

(Translation)

December 22, 2017

To: All Shareholders

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(Securities Code 7517, Tokyo Stock Exchange, First Section)
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Announcement of Repurchase of Shares and Commencement of Repurchase Tender Offer

As announced in the press release of October 31, 2017 with the title "Announcement of Repurchase of Shares and Scheduled Commencement of Repurchase Tender Offer" (the "Press Release on the Repurchase Tender Offer"), Kuroda Electric Co., Ltd. (the "Company") has resolved, at its board of directors' meeting held on October 31, 2017, that it plans to acquire its treasury shares and implement a tender offer as a specific means to repurchase such shares pursuant to Article 156, Paragraph 1 of the Companies Act (the Act No. 86 of 2005, as amended; the "Companies Act") as applied by replacing the phrases pursuant to Article 165, Paragraph 3 of the Companies Act and the articles of incorporation of the Company (the "Repurchase Tender Offer"), subject to a completion of a tender offer by KM Holdings Co., Ltd. (the "Tender Offeror") for the common share of the Company (the "Company's Common Shares") (the "Tender Offer", and collectively with the Repurchase Tender Offer, the "Tender Offers") as announced in a press release of October 31, 2017 with the title "Notice Concerning Commencement of Tender Offer for Shares, etc. of Kuroda Electric Co., Ltd. (Securities Code: 7517)" (the "Press Release on the Tender Offer").

As announced in the press release of December 16, 2017 with the title "Notice Concerning Result of Tender Offer for Shares, etc. of Kuroda Electric Co., Ltd. (Securities Code: 7517)" (the "Press Release on the Result of the Tender Offer"), the Company announces that the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer from December 25, 2017 as a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased.

1. Purpose of Repurchase Tender Offer

(1) Outline of the Repurchase Tender Offer

As of the date of this press release, the Company's Common Shares are listed on the First Section of the Tokyo Stock Exchange (the "TSE").

On October 31, 2017, the Tender Offeror (Note 1) decided that it will implement the Tender Offer as part of the transaction (the "Transaction") aiming to eventually making the Company a wholly-owned subsidiary of the Tender Offeror through the acquisition and ownership of all of the Company's Common Shares excluding the treasury shares held by the Company (37,634,831 shares, shareholding ratio (Note 2): 100%), namely, all of the issued and outstanding shares of the Company listed on the First Section of the TSE other than the treasury shares held by the Company. The period of the Tender Offer was from November 2, 2017 to December 15, 2017 (the "Tender Offer Period") and as announced in the Press Release on the Result of the Tender Offer, the Tender Offer was concluded in favor of the

Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased. The Company has resolved at its board of directors' meeting held on October 31, 2017, that it plans to implement the Repurchase Tender Offer after the completion of the Tender Offer as the second stage of the Transaction following the implementation of the Tender Offer, subject to the completion of the Tender Offer. As described above, the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer from December 25, 2017 as a result of the completion of the Tender Offer.

(Note 1) According to the Press Release on the Tender Offer, the Tender Offeror, whose issued and outstanding shares are all owned by MBK Partners JC IV, L.P., ("JC Fund") (Note 3) is a company limited by shares established as of October 2017 for the primary purpose of controlling the business of the Company by obtaining and owning all of the issued and outstanding common shares thereof (excluding the treasury shares held by the Company). As announced in the Press Release on the Result of the Tender Offer, as of today, the date of commencement of the settlement of the Tender Offer, the Tender Offeror has acquired the Company's Common Share (25,709,019 shares) entered into the Tender Offer. The Tender Offer has become the parent company of the Company by holding the above shares in addition to the one share held from before the Tender Offer (collectively, 25,709,020 shares, shareholding ratio:68.3%).

(Note 2) The term "shareholding ratio" means the percentage to the number (37,634,831 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2017 as stated in the "Earnings Release for the Second Quarter of the Year Ending March 2018 (Japan GAAP) (Consolidated)" published by the Company on October 31, 2017 (the "Company's 2Q Earnings Release") (1,811,331 shares) from the number of total issued shares as of September 30, 2017 (39,446,162 shares) as stated in the Company's 2Q Earnings Release (such ratio has been rounded to the second decimal place); hereinafter the same.

(Note 3) According to the Press Release on the Tender Offer, JC Fund is an equity firm to which MBK Partners K.K. or its affiliates (collectively, "MBK Partners Group") provide services as the ultimate controlling party. MBK Partners Group is an independent private equity firm incorporated in March 2005 that specializes in the private equity investment in three East Asian countries; Japan, the People's Republic of China ("China") and the Republic of Korea ("Korea"). MBK Partners Group has investment assets of approximately USD 14.9 billion as of the date of this press release with support from investors, mainly consisting of institutional investors such as global banks, insurance companies, asset management companies, public pension funds, corporate pension funds, foundations, fund of funds and sovereign investment agencies, and has made a wide range of investments in corporations ranging from large corporations to medium-sized corporations, mainly in the field of communications/media, financial services, retail/consumer goods, business services, transportation, general manufacturing, etc., and MBK Partners Group has proactively supported the management of those corporations to maximize their corporate value. Among such wide-ranging fields to be invested by MBK Partners Group, the investment in business-to-business corporations, where MBK Partners Group has a firm position in the industry, is one of its focused areas. Also, MBK Partners Group has actively made investments in the field of manufacturing whose business foundation is stable. Since its incorporation in March 2005, MBK Partners Group has a track record of 28 investments in East Asian countries, seven of which were conducted in Japan, including Yayoi Co., Ltd., Tasaki Shinju Co., Ltd., USJ Co., Ltd., Invoice Inc., Komeda Co., Ltd., Accordia Golf Co., Ltd. and TASAKI & Co., Ltd. On and after making such investments, MBK Partners Group has realized a substantial increase in their sales and earning capacities by working on the themes of enhancing the value of each company in the medium to long term together with the management of companies.

As described above, the Tender Offeror is aiming to make the Company a wholly-owned subsidiary of the Tender Offeror. If the Tender Offeror has failed to acquire all of the Company's Common Shares (excluding the treasury shares held by the Company) as second stage of transaction following the Tender Offer, the Tender Offeror will require that after the completion of the Repurchase Tender Offer, the Company take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares (excluding the Company's Common Shares held by the

Tender Offeror and the treasury shares held by the Company) and make the Company a wholly-owned subsidiary of the Tender Offeror as set forth in “(6) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called ‘two-step acquisition’)” below.

Since Ms. Aya Nomura ("Ms. Nomura") and the Shareholders Tendering Shares for Repurchase (as defined below) has agreed to tender the Share Transfer by Ms. Nomura (as defined below) and their Shares to be Tendered in the Repurchase Tender Offer (as defined below), the Tender Offeror will have the number of the Company's Common Share equivalent to the number of voting right necessary for the special resolution of the Company's shareholders' meeting for the purpose of making the Company a wholly-owned company of the Tender Offeror.

The price of the Repurchase Tender Offer per share of the Company's Common Share is JPY 2,688 (the "Repurchase Tender Offer Price"). The purchase price per share of the Company's Common Shares for the Tender Offer is JPY 2,720 (the "Tender Offer Price") (Note) which is JPY 32 (1.18 percent (rounded to the third decimal place)) higher than the price of the Repurchase Tender Offer per share. According to the press release on the Tender Offer, the Tender Offeror intends that the amount of cash to be delivered to each of the relevant Company's shareholders who does not tender their shares to the Tender Offers will be the same price as the price produced by multiplying the Tender Offer Price by the number of the Company's Common Shares held by such shareholder.

The Repurchase Tender Offer Price represents a premium of (i) 33.07% (rounded to the third decimal place; hereinafter the same in calculation of premium rate and discount rate) to JPY 2,020 (rounded to the decimal place; hereinafter the same in calculation of a simple average), being the closing price for the Company's Common Shares that are traded on the TSE on October 30, 2017, being the business day immediately preceding the date on which the Repurchase Tender Offer subject to the completion of the Tender Offer was resolved at the board of directors' meeting, (ii) 34.60% to JPY 1,997, being a simple average of the closing prices for the Company's Common Shares for the past one month, (iii) 35.89% to JPY 1,978, being a simple average of the closing prices for the Company's Common Shares for the past three months, and (iv) 29.36% to JPY 2,078, being a simple average of the closing prices for the Company's Common Shares for the past six months. The Repurchase Tender Offer Price represents a discount of 0.88% on JPY 2,712, being the closing price for the Company's Common Shares that are traded on the TSE on December 21, 2017, being the business day immediately preceding December 22, 2017, the date on which the Repurchase Tender Offer was resolved at the Company's board of directors' meeting.

As described above, if the Tender Offeror has failed to acquire all of the Company's Common Shares (excluding the treasury shares held by the Company) through the Tender Offer, the Tender Offeror will require that after the completion of the Repurchase Tender Offer, the Company take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) and make the Company a wholly-owned subsidiary of the Tender Offeror. Thus, the Repurchase Tender Offer is implemented based on the assumption that the Company's Common Shares may be delisted from TSE.

(Note) For the further details regarding the Tender Offer Price, please see "Basis of calculation" and "Process of calculation" of "(2) Price of tender offer, etc." of "4. Tender Offer Period, Price and Number of Shares to be Purchased" of "PART I. Terms and Conditions of Tender Offer" in the Tender Offer Registration Statement submitted on November 2, 2017, by the Tender Offeror.

In relation to the Repurchase Tender Offer, as of October 30, 2017, the Tender Offeror and the Company entered into a share repurchase tender offer agreement (the "Repurchase Tender Offer Agreement") with Ms. Nomura (Number of Shares Held as of October 31, 2017: 3,750,000 shares, shareholding ratio: 10.0%) (Note), Reno, Inc. (Number of Shares Held: 3,742,200 shares, shareholding ratio: 9.9%) and Office Support Corporation (Number of Shares Held: 3,644,300 shares, shareholding ratio: 9.7%) (collectively, the "Shareholders Tendering Shares for Repurchase") (the Company has become the party to the Repurchase Tender Offer Agreement as at October 31, 2017), pursuant to which

Ms. Nomura agreed to tender 1,870,000 Company's Common Shares (shareholding ratio: 5.0%, the "Shares To Be Tendered by Ms. Nomura") and not to tender any of them in the Tender Offer, and Reno, Inc. and Office Support Corporation respectively agreed to tender all of the Company's Common Shares held by each in the Repurchase Tender Offer, and not to tender any of them in the Tender Offer (the Company's Common Shares with respect to which the Shareholders Tendering Shares for Repurchase agreed to tender in the Repurchase Tender Offer under the Repurchase Tender Offer Agreement are hereinafter referred to as the "Shares to be Tendered in the Repurchase Tender Offer"). Also, under the Repurchase Tender Offer Agreement, Ms. Nomura can transfer the Shares To Be Tendered by Ms. Nomura on or after January 1, 2018 but within 10 business days from the commencement of the period of Repurchase Tender Offer to an asset management company, which falls within the special relationship with Ms. Nomura defined in Article 27-2, Paragraph 7, Item 1 of the Act and Article 9, Paragraph 2, Item 1 of the Order and of which Ms. Nomura is a director for more than one year, (the "Asset Management Company") (the "Share Transfer by Ms. Nomura"), and in the case the Share Transfer by Ms. Nomura is implemented, Ms. Nomura shall have the transferee become a party to the Repurchase Tender Offer Agreement and once the transferee becomes the party, it will assume the same rights and obligations of Shareholders Tendering Shares for Repurchase under Repurchase Tender Offer Agreement. However, neither the Tender Offeror nor the Company knows whether Share Transfer by Ms. Nomura will be actually implemented or which Asset Management Company will be the transferee.

For the details regarding the Repurchase Tender Offer Agreement, please see "(a) Repurchase Tender Offer Agreement" under "(4) Important agreements, etc. concerning the Transaction".

As described in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Tender Offers" below, recognizing (i) that privatization of the Company by accepting the proposal from the Tender Offeror would be in the best interests for improving the corporate value of the Company Group and (ii) there may be shareholders who would prefer to tender Company's Common Shares owned by them to the Repurchase Tender Offer rather than the Tender Offer because of the various circumstances including the tax consequence, the Company believes that the Tender Offer prior to the commencement of the Repurchase Tender Offer would be reasonable in light of providing further opportunities for the sale of the Company's Common Shares with the shareholders of the Company. The Company planned to set the maximum number of shares to be purchased in the Repurchase Tender Offer at 11,160,700 shares (shareholding ratio: 29.7%) in light of the amount available for distribution of the Company as well as the current and future financial conditions of the Company and, if the number of shares obtained by deducting the number of shares owned by the Tender Offer after the Tender Offer and the number of Shares held by the Company from the total number of issued shares falls below 11,160,700 shares, the maximum number of shares would be such number. However, since the number recently exceeded 11,160,700 shares, the Company set the maximum number of shares to be purchased at 11,160,700 shares. If the total number of share certificates tendered in the Repurchase Tender Offer exceed the maximum number of shares to be purchased (11,160,700 shares), the Company will not purchase all or any part of the excess portion, and will implement the delivery and other settlements for purchasing share certificates on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act as applied mutatis mutandis pursuant to Article 27-22-2, Paragraph 2 of the Act, and in Article 21 of the TOB Order. For the specifics of the Repurchase Tender Offer Price and other details of the Repurchase Tender Offer, please see the Press Release on the Company's Share Repurchase Tender Offer.

The Tender Offeror raised the funds required for the settlement of the Tender Offer through the borrowings from Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Senior Loan"), the borrowings from Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bridge Loan") (in their capacity of the lenders of the Bridge Loan, collectively referred to as the "Bridge Lenders") and the investment from JC Fund (the "Investment"). In addition, giving consideration to the amount of cash needed by the Company to settle the Repurchase Tender Offer as well as the level of cash and deposits held by the Company and the level of cash and deposits required for its business operation, among other factors, after the completion of the Tender Offer and the transaction whereby the Company becomes a subsidiary of the Tender Offeror, the Tender Offeror is to

borrow an additional Senior Loan and lend the funds raised through such Senior Loan to the Company, and the Company expects to finance part of the funds (up to JPY 23 billion) required for the settlement of the Repurchase Tender Offer with such borrowings from the Tender Offeror. Since the Tender Offeror, which is the borrower, has become the parent company of the Company as of today which is the commencement date of settlement of the Tender Offer, such borrowings are to fall under the transaction with the controlling shareholder. For the details of the borrowings, please see a press release of December 22, 2017 with the title "Announcement of the Borrowings" (the "Press Release on the Borrowings").

As stated in "(b) Stock Pledge Agreement" of "(4) Important agreements, etc. concerning the Transaction" below, Ms. Nomura and the Shareholders Tendering Shares for Repurchase have executed the Stock Pledge Agreement as of October 30, 2017 with the Bridge Lender and the Tender Offeror, and have created on October 31, 2017 the Stock Pledge on the Shares to be Tendered by Ms. Nomura owned by Ms. Nomura and the Shares to be Tendered in the Repurchase Tender Offer held by the Shareholders Tendering Shares for Repurchase in order to secure the obligations of the Tender Offeror against the Bridge Lender pertaining to the Bridge Loan. The Stock Pledge Agreement specifies as a condition that in the case where Ms. Nomura executes the Share Transfer by Ms. Nomura (as stated above, as of today, neither the Tender Offeror nor the Company is not informed of the fixed facts including whether the Share Transfer by Ms. Nomura is to be made and that, in the event the Share Transfer by Ms. Nomura is executed, the transferee is to be the Asset Management Company.), the documents required for maintaining the effects of the Stock Pledge created on the Shares To Be Tendered by Ms. Nomura are provided to Bridge Lenders by five business days prior to such execution.

(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Tender Offers

The background and reason for the Repurchase Tender Offers, decision making process, and management policy after the Repurchase Tender Offers are set forth as follows. In the below, the description concerning the Tender Offeror is based on information publicized by and received from the Tender Offeror.

(a) Business Environment Surrounding the Company and Management Issues of the Company

In October 1945, Kuroda Shoji Eigyocho, the predecessor of the Company founded by Zenichiro Kuroda in Abeno-ku, Osaka, started as an individual business for wholesale of Bakelite plates and other electric insulation materials. Subsequently in March 1947, this business was incorporated as Kuroda Trading Company.

Since its establishment in 1945, the Company has operated as an independent trading company dealing in electrical materials, general electrical parts and mechanical equipment, among other products. In particular, as a supplier of manufacturing parts and materials focused on the electronic component sector, the Company has continued to develop its businesses consistently in close contact with customers. Since its foundation, its business policy has been to "be a trusted company that contributes to development of the worldwide manufacturing industry and to society, providing services vital to customers without interruption in a timely and efficient manner." Under this business policy, the Company has been operating its business through a business group consisting of the Company and its subsidiaries and equity method affiliated company ("Company Group"), and has been supplying a variety of parts and materials, providing services, and has been engaged in the development, manufacturing and processing activities, all from a customer-oriented perspective. As of today, the Company Group is composed of the Company and its 33 consolidated subsidiaries (16 domestic and foreign trading companies, 13 domestic and foreign development, manufacturing and processing companies and four others), two non-consolidated subsidiaries and one equity method affiliated company, and its main businesses include processing/selling and export/import of electrical materials and general electrical parts, among other products.

In October 1996, the stock of the Company was listed on the Second Section of the Osaka Securities Exchange. In

March 2000, the Company's stock was listed on the First Section of the TSE, and was reassigned to the First Section of the Osaka Securities Exchange (Note: In July 2013, following the integration of the cash equity markets of the TSE and the Osaka Securities Exchange, the stock of the Company has been allocated to the First Section of the TSE).

As an independent electronic-parts-specialized trading company equipped with manufacturing functions, the Company Group has gained the trust of customers and expanded its business by supplying component materials, products and services and engaging in design and manufacturing, all from a customer-oriented perspective, as well as by formulating a global network and providing optimal solutions in quick response to changes in the economic environment and business partners from a customer-oriented mindset. In the year ended March 2015, with the slogan "Improve quality and advance," the Company Group worked on reinforcement of group management and expansion of its overseas businesses through partnerships at home and abroad, growth of new businesses by continued strategic investment, and development of a revenue-oriented corporate culture through optimization of the group management, and as a result, the Company Group achieved a record consolidated net profit.

However, in the year ended March 2016, due to the impact of decline in the number of orders placed on mobile-related business (mainly smartphones) in China and the drastic decline in the number of orders placed on the LCD-related business in Japan, the Company Group's business results in the second half of the year ended March 2016, and particularly the fourth quarter, were significantly worse than initially projected. In the year ended March 2017, owing to substantial changes in the business policies of the LCD-related business' principal clients, the Company Group was forced to sharply revise down its financial result forecast and reported drops in its revenues and profits for two consecutive terms. In the past few years, the trading industry specialized in electronic components has faced increased "commoditization (Note)." This has accelerated the trend wherein wholesalers are required to deliver value to their clients, in addition to just providing basic functions such as credits, inventory and logistics. It has become more difficult to realize a sustainable growth business model premised on an assumption that sales will continue to increase. (Note) "Commoditization" refers to a state where the contents and quality of the services provided by specialized trading companies become almost uniform.

In response to drastic changes in the business environment surrounding the Company Group as well as its business partners' business policies as described above, the Company believed that it needed to drastically change its course of action to take full advantage of the Company Group's qualities and make sustainable growth viable. Thus, in May 2017, after a review of the Mid-term Management Plan (from the year ending March 2016 through the year ending March 2018) announced in May 2015, the Company formulated and announced the new Mid-term Management Plan (from the year ending March 2018 through the year ending March 2020) as an embodiment of the business growth strategy built on strengths of the Company Group. The mid-term management benchmark for the year ending March 2020, which is the final year of the new Mid-term Management Plan, is "consolidated net sales of JPY 180 billion, consolidated operating profit of JPY 8.8 billion, and operating profit margin of 4.9%." Under the new Mid-term Management Plan, the Company has let go of "rigid views" in all initiatives. By setting its basic policy of achieving "growth of operating profit through improvement of the operating profit margin," instead of sales expansion that will result in a reduced operating profit margin, the Company will aim to build a business base that generates solid revenues through optimal allocation of management resources and seek to persistently improve corporate value. As it was reaffirmed through constructive dialogues with shareholders that improvement of the ROE is a major concern of shareholders, the Company will also seek to improve the ROE in addition to the operating profit margin. Furthermore, in order to "move away from just being a specialized trading company," the Company will address its important issues, including continued improvement of the existing business models and creation of the next core business (new business). The Company is committed to boost growth potential and profitability by enhancing the value of its products and services provided to business partners, as well as by streamlining and restructuring the group's head office functions

Specifically, as to the improvement of the existing business models, the Company Group's trading business needs to

deliver higher added value to customers, and for this purpose, particularly in order to meet every need of the major three customer groups globally and provide them with higher added value, the Company Group will promote “key account strategies,” which will focus on mobilizing its management resources (personnel/finance/functions) (including investment for the purpose of acquiring trading areas) and the establishment of a system of cooperation with suppliers. In the development/manufacturing/processing businesses, which are important businesses whose contribution to the consolidated operating profit has risen year-on-year, the Company Group is engaged in the design, development, manufacturing and processing of electrical materials, general electrical parts and mechanical equipment, and will proactively engage in strategic investment, including M&A. The Company believes that for further advancement of the development/manufacturing/processing businesses, it needs to promote more aggressive M&A and capital and business alliance, moving beyond the framework of its past M&A activities focused on business succession that have contributed to the growth of these businesses, and accordingly, it has an increased need of human resources with expertise in M&A or alliance.

As to the creation of the next core business (new business), the Company Group will aim at creating businesses in cooperation with companies from different industries (manufacturers as suppliers of the Company Group, logistics companies, IT-related companies, etc.) in the growth areas or niche areas, by leveraging the strength of the cooperators, such as industry knowledge, R&D capabilities and technology, and that of the Company Group, such as trading company functions, development, manufacturing and processing functions, customer base, and financial strength.

In addition, as to the streamlining and restructuring of the group’s head office functions, the Company Group will work on making the clear distinction between shared and customized functions in management method and support (managing group companies more efficiently and effectively, providing necessary support and service functions to group companies and using digital technology effectively), optimizing resource allocation (prioritizing allocations for higher-margin businesses, promoting transparency in revenue by business lines and clarifying responsibilities of business lines), and reinforcing strategic planning functions (reinforcing think tank functions and making swift decisions).

In this way, in order to build the Company Group’s stable business base by implementing the measures to achieve the improvement of the existing business models, the creation of the next core business (new business), the streamlining and restructuring of the head office functions, all of which are addressed as important issues in the new Mid-term Management Plan, and to pursue further growth and enhanced corporate value, the Company Group is required to actively engage in M&A, capital and business alliances and strategic investments in equipment and human resources at a greater speed. The Company believes that it is important to build a business management system that allows flexible and swift decision making to implement such drastic measures. The Company also believes that in order to execute optimal growth strategies for each of the businesses, the Company Group needs a change of its organizational structure, such as transforming from a pyramid structure having the Company with its trading business at the top, to a structure in which the trading business and the development and manufacturing business are positioned in parallel.

According to the Tender Offeror, the Company Group has been leading the industry as the pioneer of specialized trading company for electronic components and has achieved high growth to date. The Tender Offeror also believes that the Company Group’s established position in the industry today was attained from its achievements in supporting its customers on a global scale as an independent trading company since its founding, stable customer base, superior purchasing base and its efforts to closely follow its customers’ demands with its highly professional capacity. It is expected that the Company Group will continue to maintain its competitive position by leveraging these strengths.

On the other hand, from the standpoint of the Tender Offeror, the Company Group may need to deal with the changing business environment such as reduced business due to significant change in business policy of major business partners in liquid crystal field that once drove the growth of its sales and commoditization of specialized trading company.

For that reason, the Tender Offeror believes that the Company Group’s trading business needs to add further value to its customer services and that the Company Group also recognizes and addresses this need for change by promoting the key account strategies and the establishment of a system of cooperation with suppliers. The Tender Offeror recognizes

that the Company Group's development and manufacturing businesses are its core businesses which achieved a growth comprising approximately 70% of the operating profit of the entire Company Group for this period, by actively employing M&A focused on business succession and accordingly achieving continuous growth. However, in order to achieve further growth in the Company Group's development and manufacturing businesses, it is necessary to promote M&A even more actively, beyond the business succession, which would require more human resources with professional knowledge in M&A. Therefore, the Tender Offeror believes that it is necessary to intensely mobilize management resources for further growth by considering the establishment of a structure such as organizing a team of M&A professionals. Also, because the number of subsidiaries that operate development and manufacturing businesses has increased following M&A, the management of subsidiaries after acquisition (PMI) will become ever more important to enjoy the growth opportunities through M&A.

Furthermore, with respect to the current organizational structure of the Company Group, when considering that its development and manufacturing businesses are projected to comprise approximately 70% of the operating profit of the entire Company Group for this period, the Tender Offeror believes that it should be considered as one of the options to change its management system from a pyramid structure in which the Company's trading business is situated at the top to a parallel structure in which the trading business and development/manufacturing businesses are considered equally independent. This change in the structure could enable each business to pursue its own suitable growth strategy.

(b) MBK Partners Group's Evaluation of the Transaction, Discussion with Us, Decision in Respect of the Implementation of the Tender Offers, etc.

MBK Partners Group focuses on buyout investments in Japan (investment that may entail privatization of a listed company) as a field that is equally important as investments in China and Korea. In particular, MBK Partners Group has selected potential investments in Japan for the purpose of promoting further enhancement of the corporate value of superior enterprises that can expect future growth. Under such circumstances, in July 2015, MBK Partners Group had an opportunity to discuss with the Company on various issues stated in above "(a) Business Environment Surrounding the Company and Management Issues of the Company." Thereafter, MBK Partners Group performed an initial evaluation based on information provided by the Company and, in late October, 2016, MBK Partners Group proposed to the Company to conduct a more detailed evaluation of such cooperation between the Company and MBK Partners Group, based on the assumption that MBK Partners Group would privatize the Company through a tender offer, in order to resolve the management issues and achieve medium and long-term growth in respect of the Company. Since October 2016, MBK Partners Group and the Company have been continuously discussing and reviewing the feasibility of this cooperation.

In the course of these discussions and reviews, MBK Partners Group reached its conclusion that in order for the Company Group to achieve medium and long-term growth, it is important for it to change its management structure from an current organization having the trading business of the Company at the top of its group, to a parallel structure in which its trading company business and development and manufacturing business are positioned equally, promote further M&A in its development and manufacturing business which the Company Group has been addressing, and accelerate the promoting of improvement of further value such as through building coordination with suppliers in its trading company business for the improvement of products and services, and as an option after these efforts, to positively consider capital alliance, business alliance and the like with other companies if this will benefit in adding further value to its customer services. In order to achieve these issues, it is extremely effective to expedite the decision-making process, flexibly deal with the changing business environment, and efficiently make managerial decisions. The cost and investment will first precede in making these efforts but it would probably take some time for their effects to be realized. On the other hand, the stock market demanding enhanced shareholder returns would put pressure on the Company and it might not be possible to gain understanding from the current shareholders to the measures that may decrease dividends and profits in the short term. Because of concerns that these efforts may result in temporary fall in income and cash flow, the current shareholders would inevitably suffer temporary economic disadvantages and it is probably difficult to implement these large-scale business reforms in a short term by remaining

listed on the TSE.

Also, in the course of these discussions and reviews, the Tender Offeror gained deeper understanding of the Company Group's business content, the business environment surrounding the Company Group, and the Company Group's management issues through business due diligence conducted intermittently on the Company from early September, 2016 until middle October, 2017 as well as intensive due diligence conducted on the Company from early September 2017 to middle October 2017, and conducted further review of the Company Group's future growth strategies.

In the process of the above review, in early June, 2017, MBK Partners Group reached a conclusion that by privatizing the Company and consolidating the shareholder composition thereby renewing the capital structure, the resulting small number of related parties comprised of the management and MBK Partners Group that have common objectives could make quick decisions, which would allow to quickly decide and implement management strategies that are not restrained by expectations for stock prices to rise over the short-term which consequently would benefit in improving the corporate value of the Company Group over the medium and long term.

Based on the above conclusion, MBK Partners Group reviewed the best method, by considering the benefits of the current shareholders, the financial position of the Company Group and other measures, and, on June 9, 2017, made a proposal to the Company concerning its privatization again. On August 9, 2017, MBK Partners Group made a more specific proposal to the Company concerning its privatization, offering to purchase the Company's Common Shares at a price ranging from JPY 2,250 to JPY 2,450 per share. Subsequently, in late August 2017, MBK Partners Group proposed to Ms. Nomura and Mr. Fuminori Nakashima (hereinafter collectively referred to as the "Tendering Shareholders") that are the Company's major shareholders and the Shareholders Tendering Shares for Repurchase (hereinafter collectively referred to as the "Tendering Major Shareholders") a plan to privatize the Company through tender offer within the same price range as that offered to the Company on August 9, 2017. The Tendering Major Shareholders showed certain degree of understanding towards the objectives and rationale in privatizing the Company, but did not agree to the proposed tender offer price, in part because the Tendering Major Shareholders gave weight to shareholder returns, as stated in "Notice of Opinions of the Company's Board of Directors on Shareholder's Proposal" that the Company announced as of May 29, 2017.

In the course of discussing the method to privatize the Company among MBK Partners Group, the Company, and the Tendering Major Shareholders, all recognizing that privatization of the Company would be in the best interests for all in improving the corporate value of the Company Group, the three parties discussed and negotiated the tender offer price, as discussed above, but they could not agree to the price. In late August 2017 and thereafter, MBK Partners Group decided to reconsider the appropriate tender offer price, and considering advice from Daiwa Securities Co. Ltd. ("Daiwa Securities"), the financial advisor of the Tender Offeror, decided to consider implementing the tender offer by the Company to repurchase its own shares, which is different from the tender offer by the Tender Offeror in relation to tax treatments for corporate shareholders of the Company, in addition to implementing tender offer for the Company's Common Shares by the Tender Offeror as another option, instead of implementing tender offer for the Company's Common Shares by the Tender Offeror.

In the course of the above review, MBK Partners Group decided that the combination of such tender offers were appropriate, because i) as stated above, by implementing Repurchase Tender Offer considering tax treatments for corporate shareholders of the Company, the Company would be able to deliver benefits to the corporate shareholders of the Company in general, which own approximately 60% of shares in the Company (Notes 1 and 2), and ii) in addition to implementation of the Repurchase Tender Offer, by setting the Tender Offer Price above the Repurchase Tender Offer Price (as per the Press Release on the Company's Share Repurchase Tender Offer, the Repurchase Tender Offer Price will offer premiums above the closing price of the Company's Common Shares as of October 30, 2017 (the business day immediately preceding the day the Press Release on the Repurchase Tender Offer is released), the simple average closing share price for the past one month ending on such date, and the simple average price for the past three months and six months in the First Section of the TSE), opportunities to sell shares at a higher price will be given to the Company's general shareholders, and also more offers can be expected from the Company's general shareholders. Therefore, in early October 2017, MBK Partners Group reached its conclusion, after carefully considering the

Company's stock price and advice from Daiwa Securities, that the privatization of the Company through series of transactions where the Tender Offeror implements the Tender Offer at a Tender Offer Price above JPY 2,700 per share, and then the Company subsequently implements the Repurchase Tender Offer at a Repurchase Tender Offer Price below JPY 2,700 per share, is concretely feasible as a method to privatize the Company as this would attract more offers from the Company's general shareholders. As a note, MBK Partners Group considers that the above Tender Offer Price and Repurchase Tender Offer Price are reasonable without question even by taking into account the Company's corporate value that could be attained in the event it is privatized.

(Note 1) This is the ratio of the number of shares held by corporate shareholders of the Company as of March 31, 2017 stated in the Annual Securities Report for the 82nd business year submitted on June 30, 2017 submitted by the Company.

(Note 2) Each Company's shareholder should consult with his or her tax advisor regarding the tax treatment in the Repurchase Tender Offer or the above procedures.

After assuming the above procedures, MBK Partners Group proposed to the Company on October 5, 2017 a structure (i) for the Tender Offeror to implement the Tender Offer with respect to the Company at a Tender Offer Price above JPY 2,700 per share, (ii) promptly after completion of the Tender Offer, for the Company to implement the Repurchase Tender Offer at a Repurchase Tender Offer Price below JPY 2,700 per share, and (iii) if the Tender Offeror cannot acquire all the Company's Common Shares (excluding the treasury shares held by the Company) after the completion of the Repurchase Tender Offer, the Tender Offeror will acquire all the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) by the method described in "(6) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below (the "Structure"). Subsequently, after the Tender Offeror, with respect to each amount of the Tender Offer Price and the Repurchase Tender Offer Price, carefully discussed with the Company and considered the amount available for distribution necessary for implementing the Repurchase Tender Offer and prospects of tendering by general shareholders and etc., on October 25, 2017, the Tender Offeror proposed to the Company to make the Tender Offer Price 2,720 yen and the Repurchase Tender Offer Price 2,688 yen. The Tender Offeror set a difference of 32 yen between the Tender Offer Price (2,720 yen) and the Repurchase Tender Offer Price (2,688 yen), because, as mentioned above, by implementing the Tender Offer together with the Repurchase Tender Offer in accordance with the Tendering Major Shareholders' intention, opportunities to sell shares in the Company at a price higher than the Repurchase Tender Offer Price (Note) will be given to general shareholders of the Company, and more tendering by general shareholders can be expected. On October 31, 2017, the Tender Offeror received response from the Company that it agrees with the Structure. Please also see "(d) Decision-making Process through which the Company Agreed to the Transaction and the Reasons" below on the situation of review of the Structure by the Company.

(Note) Although the Tender Offer Price is set at a price that is 32 yen higher than the Repurchase Tender Offer Price, tax treatments may be different for some shareholders when they apply for the Tender Offer and when they apply for the Repurchase Tender Offer. Regarding the taxation with respect to shares purchased through the Tender Offer, (i) individual shareholders (residents) of the Company, in principle, are subject to 20.315% of self-assessed separated taxation (15.315% of income tax and Special Reconstruction Income Tax based on the "Act on Special Measures for Securing of Financial Resources Necessary for Implement Measures to Restore from the Great East Japan Earthquake (Law No. 117 of 2011 and its amendments thereafter) (hereinafter referred to as "Special Reconstruction Income Tax") and 5% of resident tax) (and for non-residents with permanent establishment in Japan, 15.315% of income tax and Special Reconstruction Income Tax), (ii) corporate shareholders (domestic corporations and foreign corporations with permanent establishment in Japan) of the Company are subject to Corporate Tax for gains or losses on the transfer of shares in the Company. Please consult with experts such as tax accountants etc. for questions on tax and make your decision on your own.

On the other hand, MBK Partners Group proposed the same to the Tendering Major Shareholders on October 17, 2017, and the Tendering Major Shareholders accepted this proposal on October 24, 2017, and the Tendering Shareholders

entered into a tender offer agreement (the “Tender Offer Agreement”) with the Tender Offeror and Shareholders Tendering Shares for Repurchase entered into the Repurchase Tender Offer Agreement on October 30, 2017. Please see “(a) Tender Offer Agreement” of “(3) Important agreements, etc. concerning the Transaction” of “3. Purposes of Tender Offer” of “PART I. Terms and Conditions of Tender Offer” in the Notice of the Tender Offer submitted on November 2, 2017, by the Tender Offeror on the details of the Tender Offer Agreement and “(4) Important Agreements, etc. concerning the Transaction” below on the details of the Repurchase Tender Offer Agreement.

(c) Management Policy after Completion of the Tender Offers

With respect to the growth strategy after the completion of the Tender Offers, the Tender Offeror will continue with the current new Mid-term Management Plan (from the year ending March 2018 to the year ending March 2020) published by the Company, and will promote the measures contemplated by the Plan, including strengthening of sale drives to key accounts, continued efforts for steady growth of the development and manufacturing business, positive consideration of cross-industrial capital and business alliance, business integration with other companies and similar initiatives and enhancement of the international businesses. For this purpose, the Tender Offeror will secure and bolster personnel, which is regarded as the most important management resource, support the Company with implementation of policies and promote “visualization” of the management issues. Also, along with the managements of the Company, the Tender Offeror will implement proactively the M&A transactions.

With respect to the organizational structure, as described in “(a) Business Environment Surrounding the Company and Management Issues of the Company” above, the Company Group has two business, namely the trading business, and the development and manufacturing business. While the Company, which operates the trading business, is at the top of the group, given that the development and manufacturing business is projected to comprise approximately 70% of the Company Group’s consolidated operating profit in the current term, the Tender Offeror intends to consider changing the management system from a pyramid structure having the Company’s trading business at the top, to a structure where the trading business and the development and manufacturing business are positioned in parallel. Thus, the Tender Offeror will strengthen the Company Group’s compliance structure and explore measures to realize a more balanced mix of revenue sources.

At the same time, the Tender Offeror believes that in order to cope with the commoditization of the specialized trading company model, the trading business should keep all options open in considering its growth strategies, including enhancement of its international businesses, instead of sticking to the business strategies currently pursued by the Company Group (such as key account strategies and establishment of partnership with suppliers). By extension, the Tender Offeror believes that when the strategic value and synergy in the priority areas are expected, the Company’s positive consideration of certain options, such as capital and business alliance and business integration with other trading companies, will be effective in enhancing its competitiveness and improving further value to corporate customers. MBK Partners Group is committed to give maximum support to the acquisition of M&A professionals and organization of their team, which is required to put such options into practice.

As for the management system of the development and manufacturing business, the Tender Offeror believes that it is effective to change the approach from the current subsidiary-by-subsidary basis to a segment-by-segment basis (Automotive-related, Display device related, Data storage related), thereby ensuring further consistency in the business strategies and customer care, among other things.

Furthermore, taking into consideration the background that following the events described in the Company’s press release of December 18, 2015 with the title “Measures to Prevent Recurrence in response to ‘Research Report on the Issue of Employees’ Statement” (Note), the Company reaffirmed the importance of the compliance structure and has continued to work on enhancement of its compliance structure, with the recognition of the importance of development and maintenance of the compliance structure, the Tender Offeror seeks to enhance the Company Group’s compliance structure by continuing, even after the implementation of the Tender Offers, its efforts to improve the internal control

structure and governance, as this will contribute to the Company's growth after it goes private. The background to this is that

(Note) There was an incident in which the Company failed to recognize that some of its executive officers and employees had taken inappropriate actions in terms of compliance upon the issuance of the Employees' Statement in the name of the "Employees being a member of Jiseikai" objecting to a shareholder's proposal made in connection with the extraordinary shareholders' meeting held on August 21, 2015. The Company had engaged an independent investigation commission to conduct investigations on the preparation and issuance of the Employees' Statement, and, on November 27, 2015, received the "Measures to Prevent Recurrence in response to 'Research Report on the Issue of Employees' Statement'" from the commission.

In principle, the employment of the employees of the Company Group will be maintained after the completion of the Transaction. Expert personnel may be reinforced from outside sources as necessary. After the completion of the Transaction, a majority of the directors of the Company will be dispatched from MBK Partners Group, and the board of directors will be administered in compliance with the applicable laws and regulations, the articles of incorporation and other rules. The directors to be dispatched have not been determined as of today. After the completion of the Transaction, the current management of the Company, including the representative officer executing its business, will continue to participate in the management of the Company Group. At present, however, the number of directors who continue to participate in the management of the Company Group has not been determined.

The Repurchase Tender Offer will be implemented within the amount available for distribution of the Company. While the Company is considering implementing measures to increase its equity capital after the Company has become a wholly-owned subsidiary of the Tender Offeror for the purpose of ensuring the Company's financial security and soundness, the measures to be taken and the timing have not been determined as of the date hereof.

(d) Decision-making Process through which the Company Agreed to the Transaction and the Reasons

Through discussions with MBK Partners Group, the Company has recognized that MBK Partners Group, with its abundant investment records and know-how on management assistance, is a friendly equity firm engaged in the business of increasing corporate value of its investees. In or after October 2016, based on the recognition that MBK Partners Group could support the Company Group's growth as a partner, the Company discussed the possibility of partnership with MBK Partners Group. However, as stated in "(a) Business Environment Surrounding the Company and Management Issues of the Company" above, in the business year ended March 2017, the Company Group was forced to revise down its financial result forecast due to substantial changes in the business policies of its principal business partners, and the changes in the business environment surrounding the Company Group had a marked impact on the Company Group's results. Consequently, it did not go as far as to seriously consider the Company's going private transaction at initiative of MBK Partners Group.

In middle May 2017, in response to the major changes in the business environment surrounding the Company Group as well as in the business policies of its business partners, the Company reviewed the Mid-term Management Plan and formulated and announced the new Mid-term Management Plan embodying the business growth strategy based on the Company Group's strengths. The Company and MBK Partners Group discussed each of the issues stated in "(a) Business Environment Surrounding the Company and Management Issues of the Company" above, and in early June 2017, the Company received from MBK Partners Group a proposal concerning a going private transaction of the Company through a tender offer. Thereafter, the Company disclosed preliminary information to MBK Partners Group and made further analysis based on the discussion with MBK Partners Group and on August 9, 2017, the Company received from MBK Partners Group a more concrete proposal on the going private transaction through a tender offer in which the purchase price of the Company's Common Shares is between JPY 2,250 and JPY 2,450 per share.

In late August 2017, the Company considered the substance of the above-mentioned proposal, and recognized that such proposal was well aware of the Company Group's strengths and business challenges, and the purpose of the policies and strategies contained in the new Mid-term Management Plan. The Company reached a belief that the MBK

Partners Group's proposal was worth serious consideration from the viewpoint of accelerating the Company Group's growth strategies and enhancing its corporate value, in part because the Company Group could expect MBK Partners Group's human support, backed by management resources that it owns as one of the leading independent private equity companies in Asia.

Upon receipt of the above-mentioned proposal from the MBK Partners Group for the going private transaction in early June 2017, in order to ensure the fairness of the Tender Offer Price and the Repurchase Tender Offer Price and of the Transaction including the Tender Offers, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial adviser and third-party appraiser independent of the Tender Offeror and the Company with respect to the Transaction, and appointed TMI Associates ("TMI") as its legal adviser, and thus established a system to review the proposal concerning the Transaction, as described in "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offers" below. Furthermore, the Company decided to establish a corporate value evaluation committee to review the proposal for the Transaction (for the composition of the committee members, specific matters delegated to the committee and other details, please see "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" of "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offers" (below).

As described in "(a) Business Environment Surrounding the Company and Management Issues of the Company" above, in the past few years, the sector of trading companies specialized in electronic components has faced so-called "commoditization," which has accelerated the trend wherein wholesalers are required to deliver further value to its clients, in addition to just providing basic functions such as credits, inventory and logistics. In addition, the business environment surrounding the Company Group and its clients' business policies have largely changed. Given such circumstances, the Company formulated and announced the new Mid-term Management Plan (from the year ending March 2018 to the year ending March 2020) in May 2017.

However, in order to build a stable business base of the Company Group by implementing the measures to achieve the continuing improvement of the existing business models, the creation of the next core business (new business), the streamlining and restructuring of the head office functions and other important issues indicated in the new Mid-term Management Plan, and to pursue further growth and enhanced corporate value, the Company Group is required to actively engage in M&A, capital and business alliances and strategic investments in human resources and equipment at a greater speed. The Company believes that it is important to build a business management system that allows flexible and swift decision making to implement such drastic measures. The Company also believes that in order to execute optimal growth strategies for each of the businesses, the Company Group needs a change of its organizational structure, such as transforming from the current pyramid structure having the Company with its trading business at the top, to a structure in which the trading business and the development and manufacturing business are positioned in parallel.

With such recognition, the Company considered pros and cons of the Company's going private transaction proposed by MBK Partners Group, taking into account the business environment surrounding the Company Group, the efforts needed to implement the new Mid-term Management Plan and challenges for achieving the goals of the Plan, as well as the management environment and the direction of future business operations of the Company Group, including those after the period covered by the new Mid-term Management Plan. As a result, in late August 2017, the Company judged that its acceptance of MBK Partners Group's proposal for the going private transaction will enable speedier actions for the tasks set out in the new Mid-term Management Plan, including continuing improvement of the existing business models, creation of the next core business (new business) and streamlining and reconstruction of the head office functions, because MBK Partners Group is well aware of the business environment surrounding the Company Group and the issues that the Company should address, and has indicated an intention of providing various assistance, including promotion of M&A and acquisition and enhancement of personnel with expertise, through the use of its management resources, its abundant domestic investment records, its knowledge and know-how in measures to

enhance corporate value of its investees and its networks across various sectors in East Asian countries and other regions that it has acquired as one of the leading independent private equity companies in Asia. The Company concluded that this is the best step that will turn out to increase the practicability of the new Mid-term Management Plan, elevate the provability of achieving its goals and lead to the establishment of a stable business base of the Company Group, further growth and enhancement of corporate value after the period covered by the new Mid-term Management Plan.

The Company recognizes that business integration is gaining importance as one of the options for companies in the industry under circumstances where the industry environment surrounding the Company Group has experienced major changes and accelerated commoditization of the specialized trading company model, and the need of a structural reform of the whole industry is increasing. Under such situation, the Company believes that the structural reform of the Company itself is currently the most important issue, and in light of the proposal from MBK Partners Group, going private is the best choice at present. After the completion of the transaction to go private, it will consider not only the manufacturing division's strategic investment but also the trading division's business integration as well as capital and business alliance, going beyond the scope of the Company Group's past efforts, and will pursue further growth in consultation with, and with the support of, MBK Partners Group.

With respect to the terms of the Transaction and the measures to make the Company go private, MBK Partners Group made a preliminary proposal to the Company on a structure wherein the Tender Offeror would implement a tender offer to acquire all of the Company's Common Shares (excluding the treasury shares held by the Company) in early June 2017 and made a more concrete proposal on the going private transaction through a tender offer in which the purchase price of the Company's Common Shares is between JPY 2,250 and JPY 2,450 per share on August 9, 2017. Subsequently, on October 5, 2017, based on the consultation among MBK Partners Group, the Company and the Tendering Shareholders as well as the due diligence investigation by MBK Partners Group, MBK Partners Group made a proposal on the Structure to the Company. Thereafter, the Company and the Tender Offeror, with respect to each amount of the Tender Offer Price and the Repurchase Tender Offer Price, carefully discussed and considered the matters such as the amount available for distribution necessary for implementing the Repurchase Tender Offer and prospects of tendering by the shareholders of the Company, as a result of which the Tender Offeror, on October 25, 2017, proposed to the Company to make the Tender Offer price 2,720 yen and the Repurchase Tender Offer Price 2,688 yen.

After that, in late October 2017, the Company carefully discussed and considered the terms of the Transaction and the Structure based on the legal advice provided by TMI, as well as the substance of a valuation report of the Company's Common Shares provided by Nomura Securities (the "Valuation Report of the Company's Shares") and Nomura Securities' explanation of such substance.

In addition, the Company carefully discussed and considered the Transaction in full respect of the substance of the report submitted by the above-mentioned corporate value evaluation committee on October 30, 2017. The report received from the corporate value evaluation committee expresses an opinion to the effect that the consummation of the Transaction is not determinable to be disadvantageous to the Company's minority shareholders. The details are as set out in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" of "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offers."

Then, at its board of directors' meeting held on October 31, 2017, the Company carefully discussed and considered the series of procedures for the Transaction including the Tender Offers and the terms of the Transaction based on the substance of the Valuation Report of the Company's Shares and the legal advice from TMI, while fully respecting the substance of the report received from the corporate value evaluation committee.

As a result, the Company determined that (i) the Transaction, including the Tender Offers, was expected to enhance the Company's corporate value; (ii) the Tender Offer Price and other terms of the Tender Offer were appropriate for the shareholders of the Company; and (iii) the fairness of the procedures relating to the Tender Offer had been ensured, and

the Tender Offer would provide the shareholders of the Company with a reasonable opportunity to sell their shares. Thus, at its board of directors' meeting held on October 31, 2017, the Company expressed its supportive opinion on the Tender Offer and resolved to recommend the shareholders of the Company to tender their shares in the Tender Offer. In addition, the Company has concluded that (i) it is reasonable to implement the Repurchase Tender Offer in view of the fact that the Tender Offer that provides the Company's shareholders with a reasonable opportunity to sell the Company's Common Shares is implemented prior to the Repurchase Tender Offer, and that the Repurchase Tender Offer provides the Company's shareholders with a wider opportunity to sell the Company's Common Shares, considering the fact that it seems to be the best measure to accept the proposal for privatization by MBK Partners Group in order to maximize the Company Group's corporate value, and that there may be Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer under their respective circumstances including tax dealings, (ii) it would be beneficial to the shareholders of the Company if the Tender Offer Price could be raised by setting the Repurchase Tender Offer Price below the Tender Offer Price in the circumstances in which the total amount of purchases to be made by the Tender Offeror is limited, and further that (iii) after giving consideration to the Company Group's current and future financial conditions and the amount available for distribution of the Company and tax treatment for the corporate shareholders of the Company, if Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) is implemented, it would be the benefit of the Company's shareholders because the amount of the Repurchase Tender Offer Price seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares, and that (iv) although the Repurchase Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares to Be Tendered by Ms. Nomura and Shares to Be Tendered in the Repurchase Tender Offer and in addition that (v) as described in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" under the "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Transaction including Tender Offers", the corporate valuation evaluate committee shows the same thoughts regarding the items (iii) and (iv) above, it is reasonable for the Company to implement the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) as part of the Transaction after the implementation of the Tender Offer in light of the benefit of the Company's shareholders, and has resolved at the board of directors' meeting held on October 31, 2017 to acquire its treasury shares and implement the Repurchase Tender Offer whose Repurchase Tender Offer Price is JPY 2,688 as a specific means to repurchase such shares pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing the phrases pursuant to Article 165, Paragraph 3 of the Companies Act and the articles of incorporation of the Company, as the second stage of the Transaction following the implementation of the Tender Offer, subject to the completion of the Tender Offer.

As a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased, the Company deliberated and considered the implementation of the Repurchase Tender Offer again in consideration of the circumstance from October 31, 2017, up until December 22, 2017, the day when the board of directors' meeting is held. As a result, as described above, since the Company has judged that there are no particular changes in the assumptions that will influence the Company's judgment of making the implementation of the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688), the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) from December 25, 2017.

(3) Decision of the Repurchase Tender Offer Price

In the course of discussing the method to privatize the Company among MBK Partners Group, the Company, and the Tendering Major Shareholders, all recognizing that privatization of the Company would be in the best interests for all in improving the corporate value of the Company Group, the three parties discussed and negotiated the tender offer price, as discussed above, but they could not agree to the price. In late August 2017 and thereafter, MBK Partners Group decided to reconsider the appropriate tender offer price, and considering advice from Daiwa Securities, the financial advisor of the Tender Offeror, decided to consider implementing the tender offer by the Company to repurchase its own shares, which is different from the tender offer by the Tender Offeror in relation to tax treatments for corporate shareholders of the Company, in addition to implementing tender offer for the Company's Common Shares by the Tender Offeror as another option, instead of implementing tender offer for the Company's Common Shares by the Tender Offeror.

Subsequently, on October 5, 2017, based on the consultation among MBK Partners Group, the Company and the Tendering Shareholders as well as the due diligence investigation by MBK Partners Group, MBK Partners Group made a proposal on the Structure to the Company. Thereafter, the Company and the Tender Offeror, with respect to each amount of the Tender Offer Price and the Repurchase Tender Offer Price, carefully discussed and considered the matters such as the amount available for distribution necessary for implementing the Repurchase Tender Offer and prospects of tendering by the shareholders of the Company, as a result of which the Tender Offeror, on October 25, 2017, proposed to the Company to make the Tender Offer price 2,720 yen and the Repurchase Tender Offer Price 2,688 yen.

With this proposal, the Company has adopted measures as described in "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer". After carefully conducting discussion and consideration, as described in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Tender Offers", the Company has concluded that (i) it is reasonable to implement the Repurchase Tender Offer in view of the fact that the Tender Offer that provides the Company's shareholders with a reasonable opportunity to sell the Company's Common Shares is implemented prior to the Repurchase Tender Offer, and that the Repurchase Tender Offer provides the Company's shareholders with a wider opportunity to sell the Company's Common Shares, considering the fact that it seems to be the best measure to accept the proposal for privatization by MBK Partners Group in order to maximize the Company Group's corporate value, and that there may be Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer under their respective circumstances including tax dealings, (ii) it would be beneficial to the shareholders of the Company if the Tender Offer Price could be raised by setting the Repurchase Tender Offer Price below the Tender Offer Price in the circumstances in which the total amount of purchases to be made by the Tender Offeror is limited, and further that (iii) after giving consideration to the Company Group's current and future financial conditions and the amount available for distribution of the Company and tax treatment for the corporate shareholders of the Company, if Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) is implemented, it would be the benefit of the Company's shareholders because the amount of the Repurchase Tender Offer Price seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares, and that (iv) although the Repurchase Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares to Be Tendered by Ms.

Nomura and Shares to Be Tendered in the Repurchase Tender Offer and in addition that (v) as described in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" under the "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Transaction including Tender Offers", the corporate valuation evaluate committee shows the same thoughts regarding the items (iii) and (iv) above, it is reasonable for the Company to implement the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) as part of the Transaction after the implementation of the Tender Offer in light of the benefit of the Company's shareholders, and has resolved at the board of directors' meeting held on October 31, 2017 to acquire its treasury shares and implement the Repurchase Tender Offer whose Repurchase Tender Offer Price is JPY 2,688 as a specific means to repurchase such shares pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing the phrases pursuant to Article 165, Paragraph 3 of the Companies Act and the articles of incorporation of the Company, as the second stage of the Transaction following the implementation of the Tender Offer, subject to the completion of the Tender Offer.

As a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number(18,918,900 shares) of the planned number of shares to be purchased, the Company deliberated and considered the implementation of the Repurchase Tender Offer again in consideration of the circumstance from October 31, 2017, up until December 22, 2017, the day when the board of directors' meeting is held. As a result, as described above, since the Company has judged that there are no particular changes in the assumptions that will influence the Company's judgment of making the implementation of the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688), the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) from December 25, 2017.

Please see "(a) Basis of Calculation" and "(b) Grounds for Calculation" of "(3) Basis for Calculation of Acquisition Price" of "3. Outline of Tender Offer".

(4) Important Agreements, etc. concerning the Transaction

(a) Repurchase Tender Offer Agreement

As described in "(1) Overview of Tender Offer" above, the Tender Offeror, Ms. Nomura, Shareholders Tendering Shares for Repurchase and the Company have executed the Repurchase Tender Offer Agreement in relation to the Repurchase Tender Offer. Ms. Nomura and the Shareholders Tendering Shares for Repurchase have agreed to tender to the Repurchase Tender Offer the Shares To Be Tendered by Ms. Nomura (1,870,000, shareholding ratio: 5.0%) and the Shareholders Tendering Shares for Repurchase have agreed to tender to the Repurchase Tender Offer all of the Shares to be Tendered in the Repurchase Tender Offer under the Repurchase Tender Offer Agreement (Office Support Corporation: 3,644,300 shares, shareholding ratio: 9.7% and Reno, Inc.: 3,742,200 shares, shareholding ratio: 9.9%). The Repurchase Tender Offer Agreement specifies that, if Ms. Nomura executes the Share Transfer by Ms. Nomura (The period of the Share Transfer by Ms. Nomura is set forth to be from January 1, 2018 until 10 or less business days from the commencement date of the Repurchase Tender Offer. As of today, neither the Tender Offeror nor the Company is not informed of the fixed facts including whether the Share Transfer by Ms. Nomura is to be made and that, in the event the Share Transfer by Ms. Nomura is executed, the transferee is to be the Asset Management Company.), and in the case the Share Transfer by Ms. Nomura is implemented, Ms. Nomura shall have the Asset Management Company as a transferee become a party to the Repurchase Tender Offer Agreement and once the Assets Management Company as a transferee becomes the party, the provisions concerning the rights and obligations of Shareholders Tendering Shares for Repurchase under the Repurchase Tender Offer Agreement shall be applied to the Asset Management Company as a Transferee.

The Repurchase Tender Offer Agreement specifies as preconditions to tendering by Ms. Nomura and the Shareholders Tendering Shares for Repurchase that both of the facts that (a) representations and warranties of the Tender Offeror and

the Company (Note 1) are true and correct in material respects, and that (b) the Tender Offeror or the Company has not violated any material obligations (Note 2) under the Repurchase Tender Offer Agreement have been satisfied or waived in writing by Ms. Nomura or the Shareholders Tendering Shares for Repurchase. Also, Ms. Nomura and the Shareholders Tendering Shares for Repurchase have agreed that (a) they will not withdraw their tender to the Repurchase Tender Offer or terminate the agreement concerning the Repurchase Tender Offer executed by the Tender, (b) they will not dispose of the Company's Common Shares that they own (except for the Share Transfer by Ms. Nomura), (c) they will not tender their shares to, accept, discuss or provide information, etc. on any tender offer other than the Repurchase Tender Offer by Mr. Nomura or Shareholders Tendering Shares for Repurchase in relation to a third party, (d) they will not acquire additional shares of the Company's Common Shares, (e) they will not increase the percentage of ownership of shares (which means the Ownership Ratio of Share Certificates, etc. defined in Article 27-23 (4) of the Act; hereinafter the same) pertaining to the Company's Common Shares in total with those of joint holders (which means the Joint Holder defined in Article 27-23 (5) and (6) of the Act; hereinafter the same) by share acquisition or change of joint holders, (f) they will not exercise against the Company the right to convene shareholders' meetings, the right to propose agendas and the right to make a proposal without the consent of the Tender Offeror and (g) upon completion of the Repurchase Tender Offer, they will entrust exercise of the rights pertaining to Company's Common Shares held by Ms. Nomura and the Shareholders Tendering Shares for Repurchase pursuant to the Tender Offeror's request at the shareholders' meeting of the Company whose record date is a day on or before the commencement date of the settlement of the Repurchase Tender Offer (if any) (Note 3).

(Note 1) In the Repurchase Tender Offer Agreement, the Tender Offeror and the Company represent and warrant to Ms. Nomura and the Shareholders Tendering Shares for Repurchase (a) lawful and valid establishment and existence, (b) implementation of the right capacity and legal capacity pertaining to the execution of the Repurchase Tender Offer Agreement and internal procedures, (c) legal binding force and enforceability of the Repurchase Tender Offer Agreement, (d) absence of infringement of laws and regulations, (e) acquisition of approvals (f) non-existence of legal bankruptcy proceedings and (g) non-applicability to anti-social forces and absence of transactions with anti-social forces.

(Note 2) In the Repurchase Tender Offer Agreement, the Tender Offeror and the Company have obligations to compensate for the breach of representations and warranties or obligations of the Tender Offeror and the Company, confidentiality obligations and obligations pertaining to prohibition of unintended use of confidential information, obligations pertaining to prohibition of disposal of the title under the Repurchase Tender Offer Agreement and rights and obligations thereunder, and obligations to discuss in good faith, towards Ms. Nomura and the Shareholders Tendering Shares for Repurchase. In addition, the Company has obligations to sincerely consider and discuss with a third party in good faith in the event that the Company receives any proposal from the third party on any agreement that conflicts with or makes it difficult the execution and completion of the Tender Offer or a tender offer of the Company's Common Shares.

(Note 3) Ms. Nomura and the Shareholders Tendering Shares for Repurchase have agreed to execute the rights pertaining to the Company's Common Shares stated above in accordance with the instruction of the Tender Offeror, or to grant a proxy to the Tender Offeror or a third party designated by the Tender Offeror, at the above shareholders' meeting.

(b) Stock Pledge Agreement

As described in "(1) Outline of Repurchase Tender Offer", Ms. Nomura and the Shareholders Tendering Shares for Repurchase have executed the Stock Pledge Agreement as of October 30, 2017 with the Bridge Lender and the Tender Offeror, and have created on October 31, 2017 the Stock Pledge on the Shares to be Tendered by Ms. Nomura owned by Ms. Nomura and the Shares to be Tendered in the Repurchase Tender Offer held by the Shareholders Tendering Shares for Repurchase in order to secure the obligations of the Tender Offeror against the Bridge Lender pertaining to the Bridge Loan. The Stock Pledge Agreement specifies as a condition that in the case where Ms. Nomura executes the Share Transfer by Ms. Nomura (as stated above, as of today, neither the Tender Offeror nor the Company is not informed of the fixed facts including whether the Share Transfer by Ms. Nomura is to be made and that, in the event the

Share Transfer by Ms. Nomura is executed, the transferee is to be the Asset Management Company.), the documents required for maintaining the effects of the Stock Pledge created on the Shares To Be Tendered by Ms. Nomura are provided to Bridge Lenders by five business days prior to such execution.

The Stock Pledge Agreement specifies as events for the enforcement of Stock Pledge: (i) (a) the Tendering Shareholders' not having tendered to the Tender Offer, (b) revocation of the tender to the Tender Offer by Tendering Shareholders, termination of the agreement concerning the Tender Offer executed by the Tender, (c) deposition of the Company's Common Shares by the Tendering Shareholders (except for the Share Transfer by Ms. Nomura), (d) tender of their shares to, acceptance for, discussion with or provision of information to a third party etc., toward the Competing Tender Offer by Tendering Shareholders (which means a tender offer for the Company's Common Shares in which the purchase price of the Company's Common Shares is higher than the Tender Offer Price, commenced by a third party during the Tender Offer Period), (e) additional acquisition of the Company's Common Shares by the Tendering Shareholders, (f) increase of the percentage of ownership of shares pertaining to the Company's Common Shares in total with those of joint holders by Tendering Shareholders' stock acquisition or change of joint holders, (g) Shareholders Tendering Shares for Repurchase' exercise against the Company of the right to convene shareholders' meetings, the right to propose agendas and the right to make a proposal until the last day of the Tender Offer Period, (h) exercise of the rights pertaining to Company's Common Shares held by the Shareholders Tendering Shares for Repurchase contrary to the Tender Offeror's request at the shareholders' meeting of the Company whose record date is a day on or before the commencement date of the settlement of the Tender Offer (if any) and (i) violation of representations and warranties of the Tendering Shareholders (Note 1), and (ii) (a) Ms. Nomura's or the Tendering Shareholders' (including the Asset Management Company as a transferee in the case that Share Transfer by Ms. Nomura was executed; same shall apply for (b) through (i) below) not having tendered to the Repurchase Tender Offer, (b) revocation of the tender to the Repurchase Tender Offer by Ms. Nomura or the Shareholders Tendering Shares for Repurchase, termination of the agreement concerning the Repurchase Tender Offer executed by the Tender, (c) deposition of the Company's Common Shares by Ms. Nomura or the Shareholders Tendering Shares for Repurchase (except for the Share Transfer by Ms. Nomura), (d) tender of their shares to, acceptance for, discussion with or provision of information to a third party etc., toward a tender offer other than the Repurchase Tender Offer by Ms. Nomura or the Shareholders Tendering Shares for Repurchase, (e) additional acquisition of the Company's Common Shares by Ms. Nomura or the Shareholders Tendering Shares for Repurchase, (f) increase of the percentage of ownership of shares pertaining to the Company's Common Shares in total with those of joint holders by stock acquisition by Ms. Nomura or the Shareholders Tendering Shares for Repurchase or change of joint holders, (g) Ms. Nomura's or Shareholders Tendering Shares for Repurchase' exercise against the Company of the right to convene shareholders' meetings, the right to propose agendas and the right to make a proposal until the Tender Offeror acquires the voting rights of all Company's shareholders, (h) exercise of the rights pertaining to Company's Common Shares held by Ms. Nomura or the Shareholders Tendering Shares for Repurchase contrary to the Tender Offeror's request at the shareholders' meeting of the Company whose record date is a day on or before the commencement date of the settlement of the Tender Offer (if any), (i) violation of representations and warranties of Ms. Nomura or the Shareholders Tendering Shares for Repurchase (Note 2) and (j) execution of the Share Transfer by Ms. Nomura without satisfying certain conditions by Ms. Nomura (Note 3).

In the event that the Stock Pledge has been created under the Stock Pledge Agreement, and the Bridge Lender has exercised the Stock Pledge against the Shares To Be Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer and has acquired the Shares To Be Tendered by Ms. Nomura and the Shares to be Tendered in the Repurchase Tender Offer, the Tender Offeror will implement a tender offer pertaining to the Company's Common Shares (the "Second Tender Offer") after the commencement of settlement of the Repurchase Tender Offer. The Tender Offeror will purchase the Company's Common Shares in the Second Tender Offer at the same price as the Repurchase Tender Offer Price of JPY 2,688. Since the Tender Offeror will not set the maximum and minimum number of Shares to be purchased in the Second Tender Offer, the Tender Offeror will purchase all of the Shares that are offered for sale toward the Second Tender Offer. The Bridge Lender has agreed with the Tender Offeror that the

Bridge Lender will enter into a tender offer agreement for the Second Tender Offer promptly if any of the events above for the enforcement of Stock Pledge will occur.

- (Note 1) In the Tender Offer Agreement, Tendering Shareholders represent and warrant to the Tender Offeror: (a) implementation of the right capacity and legal capacity pertaining to the execution of the Tender Offer Agreement, (b) legal binding force and enforceability of the Tender Offer Agreement, (c) absence of infringement of laws and regulations, (d) acquisition of approvals (e) non-existence of the grounds interrupting the holding or disposition. etc. of the Company's Common Shares (f) non-existence of legal bankruptcy proceedings and (g) non-applicability to anti-social forces and absence of transactions with anti-social forces.
- (Note 2) In the Repurchase Tender Offer Agreement, Ms. Nomura and the Shareholders Tendering Shares for Repurchase represent and warrant to the Tender Offeror and the Company: (a) lawful and valid establishment and existence (concerning the Shareholders Tendering Shares for Repurchase), (b) implementation of the right capacity and legal capacity pertaining to the execution of the Repurchase Tender Offer Agreement and internal procedures (of the Shareholders Tendering Shares for Repurchase), (c) legal binding force and enforceability of the Repurchase Tender Offer Agreement, (d) absence of infringement of laws and regulations, (e) acquisition of permits and licenses, etc., (f) non-existence of the grounds interrupting the holding or disposition. etc. of the Company's Common Shares, (g) legality of the Share Transfer by Ms. Nomura, (h) non-existence of legal bankruptcy proceedings and (i) non-applicability to anti-social forces and absence of transactions with anti-social forces.
- (Note 3) The Repurchase Tender Offer Agreement specifies the following "certain conditions": (a) upon Share Transfer by Ms. Nomura, Ms. Nomura transfers all of the Shares To Be Tendered by Ms. Nomura only to the Asset Management Company, (b) the Share Transfer by Ms. Nomura will be lawfully completed on or after January 1, 2018 within 10 business days from the commencement of the Repurchase Tender Offer, (c) the documents required for maintaining the effects of the Stock Pledge created on the Shares To Be Tendered by Ms. Nomura are provided to Bridge Lenders by five business days prior to the execution of the Share Transfer by Ms. Nomura and (d) Ms. Nomura makes the Asset Management Company as a transferee to enter into the Repurchase Tender Offer Agreement by three business days before the completion of the Share Transfer by Ms. Nomura.

(5) Measures for Ensuring the Fairness of the Tender Offer Price, Measures for Avoiding Conflict of Interests, and Other Measures for Ensuring the Fairness of the Transaction Including Tender Offers

The Tender Offer is not a so-called MBO (a tender offer in which the offeror is an officer of the Company, or a tender offer in which the offeror is a person who conducts the tender offer at the request of an officer of the Company and shares interests with such officer of the Company). Since the Tender Offeror has not held the voting rights or control over the Company until the commencement date of the Tender Offer, it does not fall under the transaction in which the controlling shareholder is the purchaser.

However, the Tender Offeror and the Company have taken the following measures to ensure the fairness of the Transaction including the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflict of interests, taking into account the facts that (i) since of the Tendering Major Shareholders who are major shareholders of the Company, the Tendering Shareholders executed the Tender Offer Agreement with the Tender Offeror, and Ms. Nomura and Shareholders Tendering Shares for Purchase executed the Repurchase Tender Offer Agreement with the Tender Offeror and the Company, hence; the interest of the Tendering Major Shareholders may conflict with the interest of other shareholders of the Company. (ii) in the Tender Offer, the minimum number of shares to be purchased is set as 18,918,900 shares (shareholding ratio: 50.3%) and if the Tender Offer is completed, after the date of commencing the settlement of the Tender Offer, the Tender Offeror was expected to be the parent company of the Company at the time of the commencement of the Repurchase Tender Offer and as a result of the Tender Offer, as of today, the Tender Offer has actually become the parent

company of the Company. Therefore, structural conflict of interests may arise between the Company and the Tender Offeror, and Ms. Nomura and Shareholders Tendering Shares for Purchase with regard to the Repurchase Tender Offer which is the second step of the Transaction and follows the execution of the Tender Offer. And (iii) as set out in “(1) Overview of the Tender Offer” above, since the Company will use a loan from the Tender Offeror as part of the fund necessary for settlement of the Repurchase Tender Offer, such borrowing falls under the transaction in which the controlling shareholder is the purchaser.

(a) Valuation Report Obtained by the Company from an Independent Third Party Valuator

Before stating the Company's opinion on the Tender Offer, the Company requested Nomura Securities as a third party valuator independent from the Company and the Tender Offeror to evaluate the Company's Common Shares. As a result of considering the method of valuation of the Company's Common Shares, Nomura Securities evaluated the Company's Common Shares, using the market share price average method as the Company's Common Shares are listed on the TSE, the comparable company method as there are more than one listed companies that are comparable with the Company and it is possible to analogize the value of the Company's Common Shares through comparison of comparable companies, and the DCF method in order to reflect the status of future business activities of the Company, based on the idea that it is appropriate to evaluate the Company's Common Shares from multiple perspectives, on the assumption that the Company is a going concern, and the Company obtained on October 30, 2017 the Valuation Report of the Company's Shares from Nomura Securities. The Company has not obtained from Nomura Securities any opinion on the fairness of the Tender Offer Price. Nomura Securities does not correspond to a related party to the Company and the Tender Offeror, nor has it any material interests that should be noted in connection with the Tender Offer

According to the Valuation Report of the Company's Shares, the methods adopted as measures to evaluate the Company's Common Shares and the range of the value per the Company's Common Share calculated based on such methods are as follows:

Market Share Price Average Method:	JPY 1,980 to JPY 2,081 per share
Comparable Company Method:	JPY 1,251 to JPY 2,437 per share
DCF Method:	JPY 1,739 to JPY 2,792 per share

In the market share price average method, Nomura Securities used October 27, 2017 as the record date and evaluated the value per share of the Company's Common Share with a range from JPY 1,980 to JPY 2,081, based on the closing price on the record date of JPY 2,027, the simple average of the closing prices for the past five business days up to the record date of 2,016, the simple average of the closing prices for the most recent month of JPY 1,992, the simple average of the closing prices for the most recent three months of JPY 1,980 and the simple average of the closing prices for the most recent six month of JPY 2,081, of the Company's Common Shares on the First Section of TSE.

In the comparable company method, Nomura Securities evaluated the value per Company's Common Shares with a range from JPY 1,251 to JPY 2,437, evaluating the Company's Common Shares through comparison of the market share prices and financial indices representing profitability of a listed company operating a business comparatively similar to that of the Company with those of the Company.

In the DCF method, Nomura Securities evaluated the value per Company's Common Share with a range from JPY 1,739 to JPY 2,792, through valuation of the corporate value and share value of the Company by discounting the free cash flow that the Company is expected to generate in and after the year ending March 2018 to the present value at a certain discount, assuming various elements including the proceeds and investment plans in the business plans of the Company prepared by the Company from the year ending March 2018 to the year ending March 2020 and publicly available information. The business plan to which Nomura Securities referenced in the calculation covers business years for which a significant increase or decrease in profit is expected. More specifically, the Company expects to record impairment of overseas plant facilities and one-time charge for liquidation of an overseas subsidiary and other

matters for the business year ending March 31, 2018. On the other hand, the Company does not expect to record any impairment or one-time charge for liquidation and other matters for the business year ending March 31, 2019, while the Company expects an increase in revenues from the trading business and manufacturing/processing business. Accordingly, the Company's net profit for the business year ending March 31, 2019 is expected to substantially increase by about 35% compared to the preceding business year. The business plan was prepared without taking the Transaction into account.

(b) Advice from External Law Firm to the Company

For the purpose of ensuring transparency and reasonability in the decision-making process related to the Transaction including the Tender Offer, the Company has selected TMI as a legal advisor independent from the Company and the Tender Offeror, and has received necessary legal advice from the said law firm as to matters to be noted in the decision-making process and decision-making method relating to the Transaction including the Tender Offer and other decision-making related to the Transaction. TMI does not correspond to a related party to the Company and the Tender Offeror, nor has it any material interests.

(c) Establishment of an Independent Corporate Value Evaluation Committee by the Company and Acquisition of Its Opinion (Report)

Before the Company's board of directors reviews and resolves the Transaction, for the purpose of ensuring the fairness of the decision-making of the Company by securing the prudence of the Company in the decision-making related to the Transaction including the Tender Offer, and eliminating arbitrariness of the decision-making of the Company's board of directors, and examining whether the decision of the Company's board of director related to the Transaction could harm the interests of shareholders of the Company, the Company established the corporate value evaluation committee consisting of Mr. Akio Sato (attorney-at-law, Sato Sogo Law Office) and Tamotsu Moriyama (certified public accountant, president and representative director of Maxus Corporate Advisory Inc.), external experts independent of the Company and the Tender Offeror, and Shuichi Shino, an outside director of the Company and the independent director under Article of 436-2 of the Securities Listing Regulation of the TSE (the members of the corporate value evaluation committee have not been changed since its establishment), and on September 13, 2017, upon the Company's consideration of the Transaction including the Tender Offers, inquired of the corporate value evaluation committee about (a) the validity of the purpose of the Transaction, (b) the fairness of the procedures in the negotiation process pertaining to the Transaction, (c) the reasonableness of terms of the Transaction including the consideration to be delivered to the Company's minority shareholders in the Transaction, and (d) whether or not the Transaction might cause any disadvantage to the Company's minority shareholders, on the basis of (a) through (c) above (the "Inquired Matters"), and entrusted it to submit a report in these respects to the Company's board of directors.

The meeting of the corporate value evaluation committee was held seven times from September 13, 2017 to October 30, 2017 in order to discuss and consider the Inquired Matters carefully. In particular, in carrying out the said consideration, the corporate value evaluation committee (i) received explanations from the Company regarding the business environment surrounding the Company, its current management issues and the purpose and meaning of the Tender Offers and had a session for questions and answers thereof, (ii) received explanations from Nomura Securities regarding the Valuation Report of the Company's Common Shares and had a session for the questions and answers and (iii) carefully conducted comprehensive consideration on the materials and information provided by the Company and MBK Partners Group to the corporate value evaluation committee. After that, on October 30, 2017, the corporate value evaluation committee submitted to the Company's board of directors a report as summarized in (i) through (iv) below.

(i) Validity of the Purpose of the Transaction (Inquired Matter (a))

As stated below, the corporate value evaluation committee believes that Company's explanation regarding the purpose

and meaning of this Transaction based on the Company's business environment and management issues and the background of MBK Partners Group's official proposal and the negotiation with MBK Partners Group over the Transaction is not unreasonable. Also, the corporate value evaluation committee recognizes that the Company's decision to the effect that the Transaction can increase the corporate value of the Company's Group is a product of reasonable consideration.

Due to the impact of decline in the number of orders placed on mobile-related business (mainly smartphones) in China, and the drastic decline in the number of orders placed on the LCD-related business in Japan both in the year ended March 2016, and the significant change in business plan of major business partners in the year ended March 2017, the Company's business results reported drops both in its revenues and profits for two consecutive terms. The Company is facing the significant changes in its business environment and the business plan of major business partners which include that an electronic components trading industry has faced so-called increased "commoditization" and that it has become more difficult to realize a sustainable growth business model premised on an assumption that sales will continue to increase. Thus, the Company believed that it needed to drastically change its course of action to take full advantage of the Company Group's qualities and make sustainable growth viable and announced that the new Mid-term Management Plan (from the year ending March 2018 through the year ending March 2020) as an embodiment of the business growth strategy built on strengths of the Company Group.

Under the new Mid-term Management Plan, the Company will seek to build a business base that generates solid revenues through optimal allocation of management resources, aiming for sustainable enhancement of corporate value, will seek to move away from just being a specialized trading company, will address its important issues, including continued improvement of the existing business models and creation of the next core business (new business), will enhance the value of the products and services provided to its customers and will boost growth potential and profitability by downsizing and restructuring the group's head office functions.

In order for the Company Group to build a solid business by taking measures to realize the improvement of the existing business models, creation of the next core business (new business) and the downsizing and restructuring of the group's head office functions, which are its important issues, and to seek further growth and enhancement of corporate value, it is required to engage in M&A, capital and business alliances and strategic investments in equipment and human resources at a greater speed and is also required to build a business management system that allows flexible and swift decision making to implement such drastic measures. The Company Group further requires a change of its organizational structure, such as transforming from a pyramid structure having the Company which is in charge of its trading business at the top, to a structure in which the trading business and the development and manufacturing business are positioned in parallel in order to execute optimal growth strategies for each of the businesses.

The Company and MBK Partners Group discussed each of the issue of the business environment surrounding the Company Group and management issues of the Company Group. In early June 2017, in the process of such discussion, the Company received from MBK Partners Group a proposal concerning privatization of the Company through a tender offer. On the basis of the business environment surrounding the Company Group, efforts and issues for achieving goals in relation to the new Mid-term Management Plan, and management environment and future direction of business operation of the Company Group including after the period covered by the new Mid-term Management Plan, the Company judged that its acceptance of MBK Partners Group's proposal for the private transaction will enable speedier actions for the tasks set out in the new Mid-term Management Plan, including improvement of the existing business models, streamlining and reconstruction of the head office functions, and creation of the next core business (new business), because MBK Partners Group is well aware of the business environment surrounding the Company Group and the issues that the Company should address, and has indicated an intention of providing various assistance, including promotion of M&A and acquisition and enhancement of personnel, through the use of its management resources that it has acquired as one of the leading independent private equity companies in Asia, intense knowledge on Asian and other markets that the members of its professional teams have and their solid networks

in the relevant regions. The Company concluded that this is the best step that will turn out to increase the practicability of the new Mid-term Management Plan, elevate the provability of achieving its goals and lead to the establishment of a stable business base of the Company Group, further growth and enhancement of corporate value after the period covered by the new Mid-term Management Plan.

In light of the benefits of some shareholders of the Company wishing to tender their shares to the Repurchase Tender Offer rather than the Tender Offer because of the situation where each shareholder faces such as tax reasons, the Company believes that it is reasonable for the Company to implement the Repurchase Tender Offer because the Repurchase Tender Offer can provide them with a wider opportunity to sell the Company's Common Shares in the process of privatization.

If the structure in which the Repurchase Tender Offer is implemented prior to the Tender Offer is adopted, the company may face the risk of the impair of its capital amount because of the Repurchase Tender Offer while it is still listed on the TSE when the Tender Offer fails to take effect. However, in this Transaction, since the Repurchase Tender Offer will be implemented following the Tender Offer, promptly after commencement of the settlement of the Repurchase Tender Offer, as the second stage of the Transaction subject to the completion of the Tender Offer, the Company succeeds in securing the stableness through this Transaction. Also, the corporate value evaluation committee believes that this Transaction is reasonable as a measure to achieve the purpose of providing the shareholders of the Company with wider opportunities to sale of Company's Common Shares in the process of privatization since not only the Repurchase Tender Offer but also the Tender Offer is implemented.

Thus, the corporate value evaluation committee believes that the purpose of this Transaction is legitimate because the Company's decision that the Transaction is expected to increase the corporate value of the Company's Group is reasonable.

(ii) Fairness of the Procedures for the Negotiation Process pertaining to the Transaction (Inquired Matter (b))

The corporate value evaluation committee believes that the procedures for the negotiation process pertaining to the Transaction is fair since the measures in order to secure the fairness of the board of directors' decisions and to avoid conflict of interests including (a) the Company carefully considers the Transaction based on the advice from Nomura Securities and TMI both of which are independent from the Company and Tender Offeror, (b) directors of the Company who reviewed and negotiated as a representative do not have a special conflict with the Transaction and there is no evidence which infers a person who is has a special conflict with the Transaction including the Tender Offer and the Company exercised undue influences over discussion and negotiation over the Transaction (c) the Company examined reasonableness of the level of the Tender Offer Price as well as Repurchase Tender Offer Price and conducted meaningful discussion and negotiation including the Company's proposal to MBK Partners Group in order to increase the Tender Offer Price.

(iii) Reasonableness of the Terms of the Transaction Including Consideration to Be Delivered to the Company's Minority Shareholders in the Transaction (Inquired Matter (c))

The corporate value evaluation committee believes that the terms of the Transaction including consideration to be delivered to the Company's minority shareholders is reasonable after considering following facts:

(1) The corporate value evaluation committee could not find, in particular, unreasonableness in evaluation measures adopted by Nomura Securities in evaluating the Company's Common Shares, and the Tender Offer Price of JPY 2,720 represent a premium of (i) 34.19% to JPY 2,027, being the closing price for the Company's Common Shares that are traded on the TSE on October 27, 2017, which is the record date, (ii) 34.92% to JPY 2,016, being a simple average of the closing prices for the past five business days up to the record date, (iii) 36.55% to JPY 1,992, being a simple average of the closing prices for the past one month, (iv) 37.37% to JPY 1,980, being a simple average of the closing prices for the past three months and (v) 30.71% to JPY 2,081, being a simple average of the closing prices for the past six months.

The Tender Offer Price exceeds the price range calculated based on the market share price average method and comparable company method. While the Tender Offer Price falls within the price range of DCF method, it is higher than the intermediate value of such range. (2) As mentioned above, the Tender Offer Price was a product of negotiation process which the corporate value evaluation committee considers fair. (3) The Tender Offeror adopted measures in order to secure the reasonableness of the Tender Offer Price which include that the Tender Offeror sets a Tender Offer Period of 30 business days by which the Tender Offeror intends to ensure to provide the Company's shareholders with reasonable opportunity to properly determine whether or not to tender their shares to the Tender Offer and that the time for a third party other than the Tender Offeror to take the opportunity to make a competing tender offer is provided, and that the Tender Offeror and the Company have not entered into any agreement which may restrict access and communications between competing offerors and the Company such as an agreement including provisions for protection of transactions that would prohibit access and communications between the Company and competing offerors. (4) Although the Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer. In addition, since there is no significant difference between the Repurchase Tender Offer Price (JPY 2,688) and the Tender offer Price (JPY 2,720), it seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares and also seems to be realistic and reasonable in consideration of the Company Group's current and future financial condition and the amount available for distribution of the Company. (5) In the Transaction, cash will be delivered to a minority shareholder of the Company who did not tender his/her shares to the Tender Offers in the process of making the Company a wholly-owned subsidiary of the Tender Offeror including the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange which occurs after the Tender Offers. The amount of such cash to be delivered to the shareholders will be calculated based on the Tender Offer Price. (6) After the completion of the Tender Offeror's making the Company a wholly-owned subsidiary, in order to procure cash for the settlement of the Repurchase Tender Offer, the Company intends to borrow cash from the Tender Offer partly for the settlement of the Repurchase Tender Offer. The applicable interest rates will be short-term prime rate and there have not been circumstances in which the interest rate is unreasonably high.

(iv) Whether or Not the Transaction Might Cause Any Disadvantage to the Company's Minority Shareholders, Assuming (a) through (c) above (Inquired Matter (d))

In addition to items described in (i) through (iii), the Tender Offeror set the minimum number of shares to be purchased in the Tender Offer, exceeding a majority of the total number of the Company's Common Shares held by the shareholders having no interest in MBK Partners Group. If the Tender Offeror fails to obtain shares that exceed the number of shares representing a majority of the total number of the Company's Common Shares held by the shareholders having no interest in MBK Partners Group, the Tender Offeror will not purchase any of the Tendered Shares. In light of this, after considering the possible influence on the minority shareholders, the corporate value evaluation committee comes to the conclusion that the corporate value evaluation committee does not believe that the Transaction causes any disadvantage to the Company's minority shareholders.

(d) Approval by All of the Directors of the Company

The Company's board of directors carefully discussed and considered a set of procedures pertaining to the Transaction including the Tender Offer and the terms and conditions of the Transaction from the perspective of improving the

corporate value, by taking into consideration the Valuation Report of the Company's Shares and the legal advice obtained from TMI, and by accepting to the most possible extent, the report obtained from the corporate value evaluation committee. As a result, at the board of directors' meeting held on October 31, 2017, the Company concluded (i) that the Transaction including the Tender Offer is expected to improve the Company Group's corporate value, (ii) that the Tender Offer Price and other terms and conditions pertaining to the Tender Offer are reasonable for the Company's shareholders, and (iii) that the fairness of the procedures pertaining to the Tender Offer has been ensured and the Tender Offer will provide the Company's shareholders with a reasonable opportunity to sell their shares, as described in "(d) Decision-making Process through which the Company Agreed to the Transaction and the Reasons" in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Two Tender Offers", and resolved with the unanimous consent of the seven directors of the Company who participated in the deliberations and resolution (of which five were outside directors) to express supportive opinion on the Tender Offer and to recommend the Company's shareholders to tender their shares to the Tender Offer.

In addition, the Company has concluded at the above-mentioned board of directors' meeting with the unanimous consent of the seven directors of the Company who participated in the deliberations and resolution (of which five were outside directors) that (i) it is reasonable to implement the Repurchase Tender Offer in view of the fact that the Tender Offer that provides the Company's shareholders with a reasonable opportunity to sell the Company's Common Shares is implemented prior to the Repurchase Tender Offer, and that the Repurchase Tender Offer provides the Company's shareholders with a wider opportunity to sell the Company Group's Common Shares, considering the fact that it seems to be the best measure to maximize the Company's corporate value to accept the proposal for privatization by MBK Partners Group, and that there may be Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer under their respective circumstances including the tax implications, (ii) it would be beneficial to the general shareholders if the Tender Offer Price could be raised by setting the Repurchase Tender Offer Price below the Tender Offer Price in the circumstances in which the total amount of purchases to be made by the Tender Offeror is limited, (iii) after giving consideration to the Company Group's current and future financial conditions and the amount available for distribution of the Company, if Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) is implemented, it would be the benefit of the Company's shareholders because the amount of the Repurchase Tender Offer Price seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares, and that (iv) although the Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer and in addition that (v) as described in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" under the "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Transaction including Tender Offers", the corporate valuation evaluate committee shows the same thoughts regarding the items (iii) and (iv) above, it is reasonable for the Company to implement the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) as part of the Transaction after the implementation of the Tender Offer in light of the benefit of the Company's shareholders. Based on above, the Company's board of directors has resolved to acquire its treasury shares and implement the Repurchase Tender Offer whose Repurchase Tender Offer Price is JPY 2,688 as a specific means to repurchase such shares pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing the phrases pursuant to Article 165, Paragraph 3 of the Companies Act and the articles of incorporation of the Company, as the second stage of the Transaction following the implementation of the Tender Offer, subject to the completion of the

Tender Offer.

As a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased, the Company deliberated and considered the implementation of the Repurchase Tender Offer again in consideration of the circumstance from October 31, 2017, up until December 22, 2017, the day when the board of directors' meeting is held. As a result, as described above, since the Company has judged that there are no particular changes in the assumptions that will influence the Company's judgment of making the implementation of the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688), the Company has resolved with the unanimous consent of the seven directors of the Company who participated in the deliberations and resolution (of which five were outside directors) at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) from December 25, 2017.

(e) Measures to Ensure to Give Time to a Third Party to Take the Opportunity to Make Another Offer

While the statutory requirement of the tender offer period is 20 business days at minimum, the Tender Offeror sets a longer Tender Offer Period of 30 business days. By setting a relatively long Tender Offer Period, the Tender Offeror intends to ensure the appropriateness of the Tender Offer Price by providing the Company's shareholders with reasonable opportunity to properly determine whether or not to tender their shares to the Tender Offer and also by providing time for a third party other than the Tender Offeror to take the opportunity to make a competing tender offer. In addition, the Tender Offeror and the Company have not entered into any agreement which may restrict access and communications between competing offerors and the Company such as an agreement including provisions for protection of transactions that would prohibit access and communications between the Company and competing offerors, considering security of the fairness of the Tender Offer by setting the Tender Offer Period as well as providing an opportunity to make a competitive tender offer.

(f) Setting of the Minimum Number of Shares to Be Purchased Exceeding the Number of Shares Constituting the Majority of Minority

In the Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased as 18,918,900 shares (shareholding ratio: 50.3%), and if the total number of Tendered Shares fails to reach the minimum number of shares to be purchased, the Tender Offeror will not purchase any of the share certificates tendered in the Tender Offer (the "Tendered Shares"). On the other hand, the Tender Offeror has set no maximum number of shares to be purchased in the Tender Offer since the Tender Offeror aims to privatize the Company's shares in the Tender Offer, and if the total number of Tendered Shares equals or exceeds the minimum number of shares to be purchased, the Tender Offeror will purchase all the Tendered Shares. In response to the Company's Common Share (25,709,019 shares) entered into the Tender Offer, the Tender Offeror has purchased all the Tendered Shares as of December 22, 2017, being the date of commencement of the settlement of the Tender Offer.

The minimum number of shares to be purchased (18,918,900 shares) is set as the number of the Company's Common Shares equivalent to the number of voting rights which is the product of two thirds ($\frac{2}{3}$) multiplied by the number of voting rights (283,783) attached to the number of shares (28,378,331 shares) obtained by deducting the number of treasury shares held by the Company as of September 30, 2017 as stated in the Company's 2Q Earnings Release (1,811,331 shares) and the Share to Be Tendered by Ms. Nomura (1,870,000 shares) and the Shares to be Tendered in the Repurchase Tender Offer (7,386,500 shares, along with the Share Transfer by Ms. Nomura, 9,256,500 shares in total) from the total number of issued shares as of September 30, 2017 as stated in the Company's 2Q Earnings Release (39,446,162 shares).

The minimum number of shares to be purchased of 18,918,900 shares exceeds the number of shares representing a majority of the number of shares obtained by deducting the sum of the number of treasury shares held by the Company

as of September 30, 2017 as stated in the Company's 2Q Earnings Release (1,811,331 shares), the number of the Company's Common Shares held by the Tender Offeror as of today as stated in the Company's 2Q Earnings Release (1 share) and the number of the Company's Common Shares held the Tendering Shareholders as of today (14,698,900 shares) from the total number of issued shares as of September 30, 2017 as stated in the Company's 2Q Earnings Release (39,446,162 shares) (22,935,930 shares), i.e., the number of shares representing a majority of the total number of the Company's Common Shares held by the Company's shareholders having no interest in the Tender Offeror (the so-called "majority of minority") (11,467,966 shares) plus the sum of the number of the Company's Common Shares which the Tendering Shareholders have agreed to tender to the Tender Offer (5,442,400 shares) (16,910,366 shares). In this way, consideration for the interest of all the shareholders of the Company has been given.

(6) Policy regarding Reorganization, etc., following Completion of the Tender Offer (so-called "Two-Step Acquisition")

The Company received from the Tender Offeror regarding the policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition") as described below:

The Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror as described in "(1) Outline of Repurchase Tender Offer" of "3. Purpose of Repurchase Tender Offer", and if the Tender Offeror cannot acquire all the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) through the Tender Offer, the Tender Offeror will acquire all the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) by the following method following completion of either (i) the Tender Offer and the Repurchase Tender Offer or (ii) the Second Tender Offer if the Stock Pledge has been created under the Stock Pledge Agreement, and the Bridge Lender has exercised the Stock Pledge against the Shares To Be Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer and has acquired the Shares To Be Tendered by Ms. Nomura and the Shares to be Tendered in the Repurchase Tender Offer.

In particular, if the sum of the Company's voting rights held by the Tender Offeror becomes 90% or more of the voting rights of all Company's shareholders following the Tender Offer or the Repurchase Tender Offer by the Company and if the Tender Offeror becomes a special controlling shareholder specified in Article 179 of the Companies Act, the Tender Offeror will demand all Company's shareholders (excluding the Company and the Tender Offeror) to sell, promptly after completion of the settlement of the Repurchase Tender Offer, all of the Company's Common Shares held by them to the Tender Offeror ("Demand for Share Cash-Out"), pursuant to the provision of Part II, Chapter II, Section 4-2 of the Companies Act.

For the Demand for Share Cash-Out, in exchange for each Company's Common Share, an amount of cash equal to the Tender Offer Price will be delivered to the Company's shareholders (excluding the Company and the Tender Offeror). In such case, the Tender Offeror will notify thereof to the Company and seek the Company's approval on the Demand for Share Cash-Out. If the resolution of the Company's board of directors approves such Demand for Share Cash-Out, in accordance with the procedures under the relevant laws and regulations and without obtaining individual consent of the Company's shareholders, the Tender Offeror will acquire all the Company's Common Shares held by all Company's shareholders (excluding the Company and the Tender Offeror) as of the date of purchase prescribed in the Demand for Share Cash-Out. Thereafter, the Tender Offeror will deliver an amount of cash equal to the Tender Offer Price to each of such shareholders in exchange for each Company's Common Share held by each of such shareholders. The Company's board of directors will approve the Demand for Share Cash-Out by the Tender Offeror if the Tender Offeror makes a notification to make the above-mentioned Demand for Share Cash-Out.

In accordance with the provisions under the Companies Act aimed at protecting minority shareholders' interests in relation to the Demand for Share Cash-Out, the Company's shareholders who do not tender their shares to the Tender Offer will have the right to file a petition to the court to determine the sales or purchase price of the Company's Common Shares that they hold, in accordance with the provisions of Article 179-8 of the Companies Act and other

relevant laws and regulations. The sale and purchase price when the said petitions are filed will be ultimately determined by the court.

On the other hand, if the sum of the Company's voting rights held by the Tender Offeror is less than 90% of the number of voting rights of all Company's shareholders following completion of the Tender Offer and the Repurchase Tender Offer the Tender Offeror intends to request the Company to hold an extraordinary shareholders' meeting to consolidate the Company's Common Shares (the "Share Consolidation") and to amend its Articles of Incorporation to abolish the provision concerning less than one unit shares subject to the Share Consolidation becoming effective (the "Extraordinary Shareholders' Meeting") promptly after completion of the settlement of the Tender Offer. The Tender Offeror intends to approve each of such proposals at the Extraordinary Shareholders' Meeting. If the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the Company's shareholders will own the number of the Company's Common Shares in proportion to the ratio of Share Consolidation as approved in the Extraordinary Shareholders' Meeting as of its effective date. If there are any fractional shares upon the Share Consolidation, the amount of cash corresponding to the amount obtained by selling the Company's Common Shares equivalent to the total number of fractional shares (if the aggregated number of entitlements to fractional shares includes a fractional number, such fractional number will be rounded down; hereinafter the same) to the Company or the Tender Offeror will be delivered to the shareholders of the Company in accordance with the procedures under Article 235 of the Companies Act and other relevant laws and regulations. Concerning the sales price of the Company's Common Shares corresponding to the aggregated number of fractional shares, the Tender Offeror will request the Company to file a petition for voluntary disposal permission with the court after calculating that the amount of cash to be delivered to the Company's shareholders who did not tender his/her shares to the Tender Offer will be equal to the amount calculated by multiplying the Tender Offer Price by the number of the Company's Common Shares held by such shareholder.

Although the Share Consolidation ratio is undetermined as of today, the Tender Offeror intends to determine the Share Consolidation ratio so that the number of the Company's Common Shares held by all the Company's shareholders who did not tender their shares to the Tender Offer (excluding the Company and the Tender Offeror) will be a fractional number of less than one share, and thus, to enable the Tender Offeror to hold all the Company's Common Shares (excluding the treasury shares held by the Company).

In accordance with the provisions under the Companies Act aimed at protecting minority shareholders' interests in relation to the Share Consolidation, if there are any fractional shares when the Share Consolidation has been conducted, the Company's shareholders may, in accordance with the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations, demand the Company to purchase all fractional shares of the Company's Common Shares that the relevant shareholders hold at a fair price, and may file a petition to determine the price of the Company's Common Shares. As described above, the number of the Company's Common Shares held by the shareholders who did not tender their shares to the Tender Offer (excluding the Company and the Tender Offeror) will be a fractional number of less than one share in the Share Consolidation, and thus, the Company's shareholders who are opposed to the Share Consolidation will be able to file a petition to the court to determine the price in accordance with the provisions of Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations. The purchasing price if these petitions are filed will be ultimately determined by the court.

Instead of such Demand for Share Cash-Out and Share Consolidation, the Tender Offeror is considering executing a share exchange agreement to make the Tender Offeror and the Company the wholly owning parent company and a wholly-owned subsidiary, respectively (the share exchange pertaining to such share exchange agreement shall hereinafter be referred to as the "Share Exchange"), and implementing procedures necessary for the Tender Offeror to acquire all of the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company).

For the Share Exchange, cash will be delivered in exchange for the Company's Common Shares held by the Company's shareholders, and all of the Company's Common Shares which have not been tendered for the Tender Offers through the necessary statutory procedures (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) will be exchanged for cash. For the Share Exchange, the Tender

Offeror will deliver an amount of cash equal to the Tender Offer Price to each shareholder in exchange for each Company's Common Share. The Company intends to enter into an agreement for the Share Exchange if requested by the Tender Offeror in order to do so.

If the number of voting rights held by the Tender Offeror after the completion of the Repurchase Tender Offer accounts for 90% or more of the number of voting rights of all the Company's shareholders, the Share Exchange may be implemented without the consent of the shareholders' meeting of the Company by way of the simplified share exchange specified in the main clause of Article 784, Paragraph 1 of the Companies Act. On the other hand, if the sum of the Company's voting rights held by the Tender Offeror is less than 90% of the number of voting rights of all Company's shareholders following completion of the Repurchase Tender Offer, the Share Exchange may be implemented with the resolution of the Company's shareholders' meeting.

In accordance with the provisions of the Companies Act aimed at protecting minority shareholders' interests in relation to the Share Exchange, the shareholders of the Company which becomes a wholly-owned subsidiary of the Tender Offeror may, pursuant to the provisions of the Companies Act, demand the Company to purchase shares in accordance with Article 785 of the Companies Act and other relevant laws and regulations. The purchase price in this case will be ultimately determined by the court.

Regarding each of the above procedures, depending on any revisions to the relevant laws and regulations, interpretation thereof by authorities, the Tender Offeror's percentage of ownership of share certificates after the Tender Offers and the status of ownership of the Company's Common Shares by any shareholder of the Company other than the Tender Offeror, there is a possibility that it may take time to implement it or that another method which has substantially the same effect may be applied.

In such case, however, the Tender Offeror plans to adopt such method that enables each Company's shareholders (excluding the Company and the Tender Offeror) to ultimately receive cash. If such method is adopted, it is intended that the amount of such cash to be delivered to each of the relevant Company's shareholders will be the same price as the price produced by multiplying the Tender Offer Price by the number of the Company's Common Shares held by such shareholder. It is intended that the actual procedures and timing in such case will be announced promptly after determination upon discussions with the Company.

The Tender Offer is not intended to solicit the votes of the Company's shareholders in favor of the resolutions to be proposed at the Extraordinary Shareholders' Meeting. Additionally, each Company's shareholder should consult with his or her tax advisor regarding the tax treatment in the Tender Offer or the above procedures.

(7) Prospects for Delisting and its Reasons

The Company's Common Shares are currently listed on the First Section of the TSE as of today. However, the Company's Common Shares may be delisted through the prescribed procedures in accordance with the stock delisting criteria established by the TSE, depending on the result of Repurchase Tender Offer. The Tender Offeror will conduct a transaction aimed at acquiring all the issued and outstanding common shares of the Company in accordance with applicable laws as set out in "(6) Policy regarding reorganization, etc., following completion of the Tender Offers (so-called "two-step acquisition")" above, after the Tender Offers. In such case, the Company's Common Shares will be delisted through the prescribed procedures in accordance with the stock delisting criteria established by the TSE. After delisting, the Company's Common Shares can no longer be traded on the TSE.

2. Number of Share Certificates, etc. Scheduled to Be Purchased

(1) Board of Directors' Resolution

Type of Shares to be Purchased	Maximum Number of Shares to be Purchased	Maximum Number of Shares to be Purchased
Common Share	11,160,800 Shares	JPY 30,000,230,400

(Note 1) The total number of issued shares	39,446,162 shares
(Note 2) Percentage of total number of issued shares	28.3 percent (such ratio has been rounded to the second decimal place)
(Note 3) Repurchase Tender Offer Period	from December 25, 2017 (Monday) to February 28 , 2018 (Wednesday)

(2) Listed Shares Already Repurchased in Accordance with the Company's Resolution

N/A

3. Outline of Tender Offer

(1) Time Table

I	Date of Board of Directors' Resolutions	October 31, 2017 (Tuesday) (Note 1) December 22, 2017 (Friday)
II	Date of Public Notice on Commencement of Tender Offer	December 25, 2017 (Monday)
III	Date of Submission of Tender Offer Notification	December 25, 2017 (Monday)
IV	Repurchase Tender Offer Period	20 business days from December 25 (Monday), 2017 to January 26, 2018 (Friday) (Note 2)

Note 1: The Company has resolved that it plans to implement the Repurchase Tender Offer upon the completion of the Tender Offer.

Note 2: The days listed in each items of Article 1, Paragraph 1, of the Act on Holidays of Administrative Organs (the Act No. 91 of 1988, as amended) are excluded.

(2) Tender Offer Price

2,688 JPY per share

(3) Basis for Calculation of Acquisition Price

(a) Basis of Calculation

On October 5, 2017, the Company received from MBK Partners Group a formal proposal regarding the structure (i) for the Tender Offeror to implement the Tender Offer with respect to the Company at a Tender Offer Price above JPY 2,700 per share, (ii) promptly after completion of the Tender Offer, for the Company to implement the Repurchase Tender Offer at a Repurchase Tender Offer Price below JPY 2,700 per share and (iii) for the Tender Offeror or the Company to acquire the remaining Company's Common Share (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) with the same price as the Tender Offer Price by way of measures such as the demand for share cash out or share consolidation as described in "(6) Policy regarding reorganization, etc.,

following completion of the Tender Offer (so-called "two-step acquisition")" of "1. Purpose of Repurchase Tender Offer" (the "Structure").

Subsequently, after the Tender Offeror, with respect to each amount of the Tender Offer Price and the Repurchase Tender Offer Price, carefully discussed with the Company and considered the amount available for distribution necessary for implementing the Repurchase Tender Offer and prospects of tendering by general shareholders and etc., on October 25, 2017, the Tender Offeror proposed to the Company to make the Tender Offer Price 2,720 yen and the Repurchase Tender Offer Price 2,688 yen.

As described in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Two Tender Offers" of "1. Purpose of Repurchase Tender Offer" above, the Company has concluded that (i) it is reasonable to implement the Repurchase Tender Offer in view of the fact that the Tender Offer that provides the Company's shareholders with a reasonable opportunity to sell the Company's Common Shares is implemented prior to the Repurchase Tender Offer, and that the Repurchase Tender Offer provides the Company's shareholders with a wider opportunity to sell the Company Group's Common Shares, considering the fact that it seems to be the best measure to maximize the Company's corporate value to accept the proposal for privatization by MBK Partners Group, and that there may be Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer under their respective circumstances including the tax implications, (ii) it would be beneficial to the general shareholders if the Tender Offer Price could be raised by setting the Repurchase Tender Offer Price below the Tender Offer Price in the circumstances in which the total amount of purchases to be made by the Tender Offeror is limited, (iii) after giving consideration to the Company Group's current and future financial conditions and the amount available for distribution of the Company, if Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) is implemented, it would be the benefit of the Company's shareholders because the amount of the Repurchase Tender Offer Price seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares, and that (iv) although the Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer and in addition that (v) as described in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" under the "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Transaction including Tender Offers", the corporate valuation evaluate committee shows the same thoughts regarding the items (iii) and (iv) above, it is reasonable for the Company to implement the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) upon the completion of the Tender Offer as part of the Transaction after the implementation of the Tender Offer in light of the benefit of the Company's shareholders. Based on above, the Company's board of directors has resolved to acquire its treasury shares and implement the Repurchase Tender Offer whose Repurchase Tender Offer Price is JPY 2,688per share.

As a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased, the Company deliberated and considered the implementation of the Repurchase Tender Offer again in consideration of the circumstance from October 31, 2017, up until December 22, 2017, the day when the board of directors' meeting is held.. As a result, as described above, since the Company has judged that there are no particular changes in the assumptions that will influence the Company's judgment of making the implementation of the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688), the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase

Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) from December 25, 2017.

The Repurchase Tender Offer Price represents a premium of (i) 33.07% to JPY 2,020, being the closing price for the Company's Common Shares that are traded on the TSE on October 30, 2017, being the business day immediately preceding the date on which the Tender Offer was resolved upon the completion of the Tender Offer, (ii) 34.60% to JPY 1,997, being a simple average of the closing prices for the Company's Common Shares for the past one month, (iii) 35.89% to JPY 1,978, being a simple average of the closing prices for the Company's Common Shares for the past three months, and (iv) 29.36% to JPY 2,078, being a simple average of the closing prices for the Company's Common Shares for the past six months. The Repurchase Tender Offer Price (JPY 2,688) represents a discount of 0.88% on JPY 2,712, being the closing price for the Company's Common Shares that are traded on the TSE on December 21, 2017, being the business day immediately preceding December 22, 2017, the date on which the Repurchase Tender Offer was resolved at the Company's board of directors' meeting.

(b) Grounds for Calculation

(Background for the decision of Repurchase Tender Offer Price)

As described in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Tender Offers" of "1. Purpose of Repurchase Tender Offer", in the course of discussing the method to privatize the Company among MBK Partners Group, the Company, and the Tendering Major Shareholders, all recognizing that privatization of the Company would be in the best interests for all in improving the corporate value of the Company Group, the three parties discussed and negotiated the tender offer price, as discussed above, but they could not agree to the price. In late August 2017 and thereafter, MBK Partners Group decided to reconsider the appropriate tender offer price, and considering advice from Daiwa Securities Co. Ltd. ("Daiwa Securities"), the financial advisor of the Tender Offeror, decided to consider implementing the tender offer by the Company to repurchase its own shares, which is different from the tender offer by the Tender Offeror in relation to tax treatments for corporate shareholders of the Company, in addition to implementing tender offer for the Company's Common Shares by the Tender Offeror as another option, instead of implementing tender offer for the Company's Common Shares by the Tender Offeror alone.

Group decided that the combination of such tender offers were appropriate, because i) as stated above, by implementing Repurchase Tender Offer considering tax treatments for corporate shareholders of the Company, the Company would be able to deliver benefits to the corporate shareholders of the Company in general, which own approximately 60% of shares in the Company (Notes 1 and 2), and ii) in addition to implementation of the Repurchase Tender Offer, by setting the Tender Offer Price above the Repurchase Tender Offer Price (as per the Press Release on the Company's Share Repurchase Tender Offer, the Repurchase Tender Offer Price will offer premiums above the closing price of the Company's Common Shares as of October 30, 2017 (the business day immediately preceding the day the Press Release on the Repurchase Tender Offer is released), the simple average closing share price for the past one month ending on such date, and the simple average price for the past three months and six months in the First Section of the TSE), opportunities to sell shares at a higher price will be given to the Company's general shareholders, and also more offers can be expected from the Company's general shareholders. Therefore, in early October 2017, MBK Partners Group reached its conclusion, after carefully considering the Company's stock price and advice from Daiwa Securities, that the privatization of the Company through series of transactions where the Tender Offeror implements the Tender Offer at a Tender Offer Price above JPY 2,700 per share, and then the Company subsequently implements the Repurchase Tender Offer at a Repurchase Tender Offer Price below JPY 2,700 per share, is concretely feasible as a method to privatize the Company as this would attract more offers from the Company's general shareholders. As a note, MBK Partners Group considers that the above Tender Offer Price and Repurchase Tender Offer Price are reasonable without question even by taking into account the Company's corporate value that could be attained in the event it is privatized.

After assuming the above procedures, MBK Partners Group proposed to the Company on October 5, 2017 a structure (i) for the Tender Offeror to implement the Tender Offer with respect to the Company at a Tender Offer Price above

JPY 2,700 per share, (ii) promptly after completion of the Tender Offer, for the Company to implement the Repurchase Tender Offer at a Repurchase Tender Offer Price below JPY 2,700 per share, and (iii) if the Tender Offeror cannot acquire all the Company's Common Shares (excluding the treasury shares held by the Company) after the completion of the Repurchase Tender Offer, the Tender Offeror will acquire all the Company's Common Shares (excluding the Company's Common Shares held by the Tender Offeror and the treasury shares held by the Company) by the method described in "(5) Policy regarding reorganization, etc., following completion of the Tender Offer (so-called "two-step acquisition")" below (the "Structure"). Subsequently, after the Tender Offeror, with respect to each amount of the Tender Offer Price and the Repurchase Tender Offer Price, carefully discussed with the Company and considered the amount available for distribution necessary for implementing the Repurchase Tender Offer and prospects of tendering by general shareholders and etc., on October 25, 2017, the Tender Offeror proposed to the Company to make the Tender Offer Price 2,720 yen and the Repurchase Tender Offer Price 2,688 yen. The Tender Offeror set a difference of 32 yen between the Tender Offer Price (2,720 yen) and the Repurchase Tender Offer Price (2,688 yen), because, as mentioned above, by implementing the Tender Offer together with the Repurchase Tender Offer in accordance with the Tendering Major Shareholders' intention, opportunities to sell shares in the Company at a price higher than the Repurchase Tender Offer Price will be given to general shareholders of the Company, and more tendering by general shareholders can be expected.

With this proposal, the Company has adopted measures as described in "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Tender Offer". After carefully conducting discussion and consideration, as described in "(2) Background and Reason for the Tender Offers, Decision Making Process, and Management Policy After the Tender Offers" of "1 Purpose of Repurchase Tender Offer" above, the Company has concluded that (i) it is reasonable to implement the Repurchase Tender Offer in view of the fact that the Tender Offer that provides the Company's shareholders with a reasonable opportunity to sell the Company's Common Shares is implemented prior to the Repurchase Tender Offer, and that the Repurchase Tender Offer provides the Company's shareholders with a wider opportunity to sell the Company Group's Common Shares, considering the fact that it seems to be the best measure to maximize the Company's corporate value to accept the proposal for privatization by MBK Partners Group, and that there may be Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer under their respective circumstances including the tax implications, (ii) it would be beneficial to the general shareholders if the Tender Offer Price could be raised by setting the Repurchase Tender Offer Price below the Tender Offer Price in the circumstances in which the total amount of purchases to be made by the Tender Offeror is limited, (iii) after giving consideration to the Company Group's current and future financial conditions and the amount available for distribution of the Company, if Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) is implemented, it would be the benefit of the Company's shareholders because the amount of the Repurchase Tender Offer Price seems to be sufficient to provide the Company's shareholders who wish to tender their shares to the Repurchase Tender Offer rather than the Tender Offer with a wider opportunity to sell the Company's Common Shares, and that (iv) although the Tender Offer Price is JPY 2,688 which represents premium above the market price of the Company's Common Share, the corporate value evaluation committee considers legitimate since if the Tender Offeror cannot acquire all the Company's Common Shares through the Tender Offer, the Tender Offeror will require the Company to take steps that are necessary for the Tender Offeror to acquire all of the Company's Common Shares such as the Demand for Share Cash-Out, the Share Consolidation or the Share Exchange where a shareholder obtains the same price as the Tender Offer Price and the Tender Offeror adopted measures in order to make the completion of the Company's going private more likely to occur by having the Repurchase Tender Offer Agreement and the Stock Pledge Agreement regarding the Shares Tendered by Ms. Nomura and Shares to be Tendered in the Repurchase Tender Offer and in addition that (v) as described in "(c) Establishment of an independent corporate value evaluation committee by the Company and acquisition of its opinion (report)" under the "(5) Measures for ensuring the fairness of the Tender Offer Price, measures for avoiding conflict of interests, and other measures for ensuring the fairness of the Transaction including Tender Offers", the corporate valuation evaluate committee shows the same thoughts regarding the items (iii) and (iv) above, it is reasonable for the Company to implement the Repurchase Tender Offer whose purchase price is the Repurchase

Tender Offer Price (JPY 2,688) as part of the Transaction after the implementation of the Tender Offer in light of the benefit of the Company's shareholders. Based on above, the Company's board of directors has resolved to acquire its treasury shares and implement the Repurchase Tender Offer whose Repurchase Tender Offer Price is JPY 2,688 per share upon the completion of the Tender Offer.

As a result of the completion of the Tender Offer in favor of the Company's Common Share (25,709,019 shares) entered into the Tender Offer and exceeding the minimum number (18,918,900 shares) of the planned number of shares to be purchased, the Company deliberated and considered the implementation of the Repurchase Tender Offer again in consideration of the circumstance from October 31, 2017, up until December 22, 2017, the day when the board of directors' meeting is held.. As a result, as described above, since the Company has judged that there are no particular changes in the assumptions that will influence the Company's judgment of making the implementation of the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688), the Company has resolved, at its board of directors' meeting held on December 22, 2017, that the Company will start the Repurchase Tender Offer whose purchase price is the Repurchase Tender Offer Price (JPY 2,688) from December 25, 2017.

(4) Number of Listed Share Certificates, etc. to be Acquired in Repurchase Tender Offer

Type of Shares Certificates, etc.	Planned Number of Shares to be Acquired	Planned Number of Shares to be Over-Purchased	Total
Common Shares	11,160,700 Shares	—	11,160,700 Shares

(Note 1) If the total number of Tendered Share Certificates, etc. does not exceed the planned number of shares to be acquired, the Company will purchase all of the Tendered Share Certificates, etc. If the total number of Tendered Share Certificates, etc. exceeds the planned number of shares to be acquired, the Company will not purchase all or part of such excess portion, but implement delivery-versus-payment settlement with regard to the share certificates, etc. in accordance with the proportional allocation method set out in Article 27-13(5) of the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter, the "Act"), which will be applied mutatis mutandis pursuant to Article 27-22-2(2) of the Act, and Article 21 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Share Certificates, etc., by Issuers (Ministry of Finance Ordinance No. 95 of 1994, as amended).

(Note 2) Fractional unit shares are also subject to the Repurchase Tender Offer. If a shareholder exercises its right to request the purchase of fractional unit shares in accordance with the Companies Act, the Company may purchase these as treasury shares during the tender offer period of the Repurchase Tender Offer (hereinafter, the "Tender Offer Period") pursuant to the procedures set forth in the laws and regulations.

(5) Funds Required for Acquisition, etc.

JPY 30,083,961,600

(Note) The amount of funds required for the acquisition, etc. is the total of the estimated acquisition proceeds for all planned number of shares to be acquired through the Repurchase Tender Offer (11,160,700 shares) and buying commission and other expenses (expenses required for public notice concerning the Repurchase Tender Offer, various expenses such as printing cost of the tender offer explanatory statement and other necessary documents).

(6) Settlement Method

(A) Name and Address of Head Office of Financial Instruments Business Operators, Banks, etc., in Charge of Settlement

(Tender Offer Agent)

Daiwa Securities Co. Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

(B) Commencement Date of Settlement

February 22, 2018 (Thursday)

(C) Settlement Method

A notice on purchase under the Tender Offer will be mailed to the address of the person who makes an acceptance of application for tender offer or application for sale of the share certificates, etc. with regard to the Repurchase Tender Offer (hereinafter, the "Applicant Shareholders") (or in the case of shareholders residing overseas (hereinafter, including corporate shareholders, the "Foreign Shareholders"), the standing proxies) without delay after the closing of the tender offer period. Purchase will be settled in cash. The amount equal to the purchase proceeds less applicable withholding taxes (see Note) will be remitted from the tender offer agent to a place designated by the Applicant Shareholders (or in the case of Foreign Shareholders, the standing proxies) or be paid at the head office or branches of the tender offer agent who accepted the application without delay after the commencement date of settlement.

(Note) Imposition of taxes on shares purchased pursuant to a tender offer

* Each shareholder should seek professional advice from their tax experts etc. regarding the specific tax implications.

(x) Individual Shareholder

(i) Individual shareholders who are resident in Japan or non-residents with a permanent domestic establishment

If the amount of money received for tendering shares pursuant to the Repurchase Tender Offer exceeds the amount of the Company's capital corresponding to the shares that are the basis of the receipt (in the case of a consolidated corporation, the amount of consolidated capital), the excess portion will be deemed to be dividend income and subject to taxation. With regard to the amount deemed to be dividend income, in principle, the amount equivalent to 20.315% (15.315% of income tax and Special reconstruction Special Income Tax based on the "Act on Special Measures for Securing of Financial Resources Necessary for Implement Measures to Restore from the Great East Japan Earthquake (Law No. 117 of 2011 and its amendments thereafter) and 5% of resident tax) (and for non-residents with permanent establishment in Japan, 5% of resident tax will not be collected) is withheld. However, for major shareholders etc. (hereinafter, the "Major Shareholders") prescribed in Article 4-6-2, Paragraph 12 of the Ordinance for Enforcement of the Act on Special Measures concerning Taxation (Decree No. 43 of 1954 and its amendments thereafter), the amount equivalent to 20.42% (income tax and special reconstruction income tax) will be withheld. Also, the portion of the amount of the money received for tendering shares pursuant to the Repurchase Tender Offer less the amount deemed to be dividend shall be income from the transfer of shares. In principle, the amount deducted from acquisition proceeds from income from the transfer of shares is subject to separate self-assessment taxation.

In application to the Repurchase Tender Offer with respect to shares, etc. of tax-exempt account prescribed in Article 37-14 (hereinafter, the "Tax-Exempt Account") under the Act of Enforcement of the Special Taxation Measures (Law No. 26 of 1954 and its amendments thereafter) (provision of tax exemption for transfer income etc. on small amount listed shares etc. within tax-exempt account), when a financial instruments business operator, etc. which established the Tax-Exempt Account established is Daiwa Securities Co. Ltd., in principle, transfer income by the Repurchase Tender Offer will be tax exempt. If the Tax-Exempt Account is established by a financial instruments business operator, etc. other than Daiwa Securities Co. Ltd., it may be different from the handling described above.

(ii) Individual shareholders who are non-residents without a permanent domestic establishment

The amount deemed to be dividend income will be subject to 15.315% withholding (income tax and Special Reconstruction Income Tax only). If the shareholder is a Major Shareholder, the deemed dividend income will be subject to 20.42% withholding (income tax and Special Reconstruction Income Tax only). In addition, income

from such transfer will not be subject to taxation.

(y) Corporate shareholders

As a deemed dividend tax, for the portion where the Repurchase Tender Offer Price exceeds the amount of stated capital per share, in principle, the amount equivalent to 15.315% (income tax and Special Reconstruction Income Tax) will be withheld against such difference.

Foreign Shareholders who wish to have the income tax and Special Reconstruction Income Tax on the deemed dividend amount reduced or exempted pursuant to an applicable tax treaty must submit written notice regarding the tax treaty to the tender offer agent along with a tender offer application form upon the application by the last day of the Tender Offer Period.

(7) Others

(A) In relation to the Repurchase Tender Offer, as of October 30, 2017, the Tender Offeror and the Company entered into the Repurchase Tender Offer Agreement with Ms. Nomura (Number of Shares Held: 3,750,000 shares, shareholding ratio: 10.0%), Reno, Inc. (Number of Shares Held: 3,742,200 shares, shareholding ratio: 9.9%) and Office Support Corporation (Number of Shares Held: 3,644,300 shares, shareholding ratio: 9.7%) (the Company has become the party to the Repurchase Tender Offer Agreement as of October 31, 2017), pursuant to which Ms. Nomura agreed to tender 1,870,000 Company's Common Shares (shareholding ratio: 5.0%) in the Repurchase Tender Offer and not to tender any of them in the Tender Offer, and Reno, Inc. and Office Support Corporation respectively agreed to tender all of the Company's Common Shares held by each in the Repurchase Tender Offer, and not to tender any of them in the Tender Offer. Under the Repurchase Tender Offer Agreement, Ms. Nomura can transfer the Shares To Be Tendered by Ms. Nomura on or after January 1, 2018 but within ten business days from the commencement of the period of Repurchase Tender Offer to the Asset Management Company, and in the case the Share Transfer by Ms. Nomura is implemented, Ms. Nomura shall have the transferee become a party to the Repurchase Tender Offer Agreement and once the transferee becomes the party, it will assume the same rights and obligations of Shareholders Tendering Shares for Repurchase under Repurchase Tender Offer Agreement. However, neither the Tender Offeror nor the Company knows whether Share Transfer by Ms. Nomura will be actually implemented or which Asset Management Company will be the transferee.

For the details regarding the Repurchase Tender Offer Agreement, please see "(a) Repurchase Tender Offer Agreement" under "(4) Important agreements, etc. concerning the Transaction" of 1. Purpose of Repurchase Tender Offer.

(B) The Company, at its board of directors' meeting held on October 31, 2017, revised its dividend forecast for the term ending March 2018 announced on May 15, 2017 and, conditional upon the completion of the Tender Offer, resolved to pay no year-end dividend for the said term. Please see the press release with the title "Announcement of revision of division forecast for the fiscal year ending March 2018" announced on October 31, 2017 for further details.

(C) The Company, at its board of directors' meeting held on December 22, 2017, resolved that the Company, with the aim of procuring a portion of the funds required for the settlement of the Repurchase Tender Offer, as of December 22, 2017, conclude a credit line agreement with the Tender Offeror and pursuant to this agreement, after the completion of the Repurchase Tender Offer, borrow funds up to JPY 23 billion from the Tender Offeror. Please see the Press Release on the Borrowings for further details.

(Reference) Treasury stock holding status as of December 22, 2017

The number of total issued shares (excluding the treasury shares held by the Company): 37,633,388 shares

The number of the treasury shares held by the Company: 1,812,774 shares

【No solicitation】

This press release is a press announcement concerning the scheduled Repurchase Tender Offer by the Company and is not intended to solicit an offer to sell any securities. If a shareholder wishes to tender his/her shares in the Repurchase Tender Offer, that should be done at his or her judgment after carefully reading the tender offer explanatory statement for the Repurchase Tender Offer. This press release is not an, and is not a part of any, offer or solicitation to sell, or solicitation to offer to purchase, securities. This press release (or any part of it) or the fact of its distribution shall not constitute grounds for any agreement concerning the Repurchase Tender Offer and this press release may not be relied upon when executing any agreement concerning the Repurchase Tender Offer

【Forward-looking statements】

The information provided in this press release may contain forward-looking expressions such as “anticipated,” “expected,” “intended,” “scheduled,” “it is certain that,” or “assumed,” etc. with respect to the business of the Company, the Tender Offeror, or other companies, etc. and the implementation of the Tender Offer and the Repurchase Tender Offer. These expressions are based on the current business outlook of the Company, the Tender Offeror or other companies, etc. and other information held by the Company, which may change depending on future conditions. None of the Company, the Tender Offeror or other companies, etc. assumes any obligation to update such forward-looking information to reflect actual performance and other situations, or any future events and changes in conditions.

【Restrictions in other countries】

The publishing, issuance, or distribution of this press release may be restricted by law in certain countries or regions. In such case, please note and comply with such restrictions. This press release does not constitute a solicitation for offer to purchase or offer to sell securities concerning Repurchase Tender Offer and is being distributed merely for informational purposes.

【Disclosure standards and possible limitation to litigation】

Although the Repurchase Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 14(d) of the U.S. Securities Exchange Act of 1934 (as amended), and the rules prescribed thereunder, do not apply to the Repurchase Tender Offer, and the Repurchase Tender Offer does not conform to those procedures and standards, and thus may not be comparable to the financial statements of U.S. companies. The financial information contained or referred to in this press release may not be comparable to the financial information of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Company and the Tender Offeror are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws.

Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliated companies to subject themselves to the jurisdiction of a U.S. court.

【Applicable language to the Repurchase Tender Offer】

Unless otherwise specified, all procedures relating to the Repurchase Tender Offer will be conducted entirely in Japanese. While some or all of the documentation relating to the Repurchase Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will prevail.

【Possible purchase outside the Repurchase Tender Offer by the financial advisors and their affiliates】

The financial advisors of the Company and the Tender Offeror and their affiliates may, in the ordinary course of their trading business, engage in the purchase or any trade leading to the purchase of the common shares of the Company outside the Repurchase Tender Offer for their own account or for their customers' account before commencement of, or during the period for purchases, etc. that is specified under, the Repurchase Tender Offer, in accordance with the requirements of Rule 14e-5(b) of the U.S. Securities Exchange Act of 1934 (as amended) and to the extent permitted under Japanese financial instruments transaction-related laws and regulations. To the extent any disclosure of such purchase is made in Japan, it will also be disclosed in the United States by similar means.