

(Translation)

To all concerned parties:

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**Conclusion of Basic Agreement concerning the Acquisition of the Shares of J. Sakazaki Marketing Ltd.  
and of a Memorandum of Agreement on a Merger of Fields Corporation Subsidiaries  
– Expanding and strengthening sports and entertainment business –**

Fields Corporation announces that at the meeting of its Board of Directors held on June 27, 2005, it was resolved to conclude a basic agreement concerning the acquisition of the shares of J. Sakazaki Marketing Ltd. (“JSM”), and a memorandum of agreement on the merger with JSM of the Fields Corporation subsidiaries Professional Management Co., Ltd. (“PM”) and Total Workout Corporation (“TWO”). Details of this matter are set out below.

**I. Outline of basic agreement and merger of subsidiaries**

Fields Corporation has concluded a basic agreement in relation to the scheduled acquisition of 65% (15,600 shares) of JSM’s outstanding shares by mid-July 2005.

As a result of this share acquisition, JSM will become a subsidiary of Fields Corporation. It will subsequently be merged with sports-related subsidiaries, and their know-how and networks will be used as the basis for further expanding and strengthening the Fields Group's sports and entertainment business, with the aim of establishing global standing in that field.

**II. Objectives of the basic agreement and merger of subsidiaries**

In line with its corporate philosophy of providing “the greatest leisure for all people,” Fields Corporation uses the strengths of each company in the Group to develop entertainment content business in a broad range of fields.

As part of this process of business development, Fields Corporation is now adding the sports marketing company JSM to the Group with the aim of combining its activities with the existing businesses of Group companies so as

to expand sports-centered business opportunities and secure opportunities for growth, thereby expanding and strengthening its sports and entertainment business.

JSM will be merged with PM and TWO, which engage in sports-related business for the Group, and through this we will endeavor to maximize Group synergies towards the goal of establishing a global and overwhelmingly strong position in the expanding field of sports and entertainment.

### **III. Background to entry into sports and entertainment business**

Hitherto, Fields Corporation has developed its business as a content provider supplying a wide range of fields with products such as pachinko/pachislot machines, games and character goods enhanced by product planning based on copyrights it has acquired. In recent years it has reached beyond these spheres by creating a cycle that extends from original content creation to the stage of nurturing and expansion of the content, and still further to the next stage, while securing a substantial payback in profit. In this way it has been pursuing a content integrator strategy through seamless involvement in the entire content lifecycle to maximize the value of content.

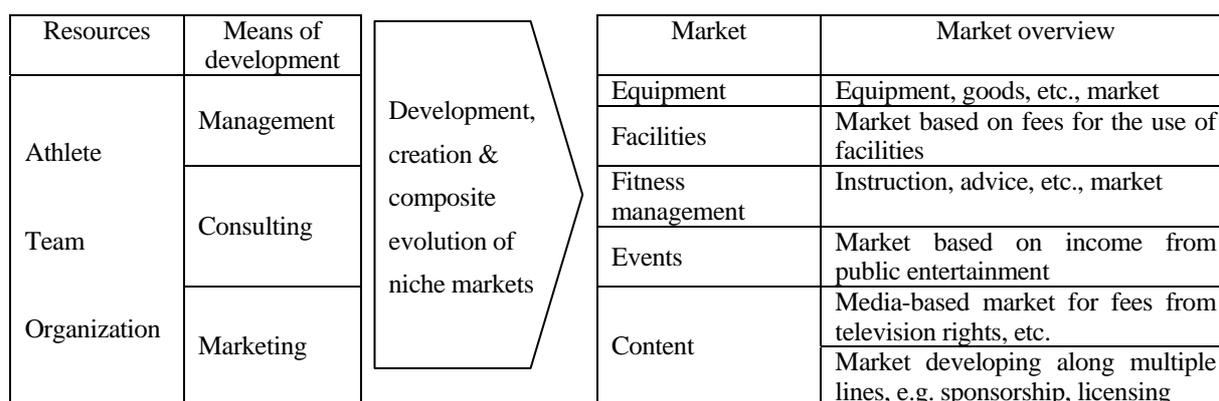
As a result, by making D3 Publisher Inc. a subsidiary, Fields Corporation secured content-creation capabilities and content-providing channels in the games sector. In addition, the acquisition of the shares of Kadokawa Haruki Corporation secured similar capabilities in the publishing sector. This most recent share acquisition and establishment of a new company through management integration have been implemented with the objective of further expanding and strengthening Fields Corporation's existing presence in the sports and entertainment field.

The size of the sports business market is approximately ¥4,467 billion (*2004 White Paper on Leisure*, Japan Productivity Center for Socio-Economic Development, 2003). Examining the sports business market in broad terms, the categories that traditionally account for large shares include (1) the equipment market, which handles all types of sporting apparatuses and equipment, (2) the facility market, based on fees for the use of facilities, (3) the fitness management market with various value-added service such as instruction and advice, and (4) the event market, based on income from public entertainment such as payments to watch spectator sports.

With the progress in recent years in broadcasting, communications and Internet technologies that make it possible to communicate to people worldwide in real time, sport – a common culture that transcends the barriers of language and ethnicity – has established itself as a form of content that is effective in conveying excitement and passion to people. The communication impact of the entertainment content of sport is reflected in the growth of corporate sponsorship, the increase in the value of television rights, and the expansion of the derivative content markets in such spheres as character goods, game software, and publishing.

In common with this, relations with individual athletes, entire teams, and organizations have been attracting attention as an important factor for further enhancing the value of sports content. This has given rise to a broad range of business opportunities in such areas as management business, consulting business, and marketing business targeting athletes, teams, and sporting organizations.

## Framework of Sports and Entertainment Business



Fields Corporation's approach to the field of sports and entertainment has been characterized by a thorough niche strategy, as shown in the chart. Big businesses do not necessarily start big. We believe that it is precisely in spheres in which large numbers of people harbor aspirations and hopes, but no one acts, no one has sufficient skills, or no one tries to act that major business opportunities lie dormant.

In the sports and entertainment market Fields Group will seek out the numerous markets that are niche areas, in which it can take advantage of its strengths, and in which it can expect to generate substantial profits, and it will approach them vigorously.

Accordingly, the global network and expertise in sports content that JSM has built up over many years in regard to the entire sphere of sports and entertainment, and its other management resources, are expected to play a major role. These will generate mutual synergies with the network of famous athletes and entertainers through TWO, and with PM's track record of athlete support, for example for baseball celebrity Kazuhiro Kiyohara of the Yomiuri Giants baseball team. Fields Corporation is confident that through this combination the sports and entertainment business will add powerful momentum to the Group's content integrator business and content providing business.

## **IV. Outline of the basic agreement relating to the share acquisition**

### 1. Company Profile of J. Sakazaki Marketing Ltd.

Website: <http://www.jsmgroupp.co.jp/>

- |                     |  |
|---------------------|--|
| (1) Trade name      | J. Sakazaki Marketing Ltd.   |
| (2) Representative  | Kazunori Sakazaki, President & CEO   |
| (3) Address         | 2-2-19 Akasaka, Minato-ku, Tokyo   |
| (4) Established     | July 10, 1980  |
| (5) Main business   | Planning and operating sport events, selling television rights, etc.<br>Acquiring copyrights, trademarks and licenses; granting licenses |
| (6) Fiscal year end | December 31  |
| (7) Capital         | ¥20 million (Total number of outstanding shares 24,000)  |

- (8) Sales ¥3,266 million (Year ended December 2004)  
(9) Relationship with Fields Corporation No business relationship (as of June 27, 2005)

## 2. Method of share acquisition

Purchase of 15,600 shares (65% of total number of outstanding shares) from Kazunori Sakazaki

## 3. Number of shares acquired, and status of shares held before and after the acquisition

- (1) Number of shares held before transfer 0  
(2) Number of shares acquired 15,600 (With voting rights: 15,600; proportion of shares held: 65%)  
(3) Number of shares held after transfer 15,600 (With voting rights: 15,600; proportion of shares held: 65%)

## 4. Schedule

June 27, 2005 Board of Directors resolution; conclusion of basic agreement  
Mid-July 2005 (Scheduled) Conclusion of final agreement; transfer of share certificates and payment

## 5. Outlook

A concrete plan is currently under preparation.

In the forecast of consolidated results for the fiscal year ending March 31, 2006, announced on May 13, 2005, no results figures were included with regard to this share acquisition and the consequent creation of a new subsidiary.

## **V. Outline of the memorandum of agreement relating to the merger of subsidiaries**

### 1. Outline of the merger

Projected merger schedule:

Mid-August 2005 Signing of merger agreement

Late August 2005 Approval of merger by extraordinary general meeting of shareholders held by each company

October 1, 2005 Merger

With regard to the specific details to be determined on the basis of the aforementioned agreement, the Merger Preparation Committee (provisional name) to be formed by the three companies will study matters such as the merger method and merger ratios, and will announce the details when decisions on those matters are taken.

## 2. Outline of the merging companies

Trade name	J Sakazaki Marketing Ltd. (as of December 31, 2004)	Professional Management Co., Ltd. (as of March 31, 2005)	Total Workout Corporation (as of March 31, 2005)
Main business contents	Planning and operating sport events, selling television rights, etc. Acquiring copyrights, trademarks, and licenses; granting licenses	Advertising agency services, etc., acquisition of copyrights (merchandizing rights) and content Management of professional sportspeople, entertainers	Management of gymnasiums
Established	July 10, 1980	July 25, 1989	June 8, 2001
Address of the head office	2-2-19 Akasaka, Minato-ku, Tokyo	1-10-8 Dogenzaka, Shibuya-ku, Tokyo	1-10-8 Dogenzaka, Shibuya-ku, Tokyo
Representative	Kazunori Sakazaki	Hidetoshi Yamamoto Ken Kudo	Hidetoshi Yamamoto Kevin Yamazaki
Capital	¥20 million	¥200 million	¥10 million
Total no. of outstanding shares	24,000	4,000	200
Shareholders' equity	¥703 million	(¥399 million)	¥67 million
Total assets	¥952 million	¥643 million	¥1,373 million
Fiscal year-end	December	March	March
Major shareholders and shareholding ratios	1. Kazunori Sakazaki 100%	1. Fields Corporation 100%	1. Professional Management Co., Ltd. 55% 2. Kevin Yamazaki 45%
Number of shareholders	1	1	2
Relationships between the companies	Capital relationship	Professional Management Co., Ltd. is a 55% shareholder of Total Workout Corporation.	
	Personnel relationship	Professional Management Co., Ltd.'s chairman Hidetoshi Yamamoto serves concurrently as chairman of Total Workout Corporation. Professional Management Co., Ltd.'s auditor Hiroyuki Yamanaka serves concurrently as auditor of Total Workout Corporation	
	Business relationship	Professional Management Co., Ltd. provides sales promotion services to Total Workout Corporation	

### For Reference

◆ Main track record of J. Sakazaki Marketing Ltd.

➤ Event Marketing

Real Madrid Asian Tour 2003 / MLB All Star Series / Davis Cup by NEC / KDDI Rugby World Cup / First Athletics World Championships / World Cup Skiing / Canon European Masters / Champions League 2004 / FC Barcelona Asian Tour / China Baseball League (CBL) / CBL All-Star Game / MLB Opening Games / All Cheer Dance Championship / Greater Tokyo Festival, etc.

➤ Television rights

Soccer: FIFA World Cup European Qualifying Round / FIFA World Cup South American Qualifying Round / UEFA Champions League / English Football League / Italian Football League / European Cup Winners Cup / UEFA Cup and Super Cup / AFC-hosted Events Package / Champions World Series / German national team friendly matches, etc.

Baseball: Major League Baseball / Japan Series (Overseas sales)

Swimming: FINA Swimming World Championships / FINA World Cup Swimming / FINA World Cup Synchronized Swimming

Rugby: KDD Rugby World Cup / 5-Nations Rugby / England, France, Australia, New Zealand, etc., test matches / New Zealand Rugby League, etc.

Tennis: Davis Cup / Fed Cup

Golf: Michael Jordan Celebrity Golf Tournament / ANZ Ladies Masters

➤ Consulting

Osaka Kintetsu Buffaloes: Helped conclude a tie-up with the Los Angeles Dodgers that enabled the Buffaloes to receive various types of support, including special training by Tommy Lasorda, assistance in recruiting players, and exchanges of ideas between the coaches.

Japan Cheer Dance Association: Assists the Japan Cheer Dance Association, established in 2001.

➤ Licensing

Stewart Moskowitz: The fantastic world of the animal characters drawn by Stewart Moskowitz was born in the U.S. The unforgettable and lovable characters have crossed the ocean, are now under contract to JSM, and are gaining greater popularity than overseas. They have been put to effective use in Japan Airlines' "White Brothers" to promote its skiing tour, Sakura Bank's "Parasa and Dinky Dinos" for use on bankbooks and various promotions, and Fuji TV's "World Saurus" in its popular quiz program "Naruhodo the World." They have also met the needs of a wide range of clients such as Mitsubishi Motors, Toshiba, Matsushita Electric Industrial, Fuji Photo Film, Suntory, NTT, and Kikkoman, being widely and effectively used on television and in the print media.