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December 3, 2014

Company Name: Nippon Steel & Sumitomo Metal Corporation  
Representative: Kosei Shindo  
Representative Director and President  
(Code Number: 5401)

**NOTICE REGARDING TENDER OFFER FOR SHARE REPURCHASE  
BY NS SOLUTIONS CORPORATION**

NS Solutions Corporation (hereinafter referred to as “NSSOL”), a subsidiary of Nippon Steel & Sumitomo Metal Corporation (hereinafter referred to as the “Company”), has announced its decision, adopted at the meeting of the Board of Directors held today, to launch a tender offer to repurchase a portion of its outstanding common stock (hereinafter referred to as the “Tender Offer”). For further details, please refer to the attached English translation of the press release made by NSSOL.

Further, the Board of Directors of the Company resolved today that the Company will accept the Tender Offer and sell 6,493,500 shares (approximately 20 billion yen) of its current holdings of NSSOL common stock.

Any such sale by the Company of NSSOL common stock will not have a material impact on the Company’s consolidated results of operations.

For inquiries, contact: Public Relations Center, General Administration Div.  
TEL: +81-3-6867-2135, 2146, 2977, 5807

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attached



December 3, 2014

For distribution

|                 |   |
|-----------------|---|
| Company name:   | NS Solutions Corporation  |
| Representative: | Munetaka Shashiki<br>Representative Director & President<br>(Code: 2327; Tokyo Stock Exchange, First Section) |
| Inquiries:      | Masayuki Takahara, Director,<br>General Administration Department<br>(Tel: 81-3-5117-4111)                    |

### **Notice Regarding Share Repurchase and Tender Offer for Share Repurchase**

NS Solutions Corporation (hereinafter referred to as the “Company”) hereby announces that it has resolved to acquire its own shares and to conduct a tender offer for such acquisition of its own shares (hereinafter referred to as the “Tender Offer”) at the meeting of the Board of Directors held on December 3, 2014, as outlined below, using the acquisition method specified under Article 156, Paragraph 1 of the *Companies Act* (Act No. 86 of 2005 as amended; the same applies hereafter) which is to be read pursuant to Article 459, Paragraph 1 of the same act as applied and the provisions of the Company’s Articles of Incorporation.

#### **1. Purpose of tender offer**

The Company considers it important to maintain and improve its competitiveness and to enhance its corporate value continuously into the future, and its basic policy for the distribution of profit is to secure appropriate and stable dividends for shareholders together with internal reserves in preparation for the future expansion of business and for the securing of profit. In order to further enhance the profit distribution to shareholders, the Company has concluded that the acquisition of its own shares through a tender offer will contribute to the enhancement of the Company’s capital efficiency, leading to further profit distribution to shareholders.

When acquiring its own shares, it is necessary for the Company to consider the viewpoint of not impairing the market liquidity of its own shares. If the Company acquires its common shares mainly from its parent company, Nippon Steel & Sumitomo Metal Corporation (hereinafter referred to as “NSSMC” which holds 35,510,400 of the Company’s common shares (as of December 3, 2014), equivalent to 67.00% (rounded to two decimal places; the same applies hereafter in calculating the percentage to the total number of issued shares) of 52,999,120 shares issued by the Company), the Company may anticipate the acquisition of a considerable number of its own shares within a relatively short period of time without impairing the market liquidity. However, since this is conditioned on the agreement of NSSMC, the Company resolved at the meeting of the Board of

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Directors held in early November 2014 that it would commence the consideration of the acquisition of its own shares while confirming NSSMC’s intention in advance. The Company then consulted with NSSMC on the sale of certain portion of the Company’s common shares held by NSSMC and considered the specific method for implementing such acquisition of its own shares. Consequently, the Company concluded that the method of a tender offer, which would ensure an opportunity for shareholders to tender their shares while watching the trend in the market price during the prescribed offer period (hereinafter referred to as the “Tender Offer Period”), would be most suitable from the viewpoints of the equitable treatment of shareholders and the transparency of the transaction.

In addition, when deciding the purchase price for the Tender Offer (hereinafter referred to as the “Tender Offer Price”), the Company concluded that it would be desirable to conduct a tender offer (i) at a price based on the market price, with a focus on ensuring the precision and objectivity of the criteria used to determine the Tender Offer Price and (ii) at a price representing certain discount to the market price with a focus on setting a Tender Offer Price that is below the market price in order to prevent the outflow of assets from the Company to the extent possible, from the perspective of respecting the interests of all shareholders who would continue to hold the Company’s common shares.

The Company notified NSSMC in late November 2014 regarding the implementation of the tender offer, in which the Tender Offer Price would represent certain discount to the simple average of the closing prices for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operating results for the second quarter of fiscal 2014 announced on October 28, 2014 would be considered to have been sufficiently factored into the share price. Based on the above-mentioned examination, NSSMC declared its intention to tender 6,493,500 shares, a portion of the common shares of the Company held by it (equivalent to 12.25% of the total number of issued shares), if the tender offer was implemented according to the above conditions, subject to the approval by the Board of Directors of NSSMC.

The Company also concluded that it would be desirable to set a maximum limit of 7,142,900 shares (equivalent to 13.48% of the total number of issued shares) for the number of shares to be acquired by the Company, in order to provide an opportunity for shareholders to tender their shares in addition to the number of shares corresponding to the above-mentioned shares to be sold by NSSMC.

Following the above-mentioned consideration and determination, the Company resolved, at the meeting of the Board of Directors held on December 3, 2014, to acquire its own shares and to conduct the Tender Offer for such acquisition of its own shares, up to a maximum limit of 7,143,000 shares (equivalent to 13.48% of the total number of issued shares), under the provisions of Article 156, Paragraph 1 of the *Companies Act* which is to be read pursuant to Article 459, Paragraph 1 of the

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same act and the provisions of the Company’s Articles of Incorporation. At the same Board of Directors’ meeting, the Company also resolved to set the Tender Offer Price at 3,080 yen (rounded to the nearest yen) by applying a discount of 5.06% to 3,244 yen representing the simple average of the closing prices (rounded to the nearest yen) for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operational results would be considered to have been sufficiently factored into the share price. NSSMC also resolved to accept the Tender Offer at the meeting of the Board of Directors held on the same day.

Kozo Omae, Outside Audit & Supervisory Board Member of the Company who is concurrently serving as an employee of NSSMC, did not take part in the examination and resolution by the Board of Audit & Supervisory Board Members and the Board of Directors regarding the acquisition of the Company’s shares and the Tender Offer from the perspective of avoiding arbitrariness in the process of the Company’s decision-making when examining and determining the Tender Offer.

Furthermore, the Company received an explanation from NSSMC such that it is NSSMC’s current policy to continue to hold the remaining Company’s common shares (29,016,900 shares, equivalent to 54.75% of the total number of issued shares, if all of the above-mentioned tendered shares are purchased) after the Tender Offer as well.

With respect to the policy for the disposition of the Company’s common shares to be acquired through the Tender Offer, the Company intends to examine the possibility of using them for external growth through a merger & acquisition with the aim of medium- to long-term business growth, but the details have not yet been determined at this moment.

## 2. Details of the Board of Directors resolution regarding share acquisition

### (1) Details of resolution

| Share class   | Total number of shares        | Total acquisition cost          |
|---------------|-------------------------------|---------------------------------|
| Common shares | 7,143,000 shares<br>(maximum) | 22,000,440,000 yen<br>(maximum) |

Note 1: Total number of issued shares: 52,999,120 (as of December 3, 2014)

Note 2: Percentage to the total number of issued shares: 13.48%

Note 3: Acquisition period: From Thursday, December 4, 2014 through Saturday, February 28, 2015

### (2) Listed share certificates for the Company’s shares already acquired pursuant to the said resolution

Not applicable

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### 3. Outline of tender offer

#### (1) Timetable

|  |  |
|--|--|
| a) Board of Directors resolution                                 | Wednesday, December 3, 2014  |
| b) Date of public notice of the commencement of the tender offer | Thursday, December 4, 2014<br>Notices will be posted electronically, and a notice to that effect will be published in the <i>Nihon Keizai Shimbun</i> .<br>(Electronic notice address: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> ) |
| c) Date of the submission of the tender offer notice             | Thursday, December 4, 2014   |
| d) Period of tender offer  | From Thursday, December 4, 2014 through Thursday, January 8, 2015 (20 business days)   |

#### (2) Tender offer price

3,080 yen per common share

#### (3) Basis of calculation of tender offer price

##### (A) Calculation basis

When calculating the Tender Offer Price, the Company focused on the precision and objectivity of the criteria and conducted an evaluation based on the market price of the Company’s common shares after taking into account the fact (i) that the Company’s common shares are listed on a financial instruments exchange and (ii) that acquisition of their own shares by listed companies is often made on the market via financial instruments exchange. To calculate an appropriate market value as a market price for the Company’s common shares, the Company also took into account the fact that it would be desirable to consider share price fluctuation over a certain period, as the market share price can change day-to-day due to economic conditions and various other conditions. The Company used the closing price of 3,195 yen for the Company’s common shares on one business day (December 2, 2014) before December 3, 2014, the date of the Board of Directors resolution on the Tender Offer, (ii) the simple average of the closing prices for the Company’s common shares over the one-month period ending December 2, 2014, which is 3,244 yen (rounded to the nearest yen) and (iii) the simple average of the closing prices for the Company’s common shares over the three-month period ending December 2, 2014, which is 3,169 yen (rounded to the nearest yen), each on the First Section of the Tokyo Stock Exchange, as reference points.

Meanwhile, from the standpoint of respecting the interests of shareholders who would not

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accept the Tender Offer and who would continue to hold the Company’s common shares, the Company decided it would be desirable to purchase the shares representing certain discount to the market price in order to fix the Tender Offer Price below the market price so as to prevent the outflow of assets from the Company to the extent possible. The Company examined the rate of discount making reference to the discount rates applied in the past cases of tender offers where shares were acquired at tender offer prices discounted from market prices.

The Company notified NSSMC in late November 2014 regarding the implementation of the tender offer, in which the Tender Offer Price would represent certain discount to the simple average of the closing prices for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operating results for the second quarter of fiscal 2014 announced on October 28, 2014, would be considered to have been sufficiently factored into the share price. Based on the above-mentioned examination, NSSMC declared its intention to tender 6,493,500 shares, a portion of the common stock of the Company held by it (equivalent to 12.25% of the total number of issued shares), if the tender offer was implemented according to the above conditions, subject to the approval by the Board of Directors of NSSMC.

Following the above-mentioned consideration and determination, the Company resolved, at the meeting of the Board of Directors held on December 3, 2014, to acquire its own shares and to conduct the Tender Offer, to set the Tender Offer Price at 3,080 yen (rounded to the nearest yen) by applying a discount of 5.06% to 3,244 yen (rounded to the nearest yen) representing the simple average of the closing prices for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operating results would be considered to have been sufficiently factored into the share price.

Please note that the Tender Offer Price of 3,080 yen represents a discount of 3.60% (rounded to two decimal places) on the closing price for the Company’s common shares of 3,195 yen on one business day (December 2, 2014) prior to December 3, 2014, the date of the Board of Directors resolution on the Tender Offer, a discount of 5.06% (rounded to two decimal places) on the simple average of the closing prices for the Company’s common shares over the one-month period ending December 2, 2014 which is 3,244 yen (rounded to the nearest yen), and a discount of 2.81% (rounded to two decimal places) on the simple average of the closing prices for the Company’s common shares over the three-month period ending December 2, 2014 which is 3,169 yen (rounded to the nearest yen) on the First Section of the

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Tokyo Stock Exchange.

(B) Background for calculation

The Company considers it important to maintain and improve its competitiveness and to enhance its corporate value continuously into the future, and its basic policy for the distribution of profit is to secure appropriate and stable dividends for shareholders together with internal reserves in preparation for the future expansion of business and for the securing of profit. In order to further enhance the profit distribution to shareholders, the Company has concluded that the acquisition of its own shares through a tender offer will contribute to the enhancement of the Company’s capital efficiency, leading to further profit distribution to shareholders.

When acquiring its own shares, it is necessary for the Company to consider the viewpoint of not impairing the market liquidity of its own shares. If the Company acquires its common shares mainly from its parent company, NSSMC, the Company may anticipate the acquisition of a considerable number of its own shares within a relatively short period of time without impairing their market liquidity. However, since this is conditioned on the agreement of NSSMC, the Company resolved at the meeting of the Board of Directors held in early November 2014 that it would commence the consideration of the acquisition of its own shares while confirming NSSMC’s intention in advance. The Company then consulted with NSSMC on the sale of certain portion of the Company’s common shares held by NSSMC and considered the specific method implementing such acquisition of its own shares. Consequently, the Company concluded that the method of a tender offer, which would ensure an opportunity for shareholders to tender their shares while watching the trend in the market price during the Tender Offer Period would be most suitable from the viewpoint of both the equitable treatment of shareholders and the transparency of the transactions.

In addition, when deciding the Tender Offer Price, the Company concluded that it would be desirable to conduct a tender offer (i) at a price based on the market price, with a focus on ensuring the precision and objectivity of the criteria used to determine the Tender Offer Price and (ii) at a price representing certain discount to the market price with a focus on setting a Tender Offer Price that is below the market price in order to prevent the outflow of assets from the Company, to the extent possible, from the perspective of respecting the interests of all shareholders who would continue to hold the Company’s common shares.

The Company notified NSSMC in late November 2014 regarding the implementation of the tender offer, in which the Tender Offer Price would represent certain discount to the simple average of the closing prices for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the

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meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operating results for the second quarter of Fiscal 2014 announced on October 28, 2014, would be considered to have been sufficiently factored into the share price. Based on the above-mentioned examination, NSSMC declared its intention to tender 6,493,500 shares, a portion of the common shares of the Company held by it (equivalent to 12.25% of the total number of issued shares), if the tender offer was implemented according to the above conditions, subject to the approval by the Board of Directors of NSSMC.

Following the above-mentioned consideration and determination, the Company resolved, at the meeting of the Board of Directors held on December 3, 2014, to acquire its own shares, to conduct the Tender Offer and to set the Tender Offer Price at 3,080 yen (rounded to the nearest yen) by applying a discount of 5.06% to 3,244 yen (rounded to the nearest yen) representing the simple average of the closing prices for the Company’s common shares on the First Section of the Tokyo Stock Exchange over the one-month period ending one business day prior to the meeting of the Board of Directors to decide the implementation of the Tender Offer (December 2, 2014) where recent operating results would be considered to have been sufficiently factored into the share price.

(4) Number of shares to be purchased

| Share class   | Anticipated number of shares to be purchased | Number of excess shares to be purchased | Total            |
|---------------|--|---|------------------|
| Common shares | 7,142,900 shares                             | - share                                 | 7,142,900 shares |

Note 1: If the total number of shares tendered according to the Tender Offer (hereinafter referred to as the “Tendered Shares”) does not exceed the number of shares to be purchased (7,142,900 shares), all of the Tendered Shares will be purchased. If the total number of the Tendered Shares exceeds the number of shares to be purchased (7,142,900 shares), the transfer and other settlement procedures associated with the purchase of the shares will be carried out using the pro rata method as provided in Article 27-13-5 of the *Financial Instruments and Exchange Act* (Act No. 25 of 1948, as amended; hereinafter referred to as the “Act”) as applied *mutatis mutandis* pursuant to Article 27-22-2-2 of the Act and Article 21 of the *Cabinet Office Ordinance Concerning the Disclosure of a Tender Offer for Listed Shares by the Issuer* (Ministry of Finance Ordinance No. 95 of 1994, as amended).

Note 2: Shares of less than one unit will also be subject to the Tender Offer. Moreover, should the right to request the purchase of shares of less than one unit be exercised by a shareholder in accordance with the *Companies Act*, the Company may buy its own shares during the Tender Offer Period in accordance with procedures prescribed by law.



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(5) Funds required for the tender offer

22,027,632,000 yen

Note: This amount is the total of (i) the purchase amount when the number of shares to be purchased (7,142,900 shares) is purchased in its entirety and (ii) the estimated fees and other expenses associated with the purchase (miscellaneous expenses such as the cost of public notices associated with the Tender Offer, the cost of printing the tender offer statement and other documentation, and other such expenses).

(6) Method of settlement

A. Name and head office address of the financial instruments business operator, bank, or other institution in charge of settlement of the tender offer

(Tender offer agent)

Daiwa Securities Co. Ltd.; 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

B. Settlement commencement date

Monday, February 2, 2015

C. Method of settlement

Notification of the purchases will be sent, without delay, after the conclusion of the Tender Offer Period, to the address or location of persons who accept an offer to purchase the shares associated with the Tender Offer or who offer to sell their shares (hereinafter referred to as the “Tendering Shareholders”). In case of foreign resident shareholders (including corporate shareholders; hereinafter referred to as the “Foreign Shareholders”), the notification will be sent to the address or location of the standing proxy.

Purchases will be settled in cash. The purchase amount for the tender offer less applicable withholding taxes (see note) will be remitted by the tender offer agent to the location designated by the Tendering Shareholders (or the standing proxy for the Foreign Shareholders) or paid at the head office or branches in Japan of the tender offer agent that accepted the application for the tender offer without delay after the settlement commencement date.

Note: Taxes on shares purchased under the tender offer

Please make any decisions by yourselves after consulting a tax advisor or other professional about specific tax questions.

(a) In case of individual shareholders

- (i) For the Tendering Shareholders who are residents of Japan or non-residents with a permanent establishment in Japan

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When the amount of money received for accepting the Tender Offer exceeds the amount of the portion of the tender offeror’s capital (or for a consolidated corporation, its consolidated individual stated capital) attributable to the shares that are the basis for that payment, the amount in excess will be deemed a dividend income and taxed accordingly. The amount deemed to be a dividend income is subject to a withholding of 20.315% (15.315% for income tax and special income tax for reconstruction under the *Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake* (Act No. 117 of 2011) (hereinafter referred to as the “Special Income Tax for Reconstruction”) and 5% for resident tax), as a general rule. (There will be no special withholding of the 5% resident tax for non-residents with a permanent establishment in Japan.) However, if the shareholder is considered a principal shareholder prescribed in Article 4-6-2-12 of the *Order for Enforcement of the Act on Special Measures Concerning Taxation* (hereinafter referred to as the “Principal Shareholders”), the amount equivalent to 20.42% will be withheld (income tax and the Special Income Tax for Reconstruction only). Furthermore, the amount derived after deducting the amount deemed to be a dividend from the amount received for accepting the Tender Offer will be deemed income from the transfer of shares. As a general rule, the amount after deducting the cost of acquiring the shares from the transfer income is subject to declared separate income taxes.

Incidentally, when tendering the shares in the tax-exempted account prescribed in Article 37-14 of the *Act on Special Measures Concerning Taxation* (Exemption of taxation on income from the transfer of small-sum listed shares in tax-exempted accounts) (hereinafter referred to as the “Tax-exempted Account”) in response to the Tender Offer, no tax will be imposed on the income from transfer arising from the Tender Offer, as a general rule, if the financial instruments business operator with whom the Tax-exempted Account is established is Daiwa Securities Co., Ltd. When the Tax-exempted Account is established with a financial instruments business operator other than Daiwa Securities Co. Ltd., taxation may not be different from the mentioned above.

- (ii) For the Tendering Shareholders who are non-residents without a permanent establishment in Japan

The amount deemed to be a dividend income will be subject to withholding of 15.315% (income tax and the Special Income Tax for Reconstruction only). If the shareholder is considered the Principal Shareholders, the withholding will be 20.42% (income tax and the Special Income Tax for Reconstruction only). As a general rule, income arising from the transfer will not be subject to taxation.

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(b) In case of corporate shareholders

As taxation on deemed dividends, when the amount of purchase exceeds the amount of capital per share, the amount in excess will be subject to withholding of 15.315% (income tax and the Special Income Tax for Reconstruction only), as a general rule.

A foreign shareholder who wishes to receive a reduction of or exemption from the income tax or the Special Income Tax for Reconstruction for such deemed dividends pursuant to an applicable tax treaty should submit a tax treaty application form, etc., to the tender offer agent by January 8, 2015.

(7) Others

- A. The Tender Offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the United States Postal Service or any other methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail, and Internet communication), and is not conducted through securities exchange facilities within the United States. Under the Tender Offer, no shareholder will be permitted to tender shares using the above methods and means, through the above facilities, or from within the United States.

Furthermore, the tender offer notice and other related purchase documents concerning the Tender Offer will not be sent or distributed using postal or other methods within, to, or from the United States and it is unable to send or distribute postal or other methods within, to, or from the United States. Any tenders under the Tender Offer that violate the above restrictions directly or indirectly shall not be accepted.

Shareholders tendering their shares under the Tender Offer may respectively be required to represent and warrant as mentioned below.

The Tendering Shareholders, at the time of both applying for the Tender Offer and sending the tender offer documents, are: not located in the United States; do not receive or send any information or documents (including the copies) related to the Tender Offer directly or indirectly within, to, or from the United States; do not use directly or indirectly the United States Postal Service or any other methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail, and Internet communication) or securities exchange facilities within the United States to sign or deliver the purchase or tender offer application form; and are not persons to act as an agent, trustee, or mandatory for a principal located in the United States (except for the case where the

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principal gives all the instructions related to the Tender Offer from outside the United States).

- B. The Company’s parent company, NSSMC, (which holds 35,510,400 of the Company’s common shares (as of December 3, 2014), equivalent to 67.00% of the total number of issued shares) resolved, at the meeting of the Board of Directors held on December 3, 2014, to tender 6,493,500 shares, a portion of the common shares of the Company held by it (equivalent to 12.25% of the total number of issued shares) under the Tender Offer.

Furthermore, the Company received an explanation from NSSMC such that it is NSSMC’s current policy to continue to hold the remaining Company’s common shares (29,016,900 shares, equivalent to 54.75% of the total number of issued shares, if all of the above-mentioned tendered shares are purchased) after the Tender Offer as well.

#### 4. Transactions with the controlling shareholder

- (1) Compliance with the *Guidelines on Measures to Protect Minority Shareholders when Carrying Out Transactions with the Controlling Shareholder*

The Company’s parent company, NSSMC, owns 67.00% of the total voting rights of the Company. Therefore, the acquisition of shares held by that company through the Tender Offer is considered as a transaction with a controlling shareholder as defined in the Securities Listing Regulations of the Tokyo Stock Exchange.

According to the *Guidelines on Measures to Protect Minority Shareholders when Carrying Out Transactions with the Controlling Shareholder* included in the corporate governance report published by the Company on June 25, 2014, it is stated that “terms and policies for transactions of products between the Company and the parent company are determined in the same manner as in the case of ordinary business transactions, and no transactions are made with the parent company to the disadvantage of the Company or its minority shareholders. Business transactions with the parent company are conducted and controlled in compliance with the internal regulations as in the case of ordinary transactions.”

The Company has determined that the acquisition of the Company’s shares from NSSMC through the Tender Offer is in compliance with these guidelines, as the Company has taken the following measures from the standpoint of not conducting transactions disadvantageous to the minority shareholders and has determined the terms and policies for the transaction in the same manner as in the case of ordinary transactions.

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(2) Measures to ensure the fairness of the Tender Offer and measures to avoid conflict of interests

As a result of an extensive and thorough review from the standpoint of shareholder equality and transaction transparency, the Company has decided to employ the method of tender offer as the specific method of acquiring its own shares.

From the standpoint of respecting the interests of shareholders who do not accept the Tender Offer and who continue to hold the Company’s common shares, the Company decided to purchase the shares at certain discount from the market price and to set the Tender Offer Price below the market price so as to prevent the outflow of assets from the Company to the extent possible.

Furthermore, Kozo Omae, an Outside Audit & Supervisory Board Member of the Company who is concurrently serving as an employee of NSSMC, did not take part in the examination and resolution by the Board of Audit and Supervisory Board Members and the Board of Directors regarding the acquisition of the Company’s shares and the Tender Offer from the perspective of avoiding arbitrariness in the process of the Company’s decision-making when examining and determining the Tender Offer.

At the meeting of the Board of Directors of the Company held on December 3, 2014, with all of the directors and all of the Audit & Supervisory Board Members in attendance except Kozo Omae, the directors in attendance unanimously voted to implement the Tender Offer. Furthermore, all of the Audit & Supervisory Board Members expressed the opinion that they had no objection to the implementation of the Tender Offer.

(3) Opinion obtained from parties disinterested in the controlling shareholder, stating that the transaction is not disadvantageous to the minority shareholders

The Company asked Shizuo Fujiwara and Tetsuro Higuchi, independent officers and Outside Audit & Supervisory Board Members of the Company, who had no interests in NSSMC and no possible conflict of interests with the ordinary shareholders, for their opinion as to whether the Tender Offer was disadvantageous to the minority shareholders of the Company. The Outside Audit & Supervisory Board Members received and examined information from the Company about the purpose and backgrounds of the Tender Offer, the calculation method used for the Tender Offer Price as well as other terms and conditions, and the propriety and fairness of the procedures used in the Company’s decision-making concerning the Tender Offer. As a result, on December 3, 2014 the Company received a written opinion from the Outside Audit & Supervisory Board Members to the effect that the Tender Offer was not determined disadvantageous to the Company’s minority shareholders, as it was generally determined that: (i) the purpose of the Tender Offer was not found unreasonable from the standpoint of the capital

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policy of the Company; (ii) the specific method of acquiring the Company’s shares was a method that ensured that the minority shareholders had the opportunity to accept the offer after having been given a certain period of time to review it and observe the trend in the market price during the Tender Offer Period, and, furthermore, that the details of the Tender Offer were not especially disadvantageous to the minority shareholders from the standpoint of shareholder equality and transaction transparency; (iii) the Tender Offer was a price that represented certain discount to the market price so as to prevent the outflow of assets from the Company to the extent possible and therefore did not constitute a transaction that was particularly advantageous to NSSMC; and (iv) reasonable measures were taken to eliminate arbitrariness in the Company’s decision-making process.

(Additional reference information)

Treasury shares held as of November 30/December 3, 2014

|   |                   |
|---|-------------------|
| Total number of issued shares (excluding treasury shares) | 52,997,421 shares |
|---|-------------------|

|                           |              |
|---------------------------|--------------|
| Number of treasury shares | 1,699 shares |
|---------------------------|--------------|