To Our Shareholders:

Net One Systems Co., Ltd.

Additional Information Regarding Proposal No. 4 to be Resolved at the 25th Annual Shareholders Meeting

We have been advised that Institutional Shareholder Services, Inc. (hereinafter referred to as “ISS”) is recommending “Against” vote for the election of the third nominee, namely Mr. Tadashi Nakaoka (hereinafter referred to as the “Nominee”) under Proposal No. 4, “Election of Three (3) Statutory Auditors”, which will be resolved at the 25th Annual Shareholders Meeting scheduled on June 14, 2012.

In response to such ISS recommendation, we would like to elaborate on this proposal further, and ask for your understanding.

1. Why ISS recommends votes against the Nominee
ISS recommends votes against the Nominee because the Nominee’s past affiliation with then Cisco Systems Japan K.K. (Now Cisco Systems G.K.; hereinafter referred to as “Cisco”), for which the Nominee had worked as a director, could reasonably be regarded as a conflict of interest, which fails to meet ISS criteria on independence.

2. Why the Nominee meets the criteria for independence
We strongly believe that the Nominee will act as an independent Outside Statutory Auditor on the grounds that the Nominee has not held and does not hold positions over which Cisco has clout of any kind and that it is inconceivable that he will make decisions more in favor of the benefits of Cisco than the benefits of the shareholders as warranted by the fact that the Nominee has worked for, as a director, Open Market Japan Co., Ltd., Procket Networks Japan, Inc., Symbol Technologies Japan, Inc., and Aero Scout Japan Co., Ltd., none of which has been or is under control of Cisco, over the past decade or so (13 years and 2 months to be exact) after resigning Cisco in March, 1999.

Further as stated on page 49 of the “Attachments to the Notice of the 25th Annual Shareholders Meeting”, the Nominee has been selected as a nominee for Outside Statutory Auditor based on the determination that he will fully contribute to audits of our company’s management from an objective and neutral viewpoint, taking into consideration his experience as a corporate manager as well as his broad knowledge and experience in the field of information and communication business.
We hope that this additional information above is helpful in considering your votes for electing Mr. Tadashi Nakaoka as an Outside Statutory Auditor, and we sincerely ask for your understanding.

End of Notice