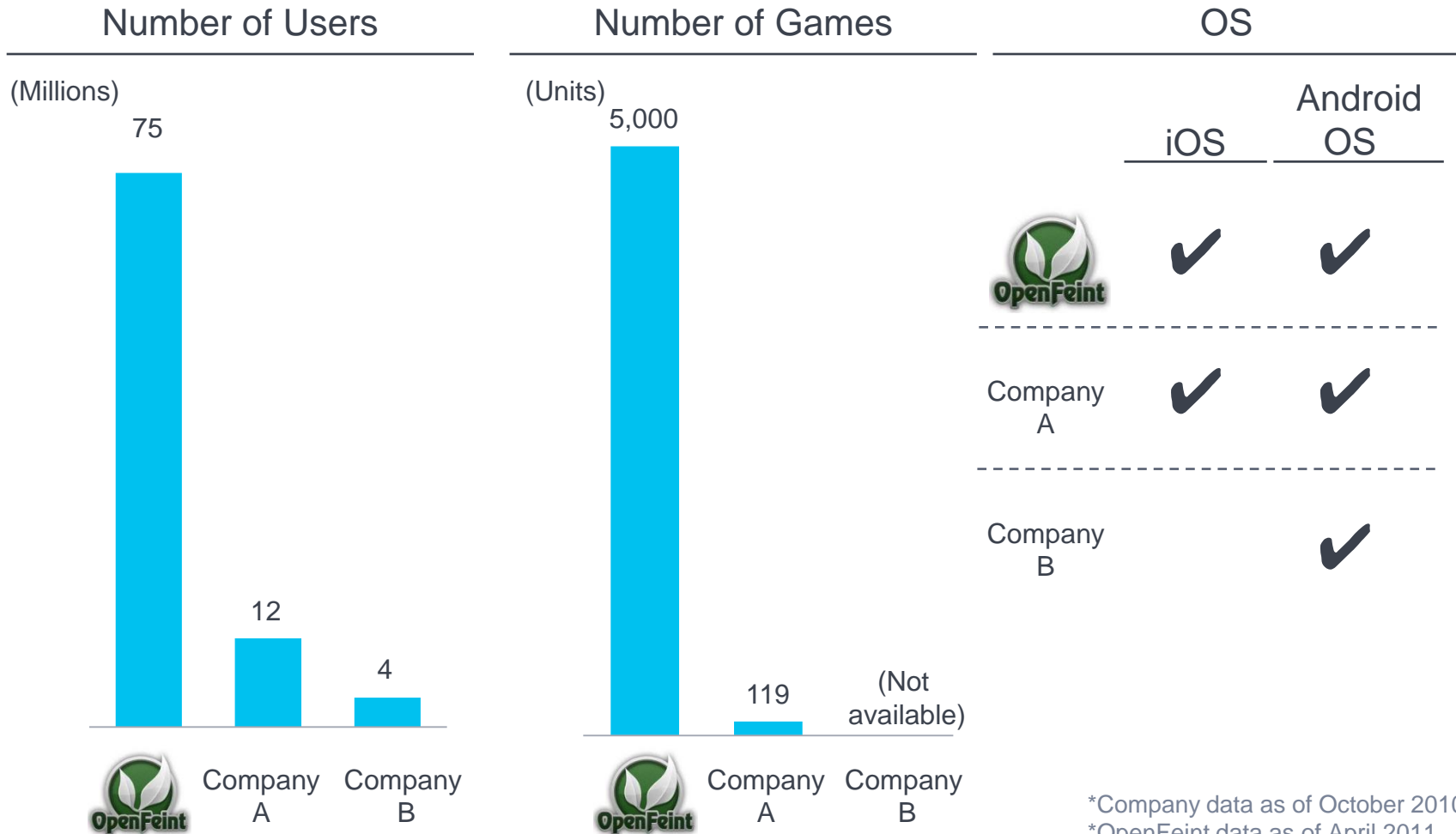
Monetization



Monetization support for developers

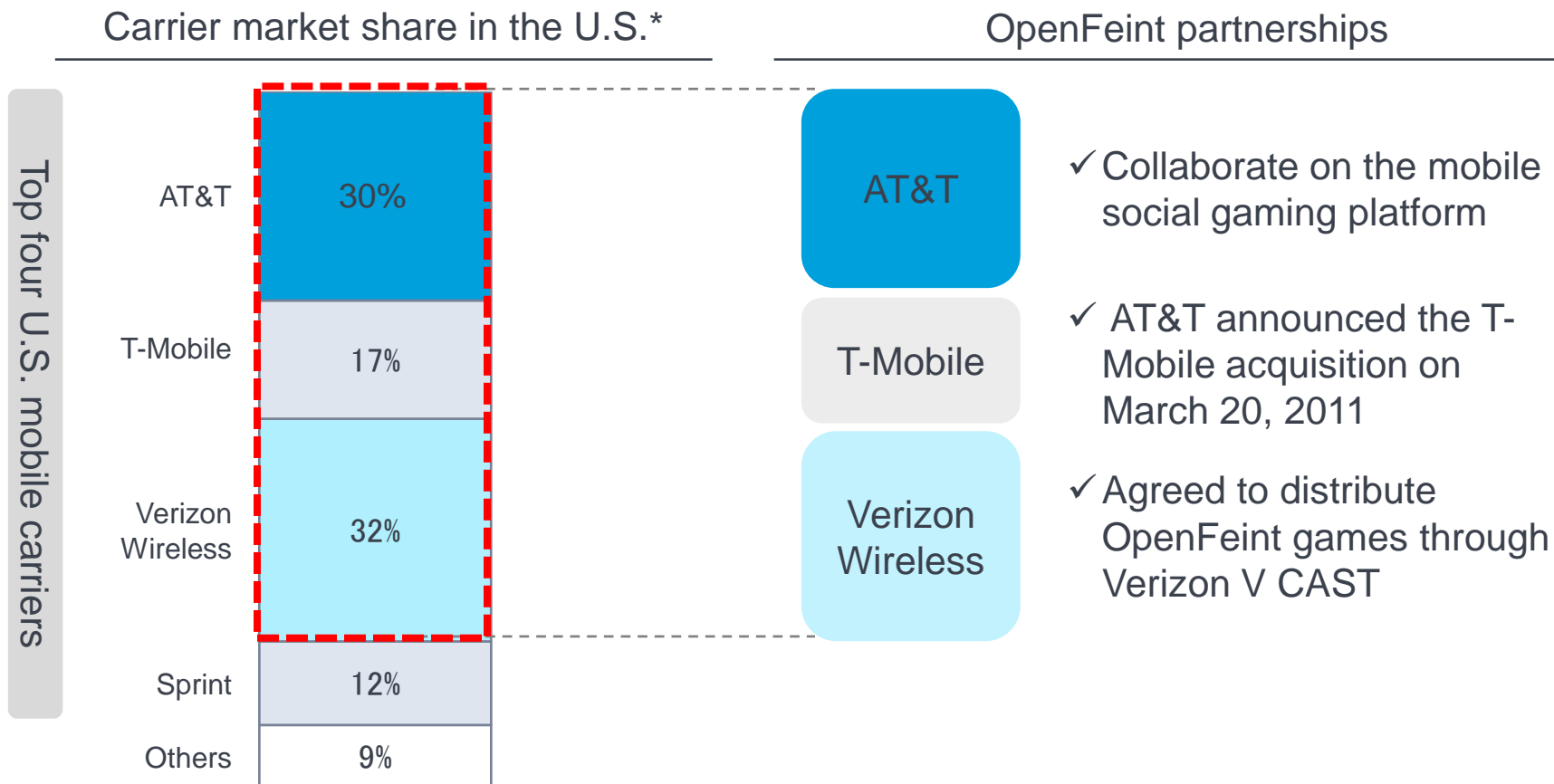
- ✓ Microtransaction and virtual goods management system
- ✓ Pay-per-performance advertisement

OpenFeint has one of the largest number of users and games in the industry



\*Company data as of October 2010  
\*OpenFeint data as of April 2011

OpenFeint shows further growth potential through partnerships with Verizon Wireless and AT&T, the two largest mobile carriers in the U.S.



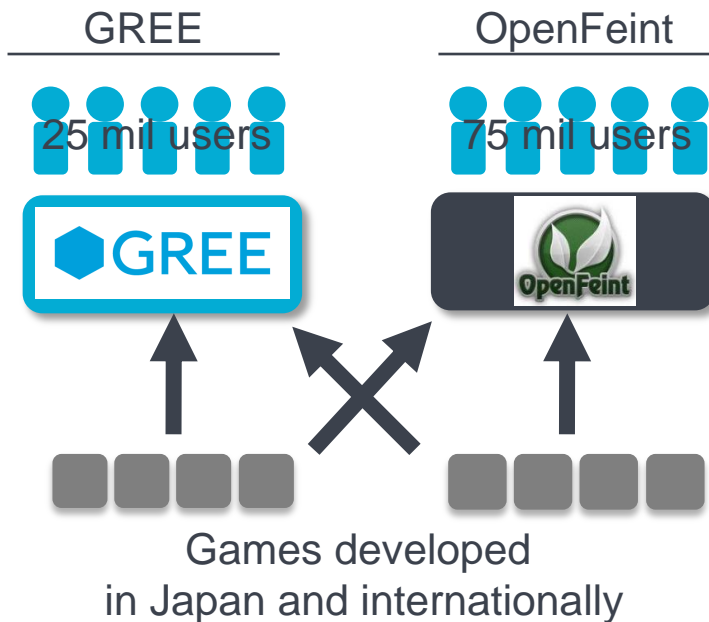
\* GREE Provisional Estimate based on CTIA



## Synergy through platform alliance and knowledge sharing/ co-development

### Platform alliance

- ✓ Sharing platform specifications between GREE and OpenFeint to help developers provide games globally with minimum porting costs



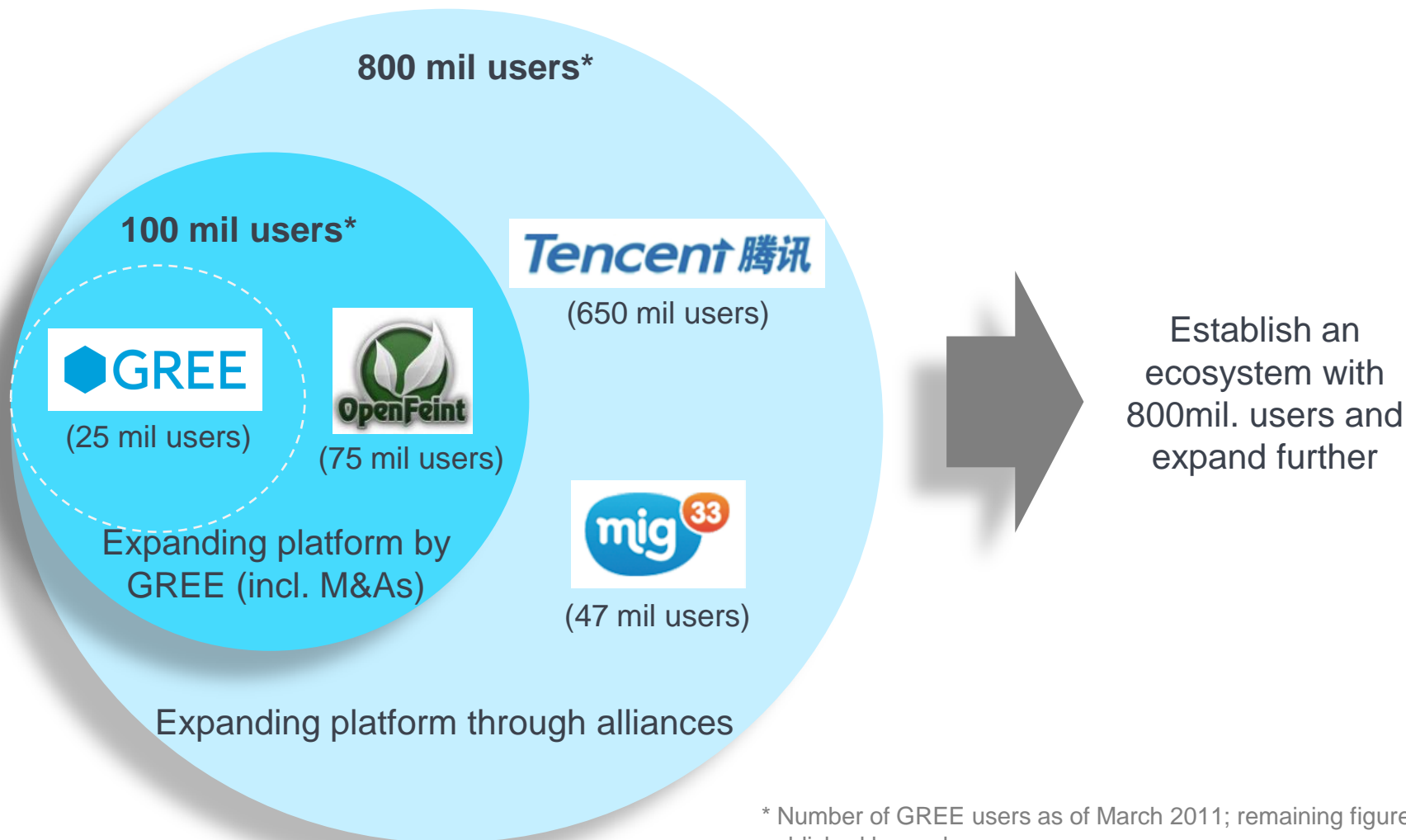
### Knowledge sharing/ co-development

- ✓ Enhance OpenFeint's social features by leveraging GREE's expertise in social networking services
- ✓ Increase user engagement for higher game adoption and ARPU



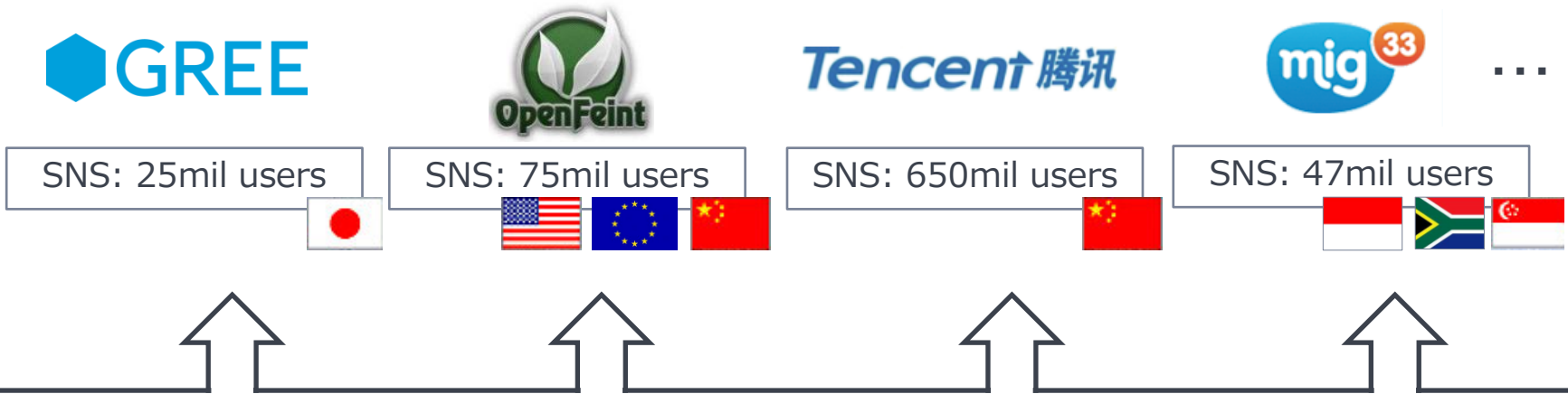
Sharing knowledge through employee exchange

Build a global social gaming network through expanding GREE (including M&As) and partnering with global platform players with shared platform specifications



Accelerate global expansion of the platform and social game businesses

Platform business



Social game business

(Japanese studios)



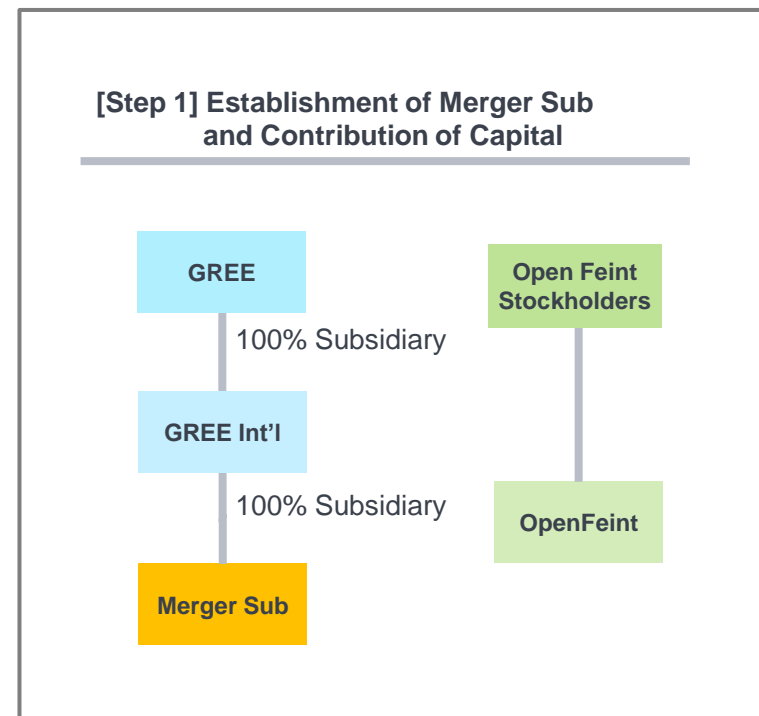
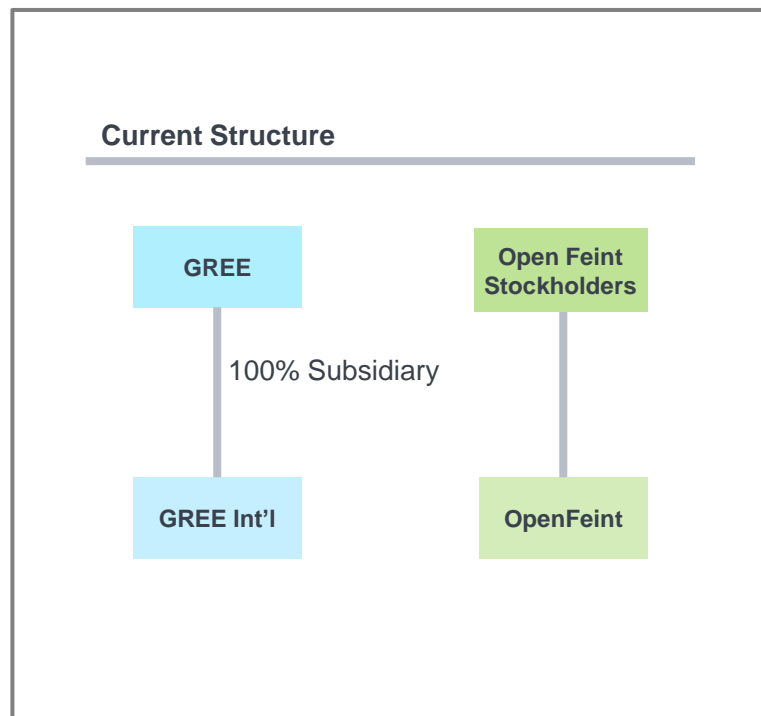
(International studios)



Become the No.1 social gaming network and social game provider in the world



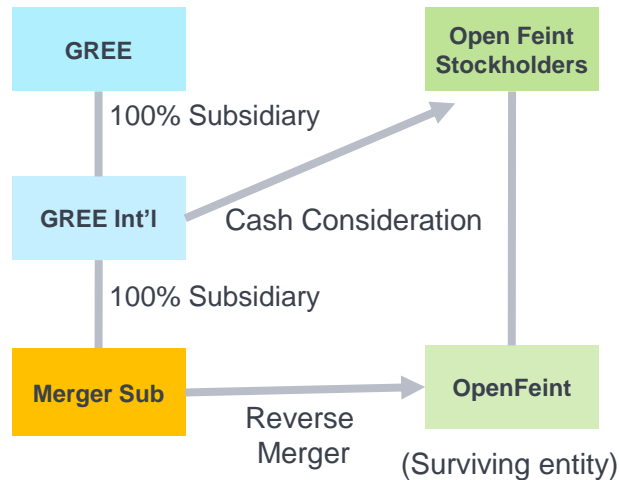
# Acquisition Structure and Outline



GREE will acquire OpenFeint through a triangular merger. For purposes of the acquisition, GREE International, a wholly-owned subsidiary of GREE in the U.S., had established Argon Acquisition Co (“Merger Sub”) which merged into OpenFeint. Prior to the acquisition, GREE contributed to GREE International funds for the acquisition by subscribing for additional shares in GREE International. In connection with the acquisition, cash consideration will be paid to the former stockholders, warrant holders and option holders (collectively, “Stockholders”) of OpenFeint. GREE International, in exchange, acquired newly issued shares of OpenFeint. The acquisition will be made using cash only. A summary of the acquisition is as follows

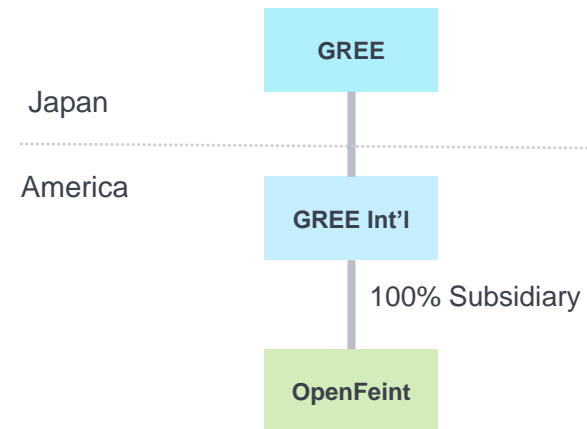
GREE International established Merger Sub in the state of Delaware, USA. Prior to the acquisition, GREE contributed to GREE International funds for the acquisition by subscribing for additional shares in GREE International.

### [Step 2] Merger of Merger Sub into OpenFeint



Merger Sub then merged into OpenFeint, in a statutory reverse triangular merger, leaving OpenFeint as the surviving entity following the merger. As consideration for the acquisition, GREE International will make a cash payment to the former OpenFeint Stockholders


### [Step 3] Completion of the Acquisition



Following the transaction, OpenFeint became a wholly-owned subsidiary of GREE International and an indirect wholly owned subsidiary of GREE

GREE has retained Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") as its financial advisor and has received advice from MUMSS on the structure and valuation of the acquisition. MUMSS has performed valuation analysis based on the comparable companies analysis based upon discounted equity value method, precedent transaction analysis and discounted cash flow analysis. GREE has determined the consideration for the acquisition considering the results of these valuation analyses performed by MUMSS.

In addition, GREE retained Morrison & Foerster LLP ("Morrison & Foerster") as its legal advisor and has received advice from Morrison & Foerster on the legal documentation and structure of the acquisition, and the decision-making process at GREE's board meetings.

Acquisition cost	Acquisition cost: 104.0 million U.S. dollars (approximately 8,575 million yen) *Exchange rate: 1.00 USD = 82,46 JPY as of April 20, 2011
Acquisition funding	Cash reserves
Merger agreement date	April 22, 2011
Share purchase date	April 22, 2011 (scheduled)
Board of directors (to be determined)	Jason Citron Naoki Aoyagi Yoshikazu Tanaka
CEO profile	 <p>Jason Citron, Founder and CEO Game programmer at several studios. Established OpenFeint in 2008</p>





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- When producing this document, we were careful not to include errors or omissions, but the authenticity and integrity of the information are not guaranteed.