

March 17, 2010

Notice of Basic Agreement on Sales of Stock in a Subsidiary

The Board of Directors of TYO Inc., at the meeting on March 17, 2010, resolved to sell its entire holding in Tsurabaya Productions Co., Ltd. (hereafter "Tsurabaya"), a consolidated subsidiary, to Fields Corporation (hereafter "Fields"). Tsurabaya's management has consented to the stock transfer.

1. Reasons for the sale of stock

The TYO Group, at the meeting of the Board of Directors of TYO Inc. on March 17, 2010 resolved to sell its entire holdings in Tsurabaya, a consolidated subsidiary to Fields.

From summer through fall of 2007, the period leading up to its acquisition as a consolidated subsidiary by the TYO Group, Tsurabaya saw substantial rises in its expenses, including visual production costs. This, along with weakened management and a lower awareness of the need to focus on profit, the result of years of control by the owning family, triggered a crisis for the company. Once Tsurabaya was brought into the TYO Group in October 2007 its business performance was turned around, as TYO implemented a series of management reconstruction measures. These measures included strengthening corporate governance, withdrawing from money losing businesses, and reforming the visual production system to improve its profitability. Other initiatives included measures to improve the ability to handle litigation and aggressive expansion of Tsurabaya's licensing business through a tie-up with Bandai Co., Ltd.

Fields is a diversified company with a wide range of interests in the entertainment industry. In addition to its core pachinko and pachislo businesses, Fields is deeply involved in sport, visual production, mobile content, publishing, animation and other entertainment fields.

TYO implemented several strategic moves to reinvigorate the popularity of Tsurabaya's movie character "Ultraman," who is now likened to a national hero. This was done by promoting Ultraman series TV programs, theatrical films and licensing. In its negotiations with Fields, TYO realized that Fields fully recognizes the value of Tsurabaya's business and its brand, and this led to a firm conviction that positioning Tsurabaya as a member of Field's Group would help the company to progress and grow by enabling it to diversify its content business. The agreement between TYO and Fields reflects these factors.

The divestiture of Tsurabaya's stock will enable TYO to better focus its resources on its core advertising related visual business, including TV commercials, Web advertising and promotion media, while strengthening its financial base.

Furthermore, as separately announced today in the news release "Notice on Divestiture of Treasury Stock through Third-Party Allocation and Changes in Major Shareholders," the TYO Group has accepted a capital investment from Fields and plans to strengthen the relationship between the two companies. Combining Fields' strengths in a wide range of entertainment fields with TYO Group's capabilities in developing comprehensive advertising packages, backed up by strengths in TV commercial production, is expected to lead to new business opportunities and to enhance the corporate value of both firms.

2. Profile of Tsurabaya Productions

- (1) Company name: Tsurabaya Productions Co., Ltd.
- (2) Representative: Shinichi Ooka, President
- (3) Head office: 1-10-1 Hachimanyama, Setagaya-ku, Tokyo
- (4) Established: April 1963
- (5) Major businesses: Planning and production of films and TV programs; planning, production

- and sales of character goods
- (6) Fiscal year end: July 31
- (7) No. of employees: 79 (as of January 31, 2010)
- (8) Capital: 310,000 thousand yen
- (9) Shares outstanding: 100,000 shares
- (10) Principal shareholders and percentage of shares held:
 TYO Inc.: 51,000 shares (51.0%)
 Bandai Co., Ltd: 49,000 shares (49.0%)

(11) Recent operating results

(Million yen)

	Fiscal year ended February 2008	Fiscal year ended July 2008 *	Fiscal year ended July 2009
Sales	3,961	1,029	3,577
Operating income	(132)	(20)	374
Ordinary income	(324)	(34)	328
Net income	(2,337)	(49)	238
Total assets	3,029	2,435	1,862
Net assets	(1,019)	(1,068)	(832)

* Fiscal year ended July 2008 was a 5-month accounting period due to a change in the fiscal year end.

3. Profile of buyer

① Company name	Fields Corporation	
② Businesses	Planning, development, purchase and sales of amusement machines; planning, development and sales of video software copyrighted characters and related content; planning, development and sales of visual software	
③ Established	June 1988	
④ Head office	3-6 Maruyama-cho, Shibuya-ku, Tokyo	
⑤ Name and position of representative	Hidetoshi Yamamoto, Chairman and CEO Takashi Oya, President and CEO	
⑥ Capital	7,948 million yen	
⑦ Net assets	39,496 million yen	
⑧ Total assets	52,064 million yen	
⑨ Major shareholders and percentage of shares held	Hidetoshi Yamamoto: 25.00% SANKYO Co., Ltd.: 15.00%	
⑩ Relationship between listed company and buyer	Capital	None
	Business	None
	Personnel	None
	Related party information	None

4. Number of shares to be transferred, transfer price and percentage of shares held before and after transfer

- (1) Shares held prior to transfer: 51,000 shares
 (percentage of shares held by TYO: 51.0%; voting rights held: 51,000)
- (2) Shares to be transferred: 51,000 shares
 (percentage of shares held by TYO: 51.0%; Transfer price: Undecided *)
- (3) Settlement method: Undecided *
- (4) Shares held after transfer: 0 shares
 (percentage of shares held by TYO: 0.0%; voting rights held: 0)

* The transfer price and method of transfer shall be decided through negotiations between the two companies following the appraisal of assets by Fields Co., Ltd. We will disclose the details as soon as they are finalized.

5. Transfer schedule

March 17, 2010	Resolution by the directors of TYO and signing of basic agreement
Late March 2010	TYO board of directors meeting concerning the matter (tentative)
Early April	Signing of the stock transfer agreement, date of stock transfer (tentative)

6. Outlook

Tsurabaya will cease to be a TYO subsidiary after the transfer of stock. The effect of the sale of stock on TYO's consolidated business results for the fiscal year ending July 2010 will be disclosed without delay, based on the transfer price arrived at through negotiations with Fields.