

*February 21, 2013*

**Notice Concerning Settlement of Litigation and Posting of Extraordinary Loss**

Miroku System Trading Co., Ltd. ("MST"), a subsidiary of Miroku Jyoho Service Co., Ltd. ("MJS") that is currently undergoing liquidation proceedings, has reached the following settlement today concerning a lawsuit by PFU Limited ("PFU," Kahoku, Ishikawa prefecture, President: Kiyoshi Hasegawa) in which MJS and MST were co-defendants.

This settlement ends all litigation involving MST and MJS concerning the trading transactions of MST.

1. Background from the initiation of the action until the court decision and summary of content of the settlement

In June 2007, with respect to the deliverables that are the subject of a sales agreement between MST and PFU, it was discovered that delivery was not performed as contracted under the agreement, on which grounds MST dispatched to PFU a written notice of termination of the said agreement, whereupon the said agreement was terminated.

In response, PFU filed a lawsuit seeking payment from MST and the MJS of 4,040,139,390 yen (subsequently reduced to 3,458,445,440 yen) with the Tokyo High Court, either in the performance of the payment obligation in the amount of the transaction price based on the said agreement or as compensation for damages on grounds of tort as the joint and several obligation of MST and MJS.

On November 30, 2011, the Tokyo District Court reached the first verdict that agreed with the position of MJS by rejecting the claims of PFU and recognizing the entire amount of the claim of PFU against MST. In response, MST and PFU each submitted an appeal to the Tokyo High Court.

This court subsequently submitted a recommendation for a settlement. After carefully examining this proposed settlement, MJS reached the decision to accept the settlement in order to end this litigation quickly. The first verdict recognized the position of MJS and rejected the claims of PFU. Although MJS has no responsibility whatsoever concerning these claims, the settlement was accepted because MST is undergoing liquidation proceedings and because of the effect that continuing this litigation would have on the MJS Group from the standpoint of economic rationality. Acceptance of the court's proposed settlement is based on the premise that the settlement does not recognize any responsibility of MJS. As a result, the settlement was reached on February 21, 2013 with MJS agreeing to pay on behalf of MST the settlement amount of 500 million yen that was proposed by the court.

2. Effect on consolidated business results in the current fiscal year

MJS will post the 500 million yen payment as an extraordinary loss. However, since the liquidation of MST is expected to be completed by the end of the current fiscal year, MJS expects a decrease of about 400 million yen in income and other taxes resulting from a reduction in taxable income from losses brought forward, including the settlement payment.

Consequently, this settlement will have no effect on consolidated sales, operating income and ordinary income in the current fiscal year and only a small effect on net income. MJS is therefore making no revisions to the forecast for consolidated business results in the fiscal year ending in March 2013 that was announced on May 10, 2012.

(Reference)

Forecast for consolidated business results in the fiscal year ending in March 2013  
(announced on May 10, 2012) and previous results

(Million yen)

	Sales	Operating income	Ordinary income	Net income
Forecast for the current fiscal year (Year ending Mar. 2013)	20,230	2,070	2,050	1,100
Previous results (Year ended Mar. 2012)	19,595	2,023	2,000	1,058