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To All Stakeholders:

GEO HOLDINGS CORPORATION
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Recommendations and Responses Concerning Revisions to Preventive Measures and Effect on Results of Operations

The Board of Directors of GEO HOLDINGS CORPORATION reached the following decisions at their meeting today concerning revisions to preventive measures that were announced on December 22, 2011 in a press release titled "Recommendations for Organizational Changes and GEO Responses."

1. Summary of Recommendations of the Special Committee

In response to the request of the Special Committee, GEO HOLDINGS has formulated specific proposals for revisions based on the recommendations of the committee in its Investigation Report, Section 5 Analysis of Causes and Recommendations for Preventive Measures¹ and submitted these proposals to the committee. The Special Committee has examined these proposals and given its approval for almost all of the proposed actions. Consequently, GEO HOLDINGS is substituting the summary of recommendations of the Special Committee with the following "2. Responses by GEO HOLDINGS."

2. Responses by GEO HOLDINGS

Since 2011, GEO HOLDINGS has taken many actions to reinforce its corporate governance framework, including the election of five external directors and revisions to the organizational structure. In addition, the Board of Directors today approved the general outline of Revisions to Preventive Measures as follows. For information about the original preventive measures, please see the press release dated June 6, 2011 that is titled "Disciplinary Actions and Preventive Measures for Improper Accounting Procedure."

(1) Upgraded training and education program for executives and employees

Classes and other training and educational activities led by specialists in the field of compliance will be conducted more frequently in order to increase the awareness of executives and employees of the importance of compliance.

(2) Reinforce system for the promotion of compliance

A compliance officer will be named for each organizational unit. By working with the GEO HOLDINGS Compliance Department, these officers will oversee the effective implementation of training and education programs, identify problems concerning compliance with laws and regulations, and quickly determine solutions for these problems.

(3) Improve environment for internal reports

For the purpose of improving the self-cleansing function that relies on internal reports, a new internal

¹ Please see the section starting on page 99 of "Notice of Results of Investigation Concerning GEO HOLDINGS and Former Affiliated Company" dated December 16, 2011. This report is available only in Japanese.

reporting channel will be established that uses attorneys and other professionals. This channel will provide greater confidentiality, professionalism and objectivity for responding to these reports. Separately from the current internal reporting channel, this new channel will contribute to the protection of individuals submitting reports and to the suitability of measures to solve problems.

(4) Stronger checking system for payments

GEO HOLDINGS will increase the integration of internal decision-making systems involving the decision process, payments and other items. In addition, rules involving payments will be reexamined and the human checking system will be reinforced. Taking these actions will give the company a more effective framework for the prevention in inappropriate payments.

(5) Upgraded auditing function and system

The press release dated December 22, 2011 titled "Recommendations for Organizational Changes and GEO Responses" included the announcements of the appointment of a general manager of the Audit Department and assignment of two employees to work on the staff of the corporate auditors. In addition, the scope of items covered by internal audits associated with payments will be enlarged and more employees will be assigned to these audits as required. Furthermore, rules involving audits will be reexamined and the required environment will be established for facilitating the unrestricted exercise of all auditing rights.

3. Effect on results of operations

As was announced on December 22, 2011, GEO HOLDINGS has performed a thorough examination that included the assistance of its independent auditor with regard to revisions to prior-year financial statements required by newly discovered facts concerning this incident.

GEO HOLDINGS has performed examinations and confirmations concerning the improper payments and other activities described in the Investigation Report as stated in the following supplementary document titled "Accounting Treatment of Transactions Listed in the Investigation Report of the External Investigation Committee." The company has concluded that there is only a negligible effect on its financial statements and other documents. As a result, GEO HOLDINGS believes that this incident requires no revisions to prior-year financial statements and has no effect on results of operations in the third quarter or current fiscal year to the extent of causing investors and other stakeholders to make erroneous judgments about GEO HOLDINGS.

4. Upcoming actions

Based on the recommendations of the Special Committee, GEO HOLDINGS will ask external specialists to examine the facts involving the improper payments in order to reach a decision as to whether or not to start legal proceedings concerning individuals who were allegedly involved in this incident.

Accounting Treatment of Transactions Listed in the Investigation Report
of the External Investigation Committee

The accounting treatment in individual fiscal years of transactions that were examined by the Investigation Committee is shown in the table below. All of these transactions were recognized as fees paid, which are included in general and administrative expenses, in prior fiscal years and in the current fiscal year. With regard to the nature and value of payments identified as “fictitious” in the Investigation Report, items with the characteristics of assets were not recognized. Furthermore, these payments include items that were treated for accounting purposes as entertainment expenses and other expense items in general and administrative expenses. Even in these cases, these are changes in expense items included in general and administrative expenses that have only a negligible effect on financial statements and other documents. Consequently, GEO HOLDINGS believes there is no need to revise prior-year financial statements or the financial statements through the first half of the fiscal year that ended in March 2011.

(Million yen, rounded down)

Fiscal year	Company	Description	Date posted	Counterparty	Amount	Accounting item	
Year ended March 2010	GEO	Consulting for GEO Estate refinancing	2009/9	Company A	90	Fees paid	
			2009/9	Company B	50		
			2009/9	Company C	10		
			Sub-total		150		
	Total for year ended March 2010					150	
Year ended March 2011	GEO	Consulting for sale of GEO Estate stock	2011/3	Company A	13	Fees paid	
			2011/3	Company A	50		
			2011/3	Company J	50		
			Sub-total		113		
	GEO	Advertising for GEO Ponta VISA Card	2011/1	Company D	1	Fees paid	
			2011/2		2		
			2011/3		2		
	Sub-total		7				
	Advice for installation of store multi-function printers		2010/11	Company E	25	Fees paid	
	Advice concerning financial intermediary services		2010/11	Company A	22	Fees paid	
	Advice concerning purchase and maintenance of vehicles		2010/11	Company B	29	Fees paid	
	Total for year ended March 2011					196	
	Second Street	Advice for procurement of merchandise from overseas		2010/11	Company A	10	Fees paid
Consolidated total for year ended March 2011					206		
First half of year ended March 2012	GEO	Advertising for GEO Ponta VISA Card	2011/4	Company D	2	Fees paid	
			2011/5		3		
			Sub-total		5		
	Advice for response to earthquake damage		2011/4	Company F	10	Fees paid	
	Advice for large-volume purchase of game machines		2011/4	Company G	20	Fees paid	
	Tax consulting		2011/4~/9	Company H	2	Fees paid	
Total for first half of year ending March 2012					38		
Grand total					394		