



October 15, 2015

Press Release

Company Name: WirelessGate, Inc.

(Code 9419: Mothers)

Location: 5F Tennozu Yusen Bldg., 2-2-20

Higashi Shinagawa, Shinagawa-ku, Tokyo

Representative: Takehiro Ikeda,

Founder and CEO

Inquiries: Naoki Sunaga,

CIRO and Member of the Board

Corporate Officer

Head of Investor Relations Department

Phone: 03-6433-2045

Notice regarding a resolution on the conclusion of an MOU for stock acquisition of and business tie-up with Fon Japan Co., Ltd.

WirelessGate, Inc. announces, as noted below, that the Board of Directors meeting held today passed a resolution for the Company to conclude a Binding Memorandum of Understanding (MOU; hereinafter "MOU"), which is legally binding, with Fon Wireless Limited (Location: London, England; hereinafter "FON Ltd."), to acquire from FON Ltd. a specific number of outstanding shares of Fon Japan Co., Ltd. (Head Office: Minato-ku, Tokyo; Representative Director and CEO: Hiroshi Kaneda; hereinafter "Fon Japan"), a Japanese company that is FON Ltd.'s wholly-owned subsidiary, as well as a forming a business tie-up with Fon Japan.

The MOU is scheduled to be concluded during the local time of FON Ltd.'s location on October 15, 2015.

Discussions are underway in order for related parties to separately conclude, after the conclusion of the MOU, a contract on the transfer of shares related to the acquisition of Fon Japan shares; a related contract among shareholders to set a regulation on the relationship of rights among Fon Japan shareholders after the stock acquisition takes place (aside from the Company, there is a possibility of another strategic investor acquiring shares from FON Ltd. during this round); and a business partnership contract related to the aforementioned business tie-up (hereinafter these contracts are collectively referred to as "final contracts"; specific names of these contracts, the number of contracts, among other items, could change depending on discussions among related parties in the future). Regarding the MOU, which is scheduled to be concluded, in addition to the provisions related to the Company's acquisition of Fon Japan shares (see 2.(2) below for details), provisions have been set for specific obligations and business targets, such as a non-competing clause for related parties in the operation of Fon Japan. In the event the final contracts are to be concluded, the relationship related to rights and obligations of related parties, including the Company, thereafter is anticipated to be administered by the provisions determined at that time instead of the MOU, which is scheduled to be concluded.

1. The purpose of the stock acquisition and business partnership

The Company, since establishing a business as a Wi-Fi service aggregator in 2004, has worked on expanding wireless broadband services and has bolstered its services as a comprehensive mobile network business that integrates multiple wireless communication infrastructure, such as WiMAX and LTE (SIM card) services in addition to Wi-Fi services. The market environment surrounding the Company in recent days specifically anticipates future market expansion in the SIM service arena, and the Company believes that the key to further business expansion lies in launching competitive services in this area. The Company, having been founded as a Wi-Fi service aggregator, provides value-added Wi-Fi services that are not offered by other companies, and the purpose of the capital and business tie-up is to promote the development and provision of new global services as a more attractive comprehensive mobile network business together with FON Ltd. by adding FON Ltd.'s global Wi-Fi platform to the Company's infrastructure.

2. Details of the stock acquisition and business partnership, etc.

(1) Details of the business partnership

FON Ltd. has a capital tie-up with leading companies around the world, including Google, Microsoft, Deutsche Telekom and British Telecom, as well as business tie-ups with the greatest communications carrier around the world in various regions, such as Vodafone, Korea Telecom, Telstra and Oi Brasil, and has the world's greatest global Wi-Fi community that covers over 17 million Wi-Fi spots around the world (FON spots are expected to exceed 50 million spots in 2018).

The plan is to jointly develop and provide a service that combines the Company's wireless/broadband service with FON Ltd.'s overwhelmingly global Wi-Fi infrastructure. To date, differentiating by using SIM card services themselves have proved to be difficult, but providing a service that efficiently uses LTE bandwidth, as necessary, with a global Wi-Fi network as the pillar would become possible as a way to provide an inexpensive global service with unlimited communication speed that does not exist among other companies. Users will be able to utilize their own smartphones in over 200 countries around the world at over 17 million Wi-Fi spots, so for example, it would be unnecessary for them to rent a separate Wi-Fi router when traveling overseas. Also, going forward, the Company plans to work jointly with Fon Japan to roll out a new tourist business for those visiting Japan that responds to the needs of inbound travel by pushing forward with adopting public FON spots at over 200,000 locations in areas including tourist destinations in Japan.

(2) Details of the stock acquisition

As per the MOU that is expected to be concluded, the Company is anticipated to acquire, through a sale from FON Ltd., a portion of common shares (15%-30% of total outstanding shares) of Fon Japan held by FON Ltd. (the expected acquisition price is anticipated to be arrived at by multiplying the acquisition ratio to the assumed valuation for Fon Japan of 40 million euros).

Fon Japan could become the Company's equity-method affiliate after the acquisition.

(3) Dispatch of Director

As per the MOU that is expected to be concluded, the Company can be anticipated to obtain a contractual right to dispatch one Director to Fon Japan.

3. Overview of the partner in the business tie-up

(1) Name	Fon Japan Co., Ltd.	
(2) Location	13 th floor, Holland Hills Mori Tower RoP, 5-11-1, Toranomom, Minato-ku, Tokyo	
(3) Title, name of the representative	Representative Director and CEO Hiroshi Kaneda	
(4) Business details	<ul style="list-style-type: none">• Imports and sales of products for wireless communication systems, as well as maintenance of wireless communication systems and equipment• Research and development of wireless communication systems and equipment• All operations that are relevant and related to the above.	
(5) Capital	400,000 yen (as of September 30, 2015)	
(6) Date of establishment	August 10, 2006	
(7) Major shareholders and their holdings (as of September 30, 2015)	Fon Wireless Limited	100.0%
(8) Relationship between publicly traded company and relevant company	Capital relationship	Not applicable.
	Personal relationship	Not applicable.
	Transactional relationship	Purchasing wireless communication equipment and receiving services related to wireless communications.
	Relevant conditions with related parties	Not applicable.

*Financial information on Fon Japan is not stated due to it being a private company.

4. Overview of the counterparty of the stock acquisition

(1) Name	Fon Wireless Limited
(2) Location	London, England
(3) Relationship between publicly traded company and relevant company	No special relationship that should be stated.

5. Schedule

(1) Resolution by the Board of Directors	October 15, 2015
(2) Conclusion date for the MOU	October 15, 2015 (scheduled)
(3) Conclusion date for final contracts	Undecided
(4) Transfer date for shares	Undecided

6. Outlook

Please refer to *Notice of Revisions to Financial Forecasts* released today regarding outlook.

7. Other

Cash on hand held by the Company is expected to be applied toward the stock acquisition.

The Company may borrow operational funds from a bank in order to secure financial security in view of the stock acquisition ratio.

End