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To Whom It May Concern:

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Stock Code: 2318  
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Notice Regarding Explanation of Third-Party Allotment and Cancellation of MSCBs, Etc. of BB Net corp.

BB Net corp. (the Company) announced the issue of new shares through third-party allotment in its “Notice Regarding Issue of New Shares through Third-Party Allotment (Debt Equity Swap)” released today. In relation to the announcement, the Company provides an overview of the third-party allotment below.

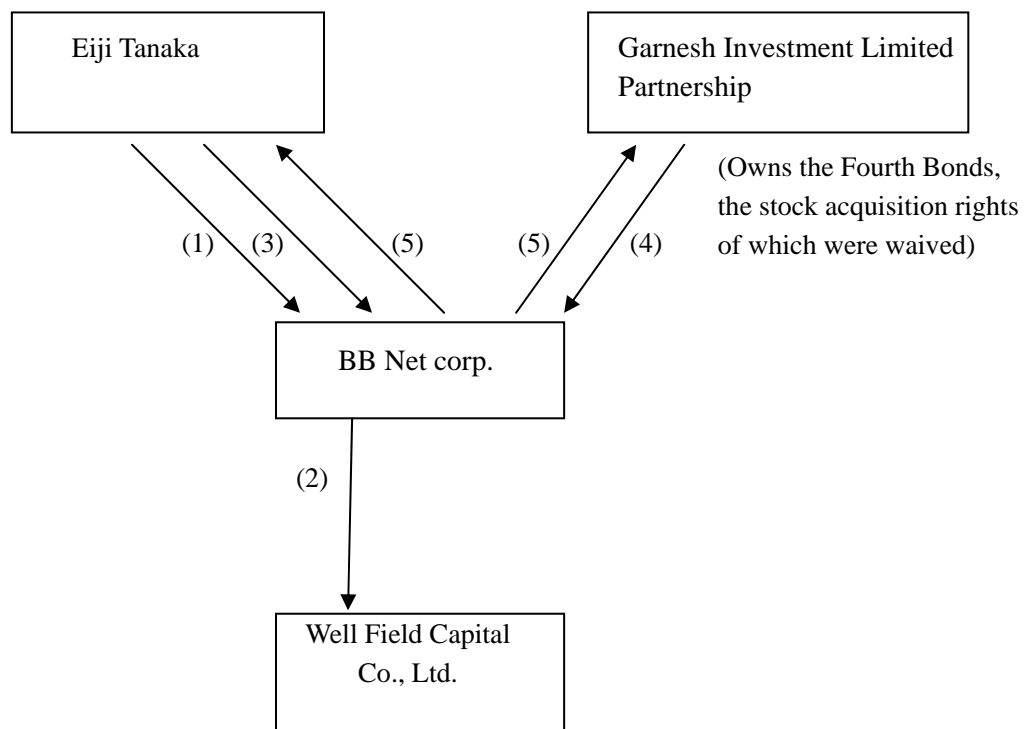
In summary, the scheme of the third-party allotment will bring the same result as granting shares to Eiji Tanaka and Garnesh Investment Limited Partnership (Garnesh) after effectively canceling the existing bonds with stock acquisition rights of the Company. The Company believes that the third-party allotment will increase the stability of management as a result of allocating new shares to Garnesh and Eiji Tanaka, a Representative Director of the Company, who plan to hold the shares over the medium and long terms.

Overview

- (1) The Company borrows 200 million yen from Eiji Tanaka.
- (2) The Company acquires the remaining 162.5 million yen of the third unsecured convertible bonds with stock acquisition rights (the Third Bonds) of BB Net corp. and cancels them.
- (3) The Company receives a waiver of the stock acquisition rights attached to the fourth unsecured convertible bonds with stock acquisition rights (the Fourth Bonds) of BB Net corp.
- (4) The Company issues new shares to Eiji Tanaka and Garnesh through the third-party allotment, which owns 350 million yen of the Fourth Bonds.
- (5) At the third-party allotment in (4) above, Eiji Tanaka and Garnesh respectively make in-kind investments of 200 million yen and 350 million yen in the Company, in lieu of the repayment of the loans and the Fourth Bonds.

(Please see the Appendix)

(Appendix)



- (1) Eiji Tanaka lends the Company 200 million yen
- (2) The Company acquires the remaining 162.5 million yen of the Third Bonds and cancels them
- (3) Eiji Tanaka makes a 200 million yen in-kind investment in the Company in lieu of repayment of the loans
- (4) Garnesh makes a 350 million yen in-kind investment in the Company in lieu of the repayment of the Fourth Bonds
- (5) The Company issues new shares to Eiji Tanaka and Garnesh via third-party allotment