

[Translation]

February 10, 2010

To All Persons Concerned

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Announcement of Disposition of Treasury Shares by Third Party Allotment and
Tendering All of the Share Certificates in Tender Offer by Dai Nippon Printing Co., Ltd.

Intelligent Wave Inc. (“Intelligent Wave” or the “Company”) hereby announces that it has resolved at the Board of Directors meeting held on February 10, 2010 to dispose of its treasury shares by third party allotment and tender all of the share certificates in Tender Offer by Dai Nippon Printing Co., Ltd. (Ticker Code: 7912 the First Section of the Tokyo and Osaka Stock Exchange, the “Purchaser”) as follows.

Details

1. General Description of Disposition

- | | |
|----------------------------------|--|
| (1) Date of Disposition | April 9, 2010 |
| (2) Number of Shares to Dispose | Common Share 16,618 shares |
| (3) Disposition Price | JPY 26,100 (*Note) |
| (4) Aggregated Disposition Price | JPY 433,729,800 |
| (5) Method of Disposition | Will transfer to Dai Nippon Printing Co., Ltd.
(will tender Share certificates in this Tender Offer). |

(6) Number of Treasury Shares after Disposition None

(*Note) Disposition Price will be the same as the offer price as the Company tenders its share certificates in the Tender Offer.

2. Purposes of and Reasons for Disposition

As mentioned in the “Notice of Supporting the Tender Offer by Dai Nippon Printing Co., Ltd.” dated February 10, 2010, considering all of the terms of the Tender Offer, including the offer price, the merit of having long-term shareholders, future synergy expected between the Purchaser and the Company after the Tender Offer, etc., the Company decided that the Tender Offer would maximize the Company’s corporate value and shareholder value and unanimously passed a resolution expressing the Company’s support for the Tender Offer on February 10, 2010. In addition, as part of further strengthening of the relationship between the Purchaser and the Company, the Company passed a resolution to tender all of its treasury shares (16,618 shares [6.31% of all issued shares, rounded to two decimal places] as of February 10, 2010). The Company considers that building up a capital alliance in addition to the existing business alliance through tendering its treasury shares in the Tender Offer enables to strengthen mutual trust and cooperation and smoothly and efficiently actualize synergy effect between the Purchaser and the Company.

3. Amount of Capital to be Raised, Use and Expected Timing of Use of Proceeds

(1) Amount of Capital to be Raised (approximate amount after deduction of expenses)

JPY 433,729,800

(2) Detailed Use of Proceeds

Detailed Use	Amount (in millions)	Expected Timing of Use
All proceeds will be appropriated to the development of products and services and the relevant activities in order to expand the joint business.	433	The Purchaser and the Company are at a stage before capital alliance and specific timing is not yet determined.

4. Rationale of Use of Proceeds

The Purchaser and the Company plan to further refine network crime prevention technologies of the Company, and, based on such refinement, plan to explore opportunities for expanding digital security operations, such as user authentication service for credit card settlement in internet transactions and Application Service Provider Service for detecting illicit acts. Furthermore, by using the Company’s technologies developed in the business of providing systems for card information processing and systems for financial institutions, the Purchaser and the Company plan to expand its operations to business process outsourcing services, including operations for the back office of financial institutions and the operation of contact centers.

To expand the business by utilizing each other's know-how effectively, the Company needs to develop new products and services. The capital to be raised from disposition of the treasury shares will be appropriated to such development and the relevant activities. Therefore, the Company considers that such development and the relevant activities have a rationale as a use of proceeds.

5. Reasonableness of Terms of Disposition, etc.

(1) Basis for Calculation of Disposition Price and its details

As mentioned in the "Notice of Supporting the Tender Offer by Dai Nippon Printing Co., Ltd." dated February 10, 2010, the Company requested Daiwa Institute of Research Ltd., a third party institution independent of the Purchaser and the Company to compute the share value of the Company, and based on the valuation report obtained from the same as of February 9, 2010, received legal advice from SATO & Partners, a legal advisor of the Company. After careful consideration on all the terms of the Tender Offer, including the offer price, the merit of having long-term shareholders and synergy expected between the Purchaser and the Company, the Company has resolved at the Board of Directors meeting to tender its share certificates in the Tender Offer.

(2) Reason for Having Decided that Disposition Volume and Dilution Effect are Reasonable

The number of treasury shares to dispose for this time is 16,618 shares (6.31 % of all issued shares).

The Company considers that the disposition volume have little impact on dilution effect and after market.

6. Reason for selecting Purchaser

(1) Profile of Purchaser

(As of March 31, 2009)

(i)	Company Name	Dai Nippon Printing Co., Ltd.
(ii)	Address of Head Office	1-1-1, Ichigaya Kagacho, Shinjuku-ku, Tokyo
(iii)	Title and Name of Representative	Yoshitoshi Kitajima, President
(iv)	Description of Business	Printing and Beverage operations
(v)	Capital Stock	JPY 114,464 million
(vi)	Date of Incorporation	January, 1894
(vii)	Outstanding Shares	700,480,000 shares
(viii)	Fiscal Year Ended	March 31
(ix)	Number of Employee	40,317 persons (consolidated)
(x)	Main Customers	IPS Alpha Technology, Ltd., Toshiba Corporation and Sharp Corporation
(xi)	Main Financing Bank	Mizuho Corporate Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ,

		Ltd.and Sumitomo Mitsui Banking Corporation	
(xii)	Major Shareholders and Ownership Ratio (as of September 30, 2009)	The Master Trust Bank of Japan, Ltd. (Trust account) 5.52% The Dai-ichi Mutual Life Insurance Company 4.41% Japan Trustee Services Bank, Ltd. (Trust account) 4.23% The Bank of New York Mellon as Depository Bank for Depository Receipt Holders (Standing Proxy: Sumitomo Mitsui Banking Corporation) 3.04% Mizuho Corporate Bank, Ltd. 2.18% Nippon Life Insurance Company 2.05% Mizuho Bank, Ltd. 1.78% Dai Nippon Printing Employee Shareholders Association 1.57% State Street Bank and Trust Company 505225 (Standing Proxy: Mizuho Corporate Bank, Ltd.) 1.15% Japan Trustee Services Bank, Ltd. (Trust account 9) 1.09%	
(xiii)	Relationship with the Company	Capital Relationship	The Purchaser owns one (1) share of the Company as of February 10, 2010.

	Business Relationship	<p>The Company and the Purchaser have formed a business alliance in order to supply even more powerful security systems by combining the security technology of the Company, which is used to manage access to information available on network systems, with the security technology of the Purchaser, in which IC cards are used to manage access to devices and equipment. In November 2008, a business alliance agreement was entered into between the Company and the Purchaser and the Company established SSFC Business Promotion Department, which is intended to promote a security format for IC cards available among member companies that the Purchaser advocates. In May 2009, the Purchaser accepted staff from the Company and integrated and strengthened a sales structure of security business jointly conducted by the both companies. In addition, in October 2009, the Purchaser and the Company have commenced joint marketing of “EUCSecure”, a new product developed by the Company to manage access to information (such as office documents) available on networks.</p>
	Personnel Relationship	<p>An employee of the Purchaser has been a corporate officer of the Company. The Company’s employee has also been dispatched to the Purchaser.</p>
	Applicability of Related Persons	N/A

(xiv) Financial Performance for the Past Three Years
(Consolidated)

	March 31, 2007	March 31, 2008	March 31, 2009
Net Assets	1,099,439	1,040,135	940,085
Gross Assets	1,700,250	1,601,192	1,536,556
Net Assets per Share (in yen)	1,544.01	1,516.34	1,393.90
Sales Volume	1,557,802	1,616,053	1,584,844

Operating Income	96,144	87,104	46,177
Ordinary Income	101,348	86,502	47,390
Net Income	54,841	45,171	(20,933)
Net Income per Share (in yen)	78.09	67.08	(32.35)
Dividend per Share (in yen)	32.00	36.00	32.00

(JPY in millions if not otherwise specified)

(Note) The Purchaser is listed on the First Section of the Tokyo Stock Exchange and Osaka Stock Exchange.

(2) Reason for Selecting Purchaser

As for details, please refer to “Notice of Supporting the Tender Offer by Dai Nippon Printing Co., Ltd.” dated February 10, 2010.

(3) Purchaser’s Policy for Holding Shares

The Company is advised by the Purchaser that the Purchaser intends to hold the shares of the Company for long- term.

In addition, if the Purchaser transfers the disposed shares to any third party within two (2) years from the date of disposition (April 9, 2010), the Company is due to obtain assurance from the Purchaser that the Purchaser will immediately report the Company of transferee’s name, address, number of shares to transfer, date of transfer, transfer price, reasons for transfer, method of transfer, etc. in writing, that the Company will report JASDAQ Securities Exchange, Inc. of the same and that such report will be open to public inspection.

(4) Confirmation on Purchaser’s Funds for Payment

With regard to the funds for the Purchaser’s payment, the Company confirmed the latest financial statements of the Purchaser and acknowledged that the Purchaser has enough funds to pay for the third party allotment.

7. Major Shareholders and Ownership Ratio after Disposition

Prior to Disposition (as of December 31, 2009)		After Disposition	
Kazuhiko Adachi	11.51%	Kazuhiko Adachi	11.51%
State Street Bank and Trust Company 505104	6.04%	Dai Nippon Printing Co., Ltd.	6.31%
(Standing Proxy: Settlement & Clearing Services Division, Mizuho			

Corporate Bank, Ltd.)		State Street Bank and Trust Company 505104	
Motoichi Mizota	2.13%	(Standing Proxy: Settlement & Clearing Services Division, Mizuho Corporate Bank, Ltd.)	6.04%
Intelligent Wave Employee Shareholders Association	1.85%	Motoichi Mizota	2.13%
Morgan Stanley and Co. Incorporated (Standing Proxy: Citibank Japan Ltd.)	1.76%	Intelligent Wave Employee Shareholders Association	1.85%
Japan Securities Finance Co., Ltd.	1.07%	Morgan Stanley and Co. Incorporated (Standing Proxy: Citibank Japan Ltd.)	1.76%
Nippon Life Insurance Company	0.91%	Japan Securities Finance Co., Ltd.	1.07%
Hideki Nishino	0.79%	Nippon Life Insurance Company	0.91%
Century Tokyo Leasing Corporation	0.77%	Hideki Nishino	0.79%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0.76%	Century Tokyo Leasing Corporation	0.77%

(Note) 1. Except for the disposition of the treasury shares, the result of transaction in the Tender Offer is not reflected.

2. The Company's treasury shares are not included in the above list.

8. Expected Impact on Financial Performance

The Company considers that the disposition of treasury shares will have little impact on the Company's financial performance for July 2009 - June 2010 period.

9. Procedures on Corporate Rules of Conduct

• Matters concerning Procedures on Corporate Rules of Conduct

This disposition of treasury shares by third party allotment does not require acquisition of opinions from an independent third party and confirmation procedures of shareholder's intention as provided for in article 2 of "Corporate Rules of Conduct for Listed Companies" by JASDAQ Securities Exchange, Inc. as the dilution rate is less than 25 % and the majority shareholders do not move.

10. Financial Performance and Equity Finance for the Past Three Years

(1) Financial Performance for the Past Three Years (Consolidated) (JPY in millions)

	June 30, 2007 (24th FY)	June 30, 2008 (25th FY)	June 30, 2009 (26th FY)
Sales Volume	6,367	6,695	5,527
Operating Income	389	417	228
Ordinary Income	407	403	235
Net Income	(295)	(5)	187
Net Income per Share (in yen)	(1,176.48)	(23.80)	761.27
Dividend per Share (in yen) (Non-consolidated)	500	500	500
Net Assets per Share (in yen)	17,830.66	16,542.17	16,684.38

(2) Outstanding Shares and Potential Shares (as of February 10, 2010)

Type	Number of Shares	Ratio to Outstanding Shares
Outstanding Shares	263,400 shares	100%
Potential Shares upon Current Conversion Price or Exercise Price	— shares	—%
Potential Shares upon Minimum Conversion Price or Exercise Price	— shares	—%
Potential Shares upon Maximum Conversion Price or Exercise Price	— shares	—%

(3) Recent Movement of the Share Price of Intelligent Wave

(i) Share Price for the Past Three Years

	June 2007	June 2008	June 2009
Opening Price	JPY 132,000	JPY 68,800	JPY 19,050
Highest Price	JPY 134,000	JPY 68,800	JPY 27,300
Lowest Price	JPY 45,400	JPY 13,230	JPY 10,970
Closing Price	JPY 69,300	JPY 19,150	JPY 17,000

(ii) Share Price for the Past Six Months

	August 2009	September 2009	October 2009	November 2009	December 2009	January 2010
Opening Price	JPY 17,500	JPY 17,200	JPY 16,080	JPY 17,100	JPY 15,490	JPY 14,140

Highest Price	JPY 19,390	JPY 17,200	JPY 16,080	JPY 17,380	JPY 15,490	JPY 14,440
Lowest Price	JPY 17,000	JPY 15,860	JPY 15,920	JPY 14,520	JPY 14,120	JPY 13,500
Closing Price	JPY 17,170	JPY 15,950	JPY 17,100	JPY 14,950	JPY 14,140	JPY 13,800

(iii) Share Price as of Date of Resolution on Disposition

	As of February 10, 2010
Opening Price	JPY 15,000
Highest Price	JPY 15,000
Lowest Price	JPY 14,500
Closing Price	JPY 15,000

(4) Equity Finance for the Past Three Years.

N/A

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