

【表紙】

【提出書類】 外国会社臨時報告書

【提出先】 関東財務局長

【提出日】 平成28年 8 月 3 日

【会社名】 ニュースキン・エンタープライジズ・インク
(Nu Skin Enterprises, Inc.)

【代表者の役職氏名】 アシスタント・ジェネラル・カウンセル
(Assistant General Counsel)
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(Gregory Belliston)

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【代理人の氏名又は名称】 弁護士 門 田 正 行

【代理人の住所又は所在地】 東京都千代田区丸の内二丁目 7 番 2 号 JPタワー
長島・大野・常松法律事務所

【電話番号】 03 6889 7000

【事務連絡者氏名】 弁護士 田 中 郁 乃

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長島・大野・常松法律事務所

【電話番号】 03 6889 7000

【縦覧に供する場所】 該当事項なし。

(注)

別段の記載がある場合を除き、本報告書に記載の「ドル」、「US\$」又は「\$」は米国ドルを指すものとする。本報告書において便宜上記載されている日本円への換算は、別段の記載がある場合を除き、1ドル=105.68円の換算率(株式会社三菱東京UFJ銀行が公表した2016年6月16日現在の対顧客電信直物相場の仲値)により換算されている。

(Note)

The term “dollars”, “US\$” or “\$” in this document, unless otherwise noted, refers to United States dollars. For the convenience of the Japanese readers, conversion into Japanese yen has been made at the exchange rate of \$1.00=JPY 105.68 (the mean of the Telegraphic Transfer Selling Rate and Telegraphic Transfer Buying Rate for Customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as of June 16, 2016).

1【提出理由】

本報告書は、ニュースキン・エンタープライジズ・インク（以下、「当社」という。）が、2016年6月16日に本邦以外の地域において、第三者割当により2020年満期4.75%利付転換権付シニア社債（以下、「本新株予約権付社債」又は「本有価証券」といい、そのうち社債のみを「本社債」、新株予約権のみを「本新株予約権」という。）を発行したため、金融商品取引法第24条の5第4項及び企業内容等の開示に関する内閣府令第19条第1項及び第2項第2号の規定に基づき、提出するものである。

2【報告内容】

1. Kind and Name of the Bonds with Stock Acquisition Rights:

4.75% Convertible Senior Notes due 2020 (hereinafter referred to as the “Notes”)

These Securities are bonds convertible into Shares of the Company’s Class A Common Stock (hereinafter referred to as the “Common Stock”).

2. Matters regarding the Bonds with Stock Acquisition Rights:

(i) Issue price;

100% of the principal amount of the Notes

(ii) Aggregate issue price;

US\$210,000,000 (JPY 22,192,800,000)

(iii) Aggregate principal amount;

US\$210,000,000 (JPY 22,192,800,000)

(iv) Interest rate;

4.75% per year accruing from June 16, 2016, and payable semi-annually in arrears in cash on June 15 and December 15 of each year, beginning December 15, 2016

(v) Maturity date (“Maturity Date”);

June 15, 2020, subject to earlier repurchase, redemption or conversion

(a) Redemption at the option of the Company

The Company may redeem all or part of the principal amount of the Notes, at its option, at a purchase price equal to the principal amount plus accrued and unpaid interest, provided that the closing trading price of the Common Stock exceeds 180% of the then-current conversion price for 20 or more trading days in the 30 consecutive trading day period preceding the Company's exercise of this redemption right (including the last three such trading days).

(b) Repurchase at the option of the holder

Upon a change in control of the Company (as defined in the indenture governing the Notes (the “Indenture”)) or the failure of the Common Stock to be listed on certain stock exchanges, the holders of the Notes may require that the Company repurchase all or part of the principal amount of the Notes at a purchase price equal to 108% of the principal amount plus accrued and unpaid interest.

(vi) The kind, nature and number of shares of stock subject to the Stock Acquisition Rights;

(a) The kind and nature of stock subject to the Stock Acquisition Right

Class A common stock of the Company, par value of \$0.001.

The Certificate of Incorporation of the Company provides that the Company may issue shares of Class B Common Stock, par value \$0.001 per share and Preferred Stock, par value \$0.001 per share in addition to the shares of Common Stock.

Each share of Common Stock shall entitle the holder thereof to one vote on all matters submitted to vote of the stockholders of the Company and each share of Class B Common Stock shall entitle the holder thereof to ten votes on such matters.

Class B Common Stock, with the noted supervoting rights, was issued at the time the Company was established in order to allow the original stockholders to retain voting control. In 2003, in connection with a large repurchase of shares by the Company from the original stockholders, these stockholders agreed to convert all of their Class B Common Stock to Common Stock. Subsequently, the Company has not had any Class B Common Stock outstanding.

Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is authorized, by resolution adopted and filed in accordance with the Delaware General Corporation Law, to provide for the issuance of such series of shares of Preferred Stock and to establish from time to time the number of shares to be included in each such series. Each series of Preferred Stock may have such voting powers, full or limited, or may be without voting powers; provided, however, that unless holders of at least sixty-six and two thirds percent (66-2/3%) of the combined voting power of the Common Stock have approved the issuance of such shares of Preferred Stock, the Board of Directors may not issue any shares of Preferred Stock that have the right (i) to vote for the election of directors under ordinary circumstances or (ii) under any circumstances to elect fifty percent (50%) or more of the directors of the Corporation.

Preferred Stock may be issued with voting and economic rights that differ from Common Stock, allowing the Company flexibility in the structure and terms of equity finance offerings.

As of the filing of this report, there are no issued and outstanding shares of Class B Common Stock or Preferred Stock.

(b) Number of shares

Beginning December 16, 2016, the Notes will be convertible at the holder's discretion at a conversion rate of 21.51 shares per \$1,000 principal amount of the Notes (which represents an initial conversion price of \$46.50 per share), in each case subject to customary anti-dilution adjustments. So long as the Notes are held by Ping An ZQ China Growth Opportunity Limited ("Ping An ZQ"), any conversion of the Notes will be satisfied by cash in respect of the principal amount of Notes converted and any accrued and unpaid interest to such date and shares of the Common Stock in respect to all additional amounts. Conversion of Notes by any other holders may be into cash ("Cash Settlement"), Common Stock ("Physical Settlement") or a combination of cash and Common Stock ("Combination Settlement"), at the Company's option.

The cash, Common Stock or combination of cash and Common Stock in respect of any conversion of Securities (the "Settlement Amount") shall be computed as follows:

(A) if the Company elects to satisfy its Conversion Obligation (as defined in Section 10.01 (a) of the Indenture in respect of such conversion by Physical Settlement, the Company shall deliver to the converting Holder in respect of each \$1,000 principal amount of Securities being converted a number of shares of Common Stock equal to the Conversion Rate (as defined below) in effect on the Conversion Date (as defined below) (provided that the Company shall deliver cash in lieu of any fractional shares as described in Section 10.03 of the Indenture);

(B) if the Company elects to satisfy its Conversion Obligation in respect of such conversion by Cash Settlement, the Company shall pay to the converting Holder in respect of each \$1,000 principal amount of Securities being converted cash in an amount equal to the sum of the Daily Conversion Values (as defined below) for each Trading Day (as defined below) during the related Observation Period (as defined below); and

(C) if the Company elects (or is deemed to have elected pursuant to Section 10.02(a)(iii) of the Indenture) to satisfy its Conversion Obligation in respect of such conversion by Combination

Settlement, the Company shall pay or deliver to the converting Holder, as the case may be, in respect of each \$1,000 principal amount of Securities being converted, a Settlement Amount equal to the sum of the Daily Settlement Amounts (as defined below) for each Trading Day during the related Observation Period.

Notwithstanding anything to the contrary in Section 10.02 and subject to Section 10.14 of the Indenture, the Company irrevocably elected to satisfy its Conversion Obligation with respect to any conversion of Purchaser Securities (as defined below) by Combination Settlement with a Specified Dollar Amount of \$1,000 per \$1,000 principal amount of Securities. In the event any Holder(s) of Purchaser Securities exercises its right to convert all or any portion of such Purchaser Securities, the relevant Observation Period for purposes of determining the Daily Settlement Amount shall be the 20 consecutive Trading Day period beginning on, and including, the 20th Trading Day immediately preceding the applicable Conversion Date and ending on the Trading Day immediately preceding such Conversion Date. The Daily Settlement Amounts (if applicable) and the Daily Conversion Values (if applicable) shall be determined by the Company promptly following the last day of the Observation Period. Promptly after such determination of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering any fractional shares of Common Stock, and in any event within one (1) Business Day following the last day of the Observation Period, the Company shall notify the Trustee and the Conversion Agent (if other than the Trustee) of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering fractional shares of Common Stock.

“Closing Sale Price” on any date means the per share price of the Common Stock on such date, determined by the Company (i) on the basis of the closing sale price per share (or if no closing sale price per share is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on that date as reported in the composite transactions for the Relevant Stock Exchange; or (ii) if the Common Stock is not listed on a U.S. national or regional securities exchange on the relevant date, the last quoted bid price for the Common Stock on the relevant date, as reported by OTC Markets Group, Inc. or a similar organization; provided, however, that in the absence of any such report or quotation, the “Closing Sale Price” shall be the price determined by a nationally recognized independent investment banking firm retained by the Company for such purpose as most accurately reflecting the per share price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord in an arms-length transaction, for one share of Common Stock. The Closing Sale Price shall be determined without reference to after-hours or extended market trading.

“Conversion Date” with respect to a Security means the date on which a Holder satisfies all of the requirements for such conversion specified under Section 10.01(b) of the Indenture.

“Conversion Rate” shall initially be 21.5054, subject to adjustment as provided in Article 10 of the Indenture.

“Daily Conversion Value” means, for each Trading Day during the Observation Period, one-twentieth of the product of (a) the Conversion Rate on such Trading Day and (b) the Daily VWAP for such Trading Day.

“Daily Measurement Value” means the Specified Dollar Amount (if any), divided by 20.

“Daily Settlement Amount,” for each Trading Day during the Observation Period, shall consist of:

- (a) cash in an amount equal to the lesser of (i) the Daily Measurement Value and (ii) the Daily Conversion Value on such Trading Day; and
- (b) if the Daily Conversion Value on such Trading Day exceeds the Daily Measurement Value, a number of shares of Common Stock equal to (i) the difference between the Daily Conversion Value and the Daily Measurement Value, divided by (ii) the Daily VWAP for such Trading Day.

“Daily VWAP” means, for each Trading Day during the relevant Observation Period, the per share volume-weighted average price as displayed under the heading “Bloomberg VWAP” on Bloomberg page “NUS<EQUITY><VWAP>” (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such Trading Day (or if such volume-weighted average price

is unavailable, the market value of one share of Common Stock on such Trading Day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by the Company). The “Daily VWAP” shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

“Holder” means a Person in whose name a Security is registered on the Registrar's books.

“Observation Period,” with respect to any Security (other than a Purchaser Security) surrendered for conversion, means: (i) if the relevant Conversion Date occurs prior to the 22nd Scheduled Trading Day immediately preceding the Maturity Date, the 20 consecutive Trading Day period beginning on, and including, the second Trading Day immediately succeeding such Conversion Date; and (ii) if the relevant Conversion Date occurs on or after the 22nd Scheduled Trading Day immediately preceding the Maturity Date, the 20 consecutive Trading Days beginning on, and including, the 22nd Scheduled Trading Day immediately preceding the Maturity Date; and, with respect to the Purchaser Securities, has the meaning set forth in Section 10.02(a)(v) of the Indenture.

“Purchaser Global Securities” means the Global Securities issued and authenticated on the Issue Date with an initial balance of \$210,000,000 and identified by the CUSIP and ISIN numbers set forth in Section 2.13 of the Indenture.

“Purchaser Securities” means any Purchaser Global Securities or any temporary Securities or Physical Securities issued in exchange for beneficial interests in a Purchaser Global Security.

“Relevant Stock Exchange” means The New York Stock Exchange or, if the Common Stock (or other security for which the Closing Sale Price must be determined) is not then listed on The New York Stock Exchange, the principal other U.S. national or regional securities exchange or market on which the Common Stock (or such other security) is then listed.

“Scheduled Trading Day” means a day that is scheduled to be a Trading Day on Relevant Stock Exchange. If the Common Stock is not listed on any U.S. national or regional securities exchange, “Scheduled Trading Day” means a Business Day.

“Specified Dollar Amount” means the maximum cash amount per \$1,000 principal amount of Securities to be received upon conversion as specified in the Settlement Notice (or deemed specified pursuant to this Indenture) related to any converted Securities (or portion thereof).

“Trading Day” means a day on which (i) there is no Market Disruption Event, (ii) trading in the Common Stock generally occurs on the Relevant Stock Exchange or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the Common Stock is then traded, and (iii) a Closing Sale Price for the Common Stock is available on such securities exchange or market; provided that if the Common Stock (or other security for which a Closing Sale Price must be determined) is not so listed or traded, “Trading Day” means a Business Day.

(c) Conversion price

Initial conversion price is US\$46.50 per share (the initial conversion rate is 21.51 shares of common stock per US\$1,000 principal amount of the Notes).

(d) Adjustment to Conversion Rate

(x) General

The Company will adjust the conversion rate on the Notes if any of the following events in accordance with the terms of the Indenture:

- (1) The Company shall pay or make a dividend or other distribution on its Common Stock consisting exclusively of Common Stock.
- (2) The Company shall effect a share split or share combination.

(3) The Company distributes to all or substantially all holders of the Common Stock any rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days immediately following the date of such distribution, to purchase or subscribe for Common Stock, at a price per share less than the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period ending on the Trading Day immediately preceding the date of announcement for such distribution.

(4) The Company distributes shares of its Capital Stock (as defined below), evidences of its indebtedness or other of its assets, securities or property or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of Common Stock, with certain exceptions as provided for under the Indenture (any of such shares of Capital Stock, indebtedness or other assets, securities or property or rights, options or warrants to acquire its Capital Stock or other securities, the “Distributed Property”).

(5) Any cash dividend or distribution is made to all or substantially all holders of the Common Stock (other than a regular, quarterly cash dividend that does not exceed \$0.355 per share, which is referred to as the “dividend threshold,” and which is subject to adjustment as described below).

(6) The Company or any of its Subsidiaries makes a payment in respect of a tender offer or exchange offer for the Common Stock, if the cash and value of any other consideration included in the payment per share of Common Stock exceeds the average of the Closing Sale Prices of the Common Stock over the ten (10) consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

(7) In addition to the foregoing adjustments in items (1) through (6) above, and to the extent permitted by applicable law and the rules of the Relevant Stock Exchange, the Company may, from time to time and to the extent permitted by law, increase the Conversion Rate by any amount for a period of at least twenty (20) Trading Days or any longer period as may be permitted or required by law, if the Board of Directors has made a determination, which determination shall be conclusive, that such increase would be in the best interests of the Company.

“Capital Stock” of any person means any and all shares, interests, participations or other equivalents (however designated) of capital stock of such person and all warrants or options to acquire such capital stock.

(y) Adjustments for Tax Purposes

Except as prohibited by law, the Company may (but is not obligated to) make such increases in the Conversion Rate, in addition to those required by “(d)(x) General” above, as it considers to be advisable to avoid or diminish any income tax to any holders of Common Stock (or rights to purchase Common Stock) resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes or for any other reason.

(z) Effect of Reclassifications, Consolidations, Mergers, Binding Share Exchanges or Sales on Conversion Privilege

If on or after June 16, 2016, the Company:

(a) reclassifies the Common Stock (other than a change as a result of a subdivision or combination of Common Stock);

(b) is party to a consolidation, merger or binding share exchange; or

(c) sells, transfers, leases, conveys or otherwise disposes of all or substantially all of the consolidated property or assets of the Company and its Subsidiaries, taken as a whole,

in each case, pursuant to which the Common Stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property (any such event, a “Merger Event”), each \$1,000 principal amount of converted Securities will, from and after the effective time of such Merger Event, be convertible into the same kind, type and proportions of

consideration that a holder of a number of shares of Common Stock equal to the Conversion Rate in effect immediately prior to such Merger Event would have received in such Merger Event (“Reference Property”) and, prior to or at the effective time of such Merger Event, the Company or the successor or purchasing Person, as the case may be, shall execute with the trustee for the Notes a supplemental indenture as permitted by the Indenture providing for such change in the right to convert the Securities; provided, however, that at and after the effective time of the Merger Event (A) the Company shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of Securities in accordance with the Indenture and (B) (I) any amount payable in cash upon conversion of the Securities in accordance the Indenture shall continue to be payable in cash, (II) any Common Stock that the Company would have been required to deliver upon conversion of the Securities in accordance with the Indenture shall instead be deliverable in the amount and type of Reference Property that a holder of that number of shares of Common Stock would have received in such Merger Event and (III) the Daily VWAP shall be calculated based on the value of a unit of Reference Property.

If the Merger Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration determined based in whole or in part upon any form of stockholder election, then (i) the Reference Property into which the Securities will be convertible shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one share of Common Stock. The Company shall notify Holders, the Trustee and the Conversion Agent (if other than the Trustee) of such weighted average as soon as reasonably practicable after such determination is made. If the holders receive only cash in such Merger Event, then for all conversions that occur after the effective date of such Merger Event (A) the consideration due upon conversion of each \$1,000 principal amount of Securities shall be solely cash in an amount equal to the Conversion Rate in effect on the Conversion Date, multiplied by the price paid per share of Common Stock in such Merger Event and (B) the Company shall satisfy its Conversion Obligation by paying cash to converting Holders on the third Business Day immediately following the relevant Conversion Date.

(xx) Rights Distributions Pursuant to Shareholders' Rights Plans

To the extent that on or after June 16, 2016, the Company adopts a rights plan (i.e., a poison pill) and such plan is in effect upon conversion of any Security or a portion thereof, the Company shall make provision such that each Holder thereof shall receive, in addition to, and concurrently with the delivery of, the Common Stock due upon conversion, the rights described in such plan, unless the rights have separated from the Common Stock before the time of conversion, in which case the Conversion Rate shall be adjusted at the time of separation as if the Company distributed to all holders of Common Stock, Distributed Property as described in the Indenture, subject to readjustment in the event of the expiration, termination or redemption of such rights.

(yy) Applicable Stock Exchange Restrictions

In the event of any increase in the Conversion Rate that would result in the Securities in the aggregate becoming convertible into shares of Common Stock in excess of the share issuance limitations of the listing rules of The New York Stock Exchange, the Company shall, at its option (but without delaying delivery of consideration upon any conversion), either obtain stockholder approval of such issuances or deliver cash consideration in lieu of any shares of Common Stock otherwise deliverable upon conversions in excess of such limitations (calculated based on the applicable Settlement Amount determined as though the Company elected Cash Settlement with respect to those shares of Common Stock in excess of such limitations).

(vii) Total number of the Stock Acquisition Rights;

210,000

(viii) Amount to be paid upon exercising the Stock Acquisition Rights;

N/A

(ix) Period during which the Stock Acquisition Rights may be exercised;

Each Holder of a Security shall have the right, at such Holder's option, to convert all or any portion (if the portion to be converted is \$1,000 principal amount or a multiple thereof) of such Security at any time beginning on December 16, 2016 and prior to the Close of Business on the Scheduled Trading Day immediately preceding the Maturity Date.

(x) Condition for exercise of the Stock Acquisition Rights;

Holders have to convert in US\$1,000 principal amount of the Notes or an integral multiple thereof. To convert its Security, a Holder of a Physical Security (as defined below) must (i) complete, sign and deliver a conversion notice in accordance with the Indenture, (ii) surrender the Security and furnish any endorsements and transfer document in accordance with the Indenture, (iii) pay all transfer or similar taxes if required by the Indenture and (iv) pay funds equal to interest payable on the next interest payment date for the Notes if required by the Indenture. If a Holder holds a beneficial interest in a Global Security (as defined below), to convert such Security, the Holder must comply with clauses (iii) and (iv) above and The Depository Trust Company's procedures for converting a beneficial interest in a Global Security.

“Global Security” means a Security in global form registered in the name of The Depository Trust Company, its nominee or successor, representing one or more Securities.

“Physical Security” means permanent certificated Securities in registered non-global form issued in denominations of \$100,000 principal amount and \$1,000 integrals thereafter.

(xi) Amount to be accounted for as stated capital, in the case of issuance of shares upon exercise of the Stock Acquisition Rights;

US\$0.001 per share

(xii) If at the time of exercise of the Stock Acquisition Rights it is deemed the entire amount to be paid upon such exercise is deemed to be paid up in place of redeeming the entire amount of the bonds, a statement to such effect; and

Upon conversion, the Note is deemed paid to the extent of the conversion.

(xiii) Matters concerning transfer of the Stock Acquisition Rights.

Please see Item 10(i)(e)(y) and 10(ii) below.

3. Method of issuance:

Issuance by third-party allotment to Ping An ZQ

4. Name of the underwriter who executes the offering:

N/A

5. The Matters Corresponding to Area where the offering shall be conducted:

Offering in overseas markets under Regulation S under the United States Securities Act of 1933, as amended.

6. Total Amount to be Obtained by the Company; and Details, Amount of Money, and Scheduled Time(s) of Spending of the Proceeds per Use:

(i) Total Amount of Proceeds; and

Total Issue Price: US\$210,000,000 (JPY 22,192,800,000)

Fees and expenses with respect to the Issuance: Approximately US\$6.6 million (JPY 697,488,000)

Net proceeds: Approximately US\$203.4 million (JPY 21,495,312,000)

(ii) Details, Amount of Money and Scheduled Time(s) of Spending of the Proceeds per Use.

The Company plans to use the proceeds for repurchasing Common Stock throughout the remainder of 2016 and for investing in the Company's China operations.

7. Date of issuance ("Issue Date"):

June 16, 2016

8. Name of the financial instruments exchange(s) on which the securities concerned are to be listed:

N/A

9. Details of any Restriction in the Event a Restriction is Established in Respect of the Transfer Provided for in Article 1-7 of the Cabinet Order for Enforcement of the Financial Instruments and Exchange Act and Any Other Restriction:

N/A

10. Matters Specially Mentioned in Case of Third-Party Allotment:

(i) State of Scheduled Subscriber;

(a) Summary for the Scheduled Subscriber

Name	Ping An ZQ China Growth Opportunity Limited (the "Scheduled Subscriber")
Address of head/registered office	20 F, One International Finance Center One Harbour View Street Central Hong Kong
Address of principal office in Japan	N/A
Name and title of representative	Shen Zheqing
Paid-in capital	The paid-in capital of the Scheduled Subscriber is not disclosed since the investors do not agree to disclose such information.
Substance of the business	Investment
Principal investor and the ratio of its capital contributions	PA Investment Funds SPC ZQ Capital Limited Empire Gain International Limited *The capital contributions of the principal investors are not disclosed since the investors do not agree to disclose such information. There are no special interests between the Company and principal investors of the Scheduled Subscriber.

(b) Relationship between Scheduled Subscriber and with the Company

Investments	Number of the Scheduled Subscriber's shares held by the Company	N/A
	Number of the Company's shares held by the Scheduled Subscriber	N/A

Personnel affairs	The Company and the Scheduled Subscriber have entered into Investment Agreement dated as of June 14, 2016 (the “Investment Agreement”) under which the Scheduled Subscriber has the right to nominate one nominee as a member of the board of directors subject to the terms and conditions under the Investment Agreement.
Funds	N/A
Technologies or Businesses	N/A

(c) Reason for Selecting the Scheduled Subscriber

Investors were selected strategically for their local market knowledge and expertise in China.

(d) Number of Shares to be Allotted

The number of shares subject to the Stock Acquisition Rights will be determined by the then-applicable Conversion Rate. As of the Issue Date, if all of the Notes are converted at the initial Conversion Rate, the number of shares of Common Stock to be issued assuming a full Physical Settlement is 4,516,130. It is not possible to know the actual number of shares to be issued until conversion.

(e) Policy of Holdings for Shares, etc.

(x) Standstill and Voting Obligations

Pursuant to the Investment Agreement, Ping An ZQ has agreed, subject to certain exceptions, that until the earliest of (i) the effective date of a change of control of the Company and (ii) the date Ping An ZQ and its affiliates collectively hold or beneficially own less than 50% of the Common Stock (on an as converted basis) owned by Ping An ZQ immediately following the Closing (the “Standstill Period”), Ping An ZQ will not, among other things: (A) acquire any securities of the Company if, immediately after such acquisition, Ping An ZQ (together with its affiliates) would collectively own in the aggregate more than 15% of the then outstanding voting securities of the Company, (B) propose or seek to effect any tender or exchange offer, merger or other business combination involving the Company or its securities, or make any public statement with respect to such transaction, (C) make, or in any way participate in any “proxy contest” or other solicitation of proxies, (D) sell, transfer or otherwise dispose of any voting securities of the Company to any person who is (or will become upon consummation of such sale, transfer or other disposition) a beneficial owner of 10% or more of the outstanding voting securities of the Company, or (E) call or seek to call any meeting of stockholders or other referendum or consent solicitation.

In addition, Ping An ZQ has agreed to vote, at their election, any shares of Common Stock beneficially owned by it either (a) in accordance with the recommendations of the Board or (b) in proportion to the vote of the Company's other stockholders, at each meeting of stockholders of the Company or pursuant to any action by written consent.

(y) Conversion and Transfer Restrictions / Registration Rights

The Investment Agreement restricts Ping An ZQ's ability to transfer or convert the Notes to Common Stock, subject to certain exceptions specified in the Investment Agreement and summarized below. Prior to the earlier of (i) the eighteen-month anniversary of the Closing, (ii) a change of control of the Company, (iii) the date the Company issues shares of Common Stock, or any security or instrument convertible into or exercisable or exchangeable for Common Stock, to any person or “group” (as such term is defined in Section 13(d)(3) of the Exchange Act) that results or, if converted, exercised or exchanged on the date of issuance, would result in such person or “group” (as such term is defined in Section 13(d)(3) of the Exchange Act) beneficially owning more than 10% of the outstanding Common Stock at the time of such issuance, (iv) the date the Company's stockholders fail to elect the director Ping An ZQ has nominated to the Board at any meeting of the stockholders of the Company at which such nominee has been nominated for election pursuant to the Investment Agreement, (v) the

date on which the closing trading price of the Common Stock exceeds 180% of the then-current conversion price for 20 or more trading days in the 30 consecutive trading day period (including the last three such trading days), and (vi) the date the Company issues shares of Common Stock or any security or instrument convertible into or exercisable or exchangeable for Common Stock to any person at a price per share of Common Stock or at an effective price per share of Common Stock upon conversion, exercise or exchange thereof that is less than the then-current conversion price or enters into a definitive agreement for a transaction that, if consummated, would result in the foregoing, Ping An ZQ will be restricted from transferring or entering into an agreement that transfers the Notes or the economic consequences of ownership of the Notes.

Subject to certain limitations, the Investment Agreement provides Ping An ZQ with certain registration rights for the shares of Common Stock issuable upon conversion of the Notes.

(f) State of Funds, etc. Required for Payment

Funds required for payment already received by the Company.

(g) Actual State of the Scheduled Subscriber

Ping An ZQ, the Scheduled Subscriber, is a Cayman Island company owned by a consortium of Chinese investors led by Ping An of China Securities (Hong Kong) Company Ltd. and a group of additional investors affiliated with ZQ Capital Limited.

The Company attempted to confirm that none of the Scheduled Subscriber or its investors or its management is or has relationship with antisocial forces by obtaining information about the Scheduled Subscriber and its investors from the Scheduled Subscriber and engaging a third party to research the Subscriber and its investors.

(ii) Restriction(s) of the Transfer of the Shares, Etc.;

Please see Item 10(i)(e)(y) above. Other than restrictions provided in Item 10(i)(e)(y) above, there is no restriction on transfer of the Notes to be obtained by the Scheduled Subscriber.

(iii) Matters Concerning the Conditions of Issuance;

The conversion price and terms of the Notes were the product of a vigorous arm's length negotiation with the Investors. The Company considered reports delivered by a financial advisor engaged by the Company for the transaction as to the dilutive and accretive impact of the Notes under various scenarios and other financial matters, the terms of precedent transactions, advice of counsel, the Company's objectives for the transaction and the business environment. Based on the totality of the information, the Board determined that the conversion price and other terms of the Notes were in the best interest of the Company and its shareholders.

(iv) Matters Concerning Large Scale Third-Party Allotment;

N/A

(v) State of Major Shareholder After the Third-Party Allotment;

No.	Name	Address	No. of shares of Common Stock held before the allotment*	% of total voting rights before the allotment*	No. of shares of Common Stock held after the allotment**	% of total voting rights after the allotment***
1	FMR LLC	245 Summer Street, Boston, Massachusetts 02210	7,025,498	12.6	7,025,498	11.6
2	BlackRock, Inc.	55 East 52nd Street, New York, NY 10055	5,616,191	10.0	5,616,191	9.3

3	Invesco Ltd.	1555 Peachtree Street NE, Suite 1800, Atlanta GA 30309	4,642,709	8.3	4,642,709	7.7
4	Ping An ZQ China Growth Opportunity Limited	20 F, One International Finance Center One Harbour View St. Central Hong Kong	0	0	4,516,130	7.5
5	The Vanguard Group	100 Vanguard Blvd. Malvern, PA 19355	3,890,357	7.0	3,890,357	6.4
6	Vulcan Value Partners, LLC	Three Protective Center, 2801 Highway 280 South, Suite 300, Birmingham, AL 35223	3,513,481	6.3	3,513,481	5.8
7	Sandra Tillotson	75 W Center Street Provo, UT 84601	1,916,572	3.4	1,916,572	3.2
8	Blake and Nancy Roney	75 W Center Street Provo, UT 84601	1,108,285	2.0	1,108,285	1.8
9	Scott McCullough	75 West Center Street Provo, UT 84601	650,000	1.2	650,000	1.1
10	Steven Lund	75 West Center Street Provo, UT 84601	571,134	1.0	571,134	0.9

- * “No. of shares of Common Stock held before the allotment” and “% of total voting rights before the allotment” are calculated based on the number of shares of Common Shares held as of June 17, 2016.
- ** “No. of shares of Common Stock held after the allotment” is calculated by adding the number of shares of Common Stock to be issued as of the Issue Date assuming Physical Settlement of all Notes by the conversion of the Notes at the initial Conversion Rate to the “No. of shares of Common Stock held before the allotment”.
- *** “% of total voting rights after the allotment” is calculated by dividing the voting rights with respect to the “No. of shares of Common Stock held after the allotment” by the aggregate of the total voting rights before the allotment used for the calculation of “% of total voting rights before the allotment” and the voting rights of the shares of Common Stock to be issued by the conversion of the Notes at the initial Conversion Rate as of the Issue Date assuming Physical Settlement of all Notes.

(vi) Necessity of the Large Scale Third-Party Allotment;

N/A

(vii) Existence of Plan of Reverse Stock Split, Etc. and the Details Thereof; and

N/A

(viii) Other Informative Matters:

N/A

11. Amount of Share Capital and Number of Issued Shares of the Company:

(i) Amount of Share Capital; and

US\$ 90,562 (JPY 9,570,592)

(ii) Number of Issued Shares

Common Stock: 90,561,954 shares

以上