

Dear Fellow Shareholders:

Today, we are very pleased to be reporting our first quarter as a public company. As most of you know, NEXON Co., Ltd. ("Nexon") went public in December 2011, listing on the Tokyo Stock Exchange. We are very proud of this important milestone in our company's history, and are thrilled to welcome our new public shareholders to participate in Nexon's growth.

Our approach to financial reporting will be somewhat different from many public companies. Each quarter, we will post a letter like this one, along with our financial statements, on our website. We will then host a live conference call to review the highlights of our results and our performance during the quarter, followed by a question-and-answer session with our management team that can be accessed by phone. We believe this approach will provide the best information to our valued shareholders to help them better understand our business in the most efficient way.

For those of you less familiar with our company, Nexon is a world leader in free-to-play online games that deliver deeply immersive game experiences to a global audience. Since our founding in 1994, we have been a pioneer in online games, and have been profitable since 1996. We developed one of the world's first graphic Massively Multiplayer Online Role-Playing Game ("MMORPG") and pioneered the concept of microtransactions in free-to-play games, which today, is one of the most profitable and fastest growing sectors of the games business.

Today the worldwide market for videogame software is \$52 billion, according to IDG, a market research firm. The segments of the videogame market experiencing the greatest growth today are within the free-to-play online categories. We believe that around the world online gameplay is significantly transforming the games business, and the business model that is unlocking the economic value of online games is free-to-play.

Nexon currently services more than 50 online games in more than 100 countries with partners all around the world. We are both a developer and a publisher of online games, and our games have achieved approximately 1.3 billion customer account registrations worldwide.

Among online game companies, we are the only one that is both truly global – with substantial revenues from around the world – and focused on providing an immersive, long-term experience for our players. We've built an immense, dedicated and growing worldwide audience. In addition, our strategy of continually updating and improving existing titles, while also introducing new and differentiated games, keeps players deeply engaged over time. Our games are deeply social communities, in which thousands of users can cooperate or compete in an online world at the same time. Building relationships in those worlds is a core part of the customer experience. As a result, Nexon games are often played for months or even years on end. This approach has enabled us to develop a very



compelling economic value proposition, as players become a part of the online community of a game and invest long periods of time in that game.

Fourth Quarter and Full Year Results

We are very pleased with our operating results for the fourth quarter ended December 31, 2011, during which we experienced growth across our key financial metrics. We think our results demonstrate the power of our free-to-play business model, the continued success we are having as a publisher and operator of online games, and the ever-increasing geographic breadth of our business.

Specifically in the fourth quarter, we saw continued growth in our fundamental user metrics: registrations, engagement and monetization. We also kept a steady pace of game update releases around our geographic regions and made several important strategic announcements. We think all of these initiatives contributed to raising awareness of our global brand as a fast-growing developer of engaging games and one of the leading global online entertainment companies in the world.

The table below summarizes our results for the fourth quarter, along with the previous four quarters for comparison:

Selected Consolidated Operations Data (Millions of yen, except per share data)

	FY ended		FY ended December 31, 2011					Variance %	
	December 31, 2010								
	Q4	Year	Q1	Q2	Q3	Q4	Year	Year	Q4
Revenues	¥18,065	¥69,781	¥20,809	¥20,456	¥24,156	¥22,190	¥87,613	26%	23%
Operating income	6,660	30,183	9,340	8,605	10,948	9,354	38,249	27%	40%
Net income	4,237	21,638	7,586	5,120	7,232	5,816	25,755	19%	37%
Adjusted net income ¹	4,656	22,482	7,968	5,507	7,582	6,153	27,211	21%	32%
Earnings per share²:									
Basic EPS	12.01	61.32	21.50	14.51	20.39	15.59	71.65		
Adjusted EPS	13.19	63.71	22.58	15.61	21.37	16.49	75.70		
Cash and deposits	32,331	32,331	33,341	44,291	44,278	132,479	132,479		

Footnote:

* Amount is prepared in accordance with Japanese GAAP which is rounded down to the nearest million yen and therefore might slightly differ from what we disclosed in the Offering Circular which was prepared in accordance with Western rounding conventions.

¹ Adjusted net income is a non-GAAP measure that excludes the non-cash amortization of goodwill (and negative goodwill in the case of acquisitions occurring before April 1, 2010) related to our acquisitions, which is required under Japanese GAAP. We provide this information to investors for the purpose of comparing our Net Income with that of companies that do not amortize goodwill or negative goodwill associated with acquisitions in their financial results, including those reporting in accordance with U.S. GAAP.

² Adjusted to reflect the 1:100 stock splits that occurred on July 21, 2011.

The strengthening Japanese Yen against both the Korean Won and the U.S. Dollar had an impact on our results this quarter. We've provided the following table to

present our revenue results on a constant currency basis in order to show the growth rates without the effect of changing exchange rates during the quarter.

Revenue for the Year Ended December 31	2010 Full Year	2011 Full Year	As Reported Percent Change	Constant Currency Percent Change
(Millions of yen)				
NEXON	¥ 69,781	¥ 87,613	26%	32%
Major Territories				
Korea	24,692	28,613	16%	22%
China	21,580	32,785	52%	60%
Japan	12,197	13,016	7%	7%
North America	5,598	6,337	13%	24%
Europe and Others ²	5,711	6,861	20%	27%
Revenue for the Quarter Ended December 31	2010 Q4	2011 Q4	As Reported Percent Change	Constant Currency Percent Change
(Millions of yen)				
NEXON	¥ 18,065	¥ 22,190	23%	31%
Major Territories				
Korea	6,196	7,224	17%	26%
China	5,664	8,281	46%	57%
Japan	3,244	3,687	14%	14%
North America	1,554	1,407	-9%	-4%
Europe and Others ²	1,405	1,590	13%	22%

¹ The above table represents a breakdown of our revenue based on the region in which revenues originate. It is not a presentation of our revenues according to Nexon entities.

² Others: United Kingdom, other Asia countries, and South American countries

In the fourth quarter, total revenues were ¥22.19 billion, an increase of 23% over the fourth quarter of last year, driven by both an increase in users and our continued improvement in monetizing our user base. On a constant currency basis, consolidated revenue increased 31% year-over-year. Consolidated operating income was ¥9.35 billion for the fourth quarter, an increase of 40% year-over-year, despite the negative impact of foreign exchange rates. Our operating income margin was 42% in the fourth quarter of this year, up from 37% last year. These solid results can be attributed to the performance of our core products, early signs of strength for several of our new product launches, and the faster-than-expected growth from China, which led to an increase in operating income.

For the full year ending December 31, 2011, revenues were ¥87.61 billion, an increase of 26% over fiscal 2010, also driven by user growth and improved monetization. On a constant currency basis, consolidated revenue increased 32% over 2010. Consolidated operating income was ¥38.24 billion for fiscal 2011, an increase of 27% year-over-year. Our operating margin was 44% for the full year, up from 43% last year.

All of our monetization metrics grew in 2011. Average Monthly Active User count ("MAUs") for the fourth quarter was 80 million, up from 77.1 million in Q4 2010. Importantly, our paying user trend was also up year-over-year, with 9.9% of our users paying (the "pay rate") in Q4 2011, up from 8.3% in Q4 2010. Our Average Revenue Per Paying User ("ARPPU") worldwide was ¥1,350 for the fourth quarter, up from ¥1,305 in Q4 2010. It is important to recognize that the components of our revenue can fluctuate from quarter to quarter and year to year. For example, MAUs might increase in the same quarter that the pay rate declines, or vice-versa. Additionally, MAUs, pay rate and ARPPU tend to fluctuate widely from region to region. Our approach is therefore to manage all the components of the funnel in order to try to optimize revenue from our player base. Additionally, Maximum Concurrent Users ("MCCUs") is a metric that immersive, free-to-play game companies monitor closely, since it indicates the total activity level within a synchronous, live game community. We provide more MCCU detail for individual games below.

Our two biggest titles, *Dungeon&Fighter* and *MapleStory*, continue to grow, both having their biggest revenue year in 2011 since launch. Together they accounted for 58% of worldwide revenue in 2011. All of our other top six games (*Sudden Attack*, *Mabinogi*, *Counter-Strike Online*, *KartRider*, *Atlantica*, *Combat Arms*) grew revenues in 2011, and five of those six posted their highest revenue ever this year. In the case of *KartRider*, while 2007 was its biggest revenue year-to-date, its revenues grew in 2011, a growth trend that has continued for two years. The continued growth of these existing games provides a platform of strength on which we build with new game introductions.

We are excited about several of our new franchises, including *Cyphers*, *Dragon Nest*, *Sudden Attack* and *Mabinogi Heroes* (known as *Vindictus* in North America and Europe), which have shown positive early results and which we believe could join the ranks of our largest franchises in the upcoming years.

As a truly global business, Nexon operates in many markets throughout the world. We manage the business and present our results by major geographical regions, each of which has different user and growth characteristics. Below is a review of key results and developments in our major regions during the quarter.

Korea

Korea, the region in which we were founded, continues to deliver strong results and constituted approximately 33% of our total revenue this quarter. For the fourth quarter of 2011, we reported ¥7.22 billion in revenue, growing 17% year-over-year. On a constant currency basis, revenue increased 26%.

Korea is one of the most advanced markets in the world in terms of broadband penetration – 87% of households there have broadband internet connections, according to DFC's Online Game Market Forecast. Those connections are fast, too, at an average of 55.59 megabits per second, compared with an average of 14.67 megabits per second in the U.S. (according to OECD.org). Korea is also an intensely competitive region, where the leaders in free-to-play games have

significant experience and have been developing free-to-play games for a decade. Nonetheless, Nexon continues to see satisfying growth in Korea – in 2011 we grew 16% (22% on a constant currency basis). In short, the online games market in Korea continues to grow despite that maturity of the broadband market, and Nexon appears to be growing faster than the games market there. We expect this trend to bode well for our business in other regions as well, where broadband penetration and speeds are at earlier stages of development.

During the quarter, we released major content updates for *MapleStory*, *Dungeon&Fighter*, *Elsword* and other key titles coordinated around the Christmas holiday. For *MapleStory*, we launched two updates – the “Justice” update and the “Mysterious Phantom” update – adding a new job class and navigation features, along with a significant number of quests. Those *MapleStory* updates helped drive usage and engagement and achieved MCCUs of 321,868.

In *Dungeon&Fighter*, we introduced the “New Male Mage” update, which included a new male magician class, along with items to improve the characters’ statistics, and additional skills. During the quarter, *Dungeon&Fighter* in Korea achieved MCCUs of 241,309. We also ran holiday seasonal updates for *KartRider* and *Mabinogi*.

Our development teams launched *Cyphers*, an action based game, in the first half of 2011. The game was awarded both the “Popularity Award” and the “Grand Prize” at the Korean Game Awards, and it continues to build on its strong start, achieving its highest MCCUs to date of 81,492 in Q4. We are satisfied with the early progress of *Cyphers* in Korea and believe it has the potential to join the ranks of our larger franchises. *Elsword*, another one of our popular MMORPGs, achieved record MCCUs of 50,197.

During the quarter, we signed several significant publishing agreements, including one with German developer, Crytek GmbH to publish the First Person Shooter (“FPS”) game *War Face* in Korea and Taiwan. The game is currently in development and we expect it will be released to open beta in early 2013.

We also announced two equity investments during the quarter. First, we acquired a 16.34% position in JC Entertainment Corporation. JC Entertainment Corporation is best known for its popular *Freestyle* games, which combine hip-hop music and street sports with unique characters and gameplay. In November, we announced a joint venture with Perfect World Co., Ltd., establishing a new company to bring Perfect World titles to the Korean market. This partnership combines our deep experience in publishing online games and well-established competencies in the Korean games market with Perfect World’s development pipeline of new games. We expect the first title from this partnership to be released in 2013.

While we delivered solid results in Korea, during the fourth quarter we were the target of a significant hacking attack. As we reported at that time, our server security for *MapleStory* in Korea was breached and basic log-in information for approximately 13.2 million users in Korea may have been accessed by unauthorized parties. Importantly, no financial information was at risk, as we do not store credit card or bank information. We are cooperating closely with the local police and authorities. As a result of the hacking attempt, *MapleStory* service was

taken down for one hour in November, however, we do not believe revenue for *MapleStory* in Korea was impacted. We are taking aggressive steps to enhance our security practices and technology, as described later in this letter.

During the quarter the Shutdown Law – known as the “Cinderella Law” – went into effect in Korea. Under this new rule, game companies must block access to their games by children under the age of 16 between the hours of midnight and 6:00 a.m. While the implementation of the law was heavily covered by the Korean press, we have not seen a meaningful revenue impact from the law as most of our paying players of that age do not play during those hours.

China

Our China business continues to experience robust growth. For the fourth quarter, our revenue was ¥8.28 billion in the region, an increase of 46% year-over-year, making China now our largest region by revenue at approximately 37% of total revenue, and our fastest-growing region for the quarter. On a constant currency basis, revenue increased 57%.

China's growth in the fourth quarter was led by *Dungeon&Fighter*, followed by *Counter-Strike Online* and *KartRider*. *Dungeon&Fighter*, which launched in 2008 in China, continues to be the second most played game there.

We launched several updates during the holiday period, among them significant updates to *KartRider* including an in-game chat system, as well as new original Disney characters specifically for China, named “XXY,” and characters from Sanrio such as Hello Kitty and My Melody.

In *Counter-Strike Online*, our year-end update included new features and weapons, and during the quarter we achieved MCCUs of 403,579.

We launched *Mabinogi Heroes* into the Chinese market on December 22. We collaborated with our partner Tiancity to develop items that would appeal to players in the region, such as unique Chinese costumes. Early results indicate the game has been very well-received, and it was ranked fourth on Baidu's top search terms at the time of the launch. We are watching the game's usage statistics closely and will continue to invest in the game in the region if those statistics indicate healthy growth.

Our business in China has several distinct characteristics. In general, our games there have lower ARPPU than they do in other parts of the world. For example, *MapleStory* had an ARPPU in the December quarter of ¥1,744 in China, whereas in Japan, that same game in the December quarter had an ARPPU of ¥8,377. However, we have more players in China than in any other region, with very high numbers of MAUs and MCCUs. As an illustration of the scale of some of our games in China, *Counter-Strike Online* had 4.82 million MAUs in China in the December quarter and 74,446 MAUs in Japan.

Looking ahead, we think that continued penetration of broadband in China will be an important growth driver for Nexon there, as in other regions. Unlike most Facebook games, which are played in a web browser, our key titles have deep and compelling

gameplay, synchronous online cooperation or competition among thousands of other players, and often robust sound and cinematic graphics. In order to deliver this experience – which can engage users for extended play over weeks, months and years – players download our games to their computing device, so accessibility to our type of immersive games is helped by faster download speeds. As faster broadband proliferates, more consumers will be able to easily download and enjoy Nexon games.

In addition, rising incomes and falling PC and tablet prices across China give us confidence that the region will experience adoption rates in the next five years similar to what North America, Europe and Japan experienced for PCs in the early 90's – exposing hundreds of millions of users to the fun of online gaming.

Japan

For the fourth quarter, revenue in Japan was ¥3.68 billion, an increase of 14% year-over-year, and a record high. This growth was driven by *Dungeon&Fighter* and *MapleStory*, both of which continued to gain unique users and increase player engagement during the course of the quarter.

We implemented several key updates in Japan during the quarter. *MapleStory's* "Legends" update introduced new original game features in two phases on October 19 and November 16, adding a new character class, "Cannon Shooter," in the first update and another character class, "Demon Slayer," in the second update. New maps and stories were added as part of the update, and the game reached record MCCUs of 42,066 in Japan on November 19. *Dungeon&Fighter* posted record high revenue in Japan for both the month of December and the fourth quarter.

In addition to our major game updates, we launched *Mabinogi Heroes* in Japan on November 30, to positive reviews and solid early performance. We plan to continue to invest in the game as it gains traction with players.

Overall we expect to continue to see MAU and MCCU numbers that are lower in Japan compared to China or Korea, but ARPPU numbers that are higher than other geographies – sometimes significantly so. We believe the Japanese market for interactive entertainment is continuing its inexorable conversion from a primarily console, packaged-goods based games market to one that embraces online and free-to-play.

North America

For the fourth quarter, revenue in North America was ¥1.40 billion, a decrease of 9% from the same quarter a year ago. On a constant currency basis, revenue declined 4%. The decline in revenue was mainly caused by disruptions in the service of our games from aggressive hacking attacks over the Christmas holiday, our busiest season of the year for North America. These disruptions resulted in some delayed content updates during this important season and a related decline in usage. As in Korea, no financial information was lost as a result of these attacks since we don't collect credit card information. We responded rapidly to the hacking attempts that

led to these disruptions, and also invested significant time and effort into further building out our infrastructure to protect our players and their information. As we have moved into the first quarter we are continuing our efforts to address certain stability issues that have arisen in the new infrastructure. More details on our worldwide security plan are below. Despite the challenging fourth quarter in North America, for the full year we delivered year-over-year revenue growth of 13% (24% on a constant currency basis).

We delivered new content and updates to most of our games with the exception of *Vindictus* and *Combat Arms*. *MapleStory* had two updates during the quarter – “Ascension” and “Legends,” which included a new wedding system, added three new classes and several new in-game items. *MapleStory*’s MCCUs reached 100,665 in December, the second highest in the game’s history in North America. In *Mabinogi*, we launched the “Merchant of Venice” update, which introduced a popular new pet, called “Ice Dragon,” and added a series of new quests based on the Shakespearean play. We also introduced content updates for *Dragon Nest*, *Dungeon Fighter Online*, and *Atlantica*. All of these games saw an increase in users compared to the prior quarter, driven by both the updates and by seasonality.

During the quarter we signed a publishing contract for *Shadow Company*, a FPS game developed by Doobic Interactive Co., Ltd., which we expect will grow the already solid FPS user base we have in North America, currently led by *Combat Arms*. We expect the game will launch in North America in the second half of 2012.

Despite the operational challenge in Q4, we are happy with our growth in North America during the first three quarters of 2011, and our long-term outlook for this territory remains very positive. We believe that over time, two strong trends will drive our business in North America and in Europe. The first is the continuing penetration of high-speed consumer broadband, which we believe has now reached a critical mass of users. As in China, the proliferation of broadband connections is giving millions of consumers in the West easy access to Nexon games.

The second trend is the rapidly growing awareness and beginning mass adoption of the free-to-play business model that we pioneered more than 10 years ago, and have been refining ever since.

Europe, Southeast Asia and Other Regions

Our revenue in Europe, Southeast Asia and our other regions was ¥1.59 billion, an increase of 13% year-over-year. On a constant currency basis, revenue increased 22%.

Growth in Europe was supported by several content updates to *MapleStory* and *Combat Arms*, which both drove increases in users. The *MapleStory* “Chaos” update was a three-phase update that introduced new skills and Player vs. Player (“PVP”) content with new areas to explore. The *Combat Arms* update included new maps and weapons, and MCCUs for the game reached an all-time high of 29,123 in Europe during the quarter.

We launched *Vindictus* in October following a successful closed beta in September and so far the feedback has been positive among users and game reviewers. In conjunction with the launch, we rolled out a number of sales events and promotions which were also well received.

Longer term, we have high expectations for growth in Europe and plan to invest more to build our business there. The dual drivers of broadband proliferation and increasing acceptance of free-to-play make Europe an exciting long-term opportunity.

In Southeast Asia we currently operate in 7 different countries and launched several games during the quarter. In Q4 we launched *KartRider* and *CA-BnB* in Indonesia; *Dekaron*, a fast-paced 3D fantasy MMORPG game in Taiwan; and *Tenvi*, a side-scrolling 2D MMORPG game in Hong Kong. We also launched the “Legends” update to *MapleStory*, our most popular game in Taiwan, and MCCUs for the game reached 109,650.

Platform Expansion

One of our key strategic priorities is to provide our unique, immersive gameplay experiences to new and existing audiences by expanding into emerging platforms. The market for various mobile and social platforms is large and growing, and we want to be wherever our users are. As these newer platforms become more capable of supporting the deeply immersive, graphically rich and inherently interactive content that we produce, we expect to continue to increase our game development targeted towards these markets.

With that said, we’ve taken some early steps in development for Facebook and mobile platforms, including *MapleStory Adventures*, *WonderCruise* and *Zombie Misfits* on Facebook, and *KartRider Rush* on iOS. We view these as development tests in the casual, asynchronous environment of Facebook and mobile, and we plan to make additional introductions in 2012 as we build our development capabilities. Our approach on these platforms is consistent with our usual practice, in which our game development teams spend significant up-front time experimenting and testing game ideas. To better manage this effort, last month we consolidated our various mobile and social development efforts under a focused group of creative leaders based in Korea. In 2011, we also made investments in developers and publishers in the space, to augment our internal capabilities.

Other Recent Developments

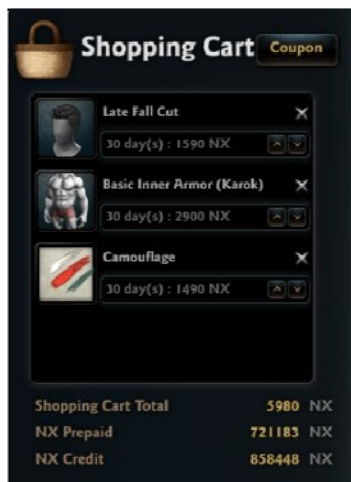
As we mentioned earlier, we were the target of hacking attacks in Korea and North America during the fourth quarter. We take security very seriously, and we are strongly committed to protecting the privacy and security of our games and anyone who plays them. In response, we have taken significant action to help better secure our infrastructure. These initiatives have included hiring a new Chief Security Officer, and consolidating our worldwide security efforts into the Global Office of Security operating under his leadership. We recognize the need for a comprehensive security solution given our rapidly growing footprint, and continue to invest resources

to improve security technologies, policies, protocols and procedures in our effort to provide the highest level of privacy, confidentiality and security.

The Immersive Free-to-Play Games Model

We were one of the first companies to understand and capitalize on the opportunity to provide deeply immersive free-to-play online games for a mass audience. As broadband proliferates worldwide, and the number of consumers playing online games continues to increase, we expect our market opportunity to grow significantly. Online is clearly a significant force for change in the videogames market – just as it has been in so many other segments of consumer media – and we believe free-to-play is the business model that is unlocking the economic value of online games.

Although Nexon has established a strong position as a pioneering and leading free-to-play game publisher and operator, we face challenges even as the market for online games and audience grows. With larger U.S. game and entertainment companies beginning to focus on online games and free-to-play, and Asian game companies looking to expand outside of their home countries, the competition for publishing will only increase.



We are excited by our prospects in this competitive environment because we believe our core strengths represent a sustainable competitive advantage. These strengths include:

- A culture of creativity and innovation that has produced some of the most successful online games in history.
 - Extensive in-game merchandising experience, which enables us to successfully monetize our games, while simultaneously growing our community.
 - A powerful global operations and publishing platform, which enables us to launch and operate our games for a mass consumer audience across multiple geographies.
- A large global player base of deeply engaged users.
 - A proven track record of identifying talented development teams and game content early in the game lifecycle, and then building those teams and franchises over an extended period of time.

Long Term Growth Strategy

Fundamentally, our strategy for growth is to expand our business by providing fun, engaging and deeply immersive free-to-play online game experiences to players throughout the world. We implement this strategy region-by-region, and as you can see from our results, we believe we are making solid progress across our core strategic initiatives, which are:

- Enhancing and extending our existing game franchises;
- Broadening our portfolio through new game introductions;
- Expanding geographically;
- Bringing our games to new platforms and devices; and
- Building the Nexon brand globally.

Business Outlook

Our business outlook for the full fiscal year 2012 is for an increase in revenue of 17% year-over-year, or approximately 24% on a constant currency basis. In the first quarter of 2012, we expect revenues of ¥24.12 billion, an increase of 16% versus the first quarter of 2011 (22% on a constant currency basis).

We expect this growth to be driven by growth in existing games and the introduction of new games in all of our regions around the world.

Business Outlook (Millions of yen, except per share data)

For the Year Ended December 31, 2012	Q1 (E)	Period from Jan 1 - June 30 (E)	Full-Year (E)
Revenues	¥ 24,124	¥ 46,720	¥ 102,086
Operating income	10,410	19,705	45,259
Net income	7,720	14,563	33,516
Adjusted net income ¹	8,069	15,263	34,915
Basic EPS ²	18.12	34.18	78.65
Adjusted EPS ²	18.94	35.82	81.94

¹ Adjusted Net Income is a non-GAAP measure that excludes the non-cash amortization of goodwill (and negative goodwill in the case of acquisitions occurring before April 1, 2010) related to our acquisitions, which is required under Japanese GAAP. We provide this information to investors for the purpose of comparing our Net Income with that of companies that do not amortize goodwill or negative goodwill associated with acquisitions in their financial results, including those reporting in accordance with U.S. GAAP.

² Estimates for net income per share for the first quarter of the fiscal year ending March 31, 2012, first half of 2012, and fiscal year ended December 31, 2012 are calculated based on the number of issued shares (426,132,900) at the end of the year 2011.

FX Rate Assumption

	2011 Average	2012 Assumed	Variance
100 Yen / Korean Won	1,383.1	1,469.1	-5.9%
US Dollar (USD) / Yen	79.8	77.1	-3.4%
Chinese Yuan (RMB) / Yen	12.3	12.1	-1.6%

February 14, 2012

In conclusion, we are at a very exciting moment in our company's history. We are tremendously pleased with the growth that we continue to generate by giving a huge and growing number of gamers what they want – deeply immersive, fun and engaging games – even as we have evolved into a large, global company. We have a remarkable growth engine in the East, where Nexon is well-established in Korea, seeing rapid growth at a huge scale in China and generating strong results from a loyal base in Japan. As we push outward into new regions and onto new platforms, players continue to spend large amounts of their leisure time with our games, and we see many opportunities to continue our growth.

Sincerely,



Seung Woo Choi, CEO



Owen Mahoney, CFO

Tokyo, Japan
February 14, 2012

***Cautionary Statement regarding Forecast of Business Results**

The forecast of business results is based on information available as of the date this data were released and, due to various risks, uncertainties and other factors arising in the future, actual results in the future may differ largely from the estimates set out in this document.

These risks, uncertainties and other factors include, without limitation: the continued growth and popularity of our key titles; our ability to maintain favorable relationships with key licensing partners; our continued ability to offer games in China, through local partners or otherwise; our ability to compete effectively in the online games industry; our ability to address hacking, viruses, security breaches and other technical challenges; fluctuations in currency exchange rates; our ability to maintain and further develop our brand name; our effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses; continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model; our ability to adapt to new technologies; our ability to enter into licensing arrangements for third-party titles on terms favorable to us; effective defense of our intellectual property; legislative, regulatory, accounting and taxation changes in the countries in which we operate; and any risk or uncertainty as listed from time to time in our press releases, earnings reports or annual reports.

***Cautionary statement regarding unaudited consolidated financial information**

The quarterly consolidated financial statement as of December 31, 2010 and 2011, the consolidated regional revenue for the year ended December 31, 2011 and the revenue for the quarters ended December 31, 2010 and 2011 are unaudited. We prepared the unaudited consolidated financial information on the same basis as our audited consolidated financial statements. The fourth quarter ended December 31, 2011 financial information is calculated as the difference between the full year amount and the nine months ended September 30, 2011 amount. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial condition and results of operations for the unaudited quarterly period presented.