



January 21, 2019

Company Name: ShinMaywa Industries, Ltd.

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer
(Code number: 7224; Tokyo Stock Exchange, 1st Section)

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Notice Regarding Acquisition of Treasury Shares and Tender Offer for Treasury Shares

ShinMaywa Industries, Ltd. (the “Company”) hereby announces that, at a meeting of the board of directors of the Company held today, the Company adopted resolutions described below with respect to the acquisition of treasury shares pursuant to Paragraph 1 of Article 156 of the Companies Act (Act No. 86 of 2005, including subsequent amendments thereto; hereinafter referred to as the “Companies Act”) as applied by Paragraph 3 of Article 165 of the Companies Act and under the provisions of the Company’s Articles of Incorporation, and with respect to the implementation of a tender offer for treasury shares (the “Tender Offer”) as the specific acquisition method of acquisition of treasury shares.

1 . Purposes of the Purchase, etc.

The Company is implementing the Medium-term Management Plan that we published as of May 15, 2018, for the three years to the end of the fiscal year ending March 31, 2021, “Change for Growing, 2020,” (“CFG2020”). Under CFG2020, we have set a target of achieving return on equity (“ROE”) of 8% in the fiscal year ending March 31, 2021, the final year of the Plan.

The Company has been continually examining ways to improve the corporate value and shareholder value of the Company toward achieving its ROE target under the above-mentioned CFG2020. As part of measures based on such examination, the Company resolved at a meeting of the board of directors held on July 30, 2018 and announced that it would acquire treasury shares, with the period of acquisition being from July 31, 2018 to December 20, 2018, the total number of shares to be acquired of up to 4,000,000 shares, and the total amount of the acquisition price of up to 5,000,000,000 yen. (As announced on December 21, 2018, the Company completed the acquisition of the treasury shares on December 20, 2018, with a total number of 3,608,200 shares acquired and the total amount of the acquisition price of 4,999,922,977 yen.) In addition, the Company has examined its desirable capital structure from the viewpoint of further advancing its efforts toward improving capital efficiency in order to achieve its ROE target under CFG2020 at an early date. In the process of such examination, the Company, taking into account its financial position, considered that employing debt financing may be effective from the perspective of accelerating

improvement of ROE while maintaining an adequate level of shareholders' equity. The Company also considered that, rather than just increasing the debt ratio (the figure obtained by dividing the total interest-bearing debt by the sum of the interest-bearing debt and aggregate market value; the same shall apply hereinafter), it is vital to set an appropriate target debt ratio, given that using excessive debt financing may lead to a decrease in the Company's corporate value as a result of an increase in the weighted average capital cost ("WACC") and from the viewpoint of ensuring a sound financial position that can withstand political and economic risks, the risk of natural disasters and various other risks that are expected to arise in the future. Specifically, we have concluded that the desirable capital structure for the Company has a debt ratio of between 20% and 30%, a level that allows for maintaining a sound financial position even if interest rates and the market environment deteriorate in the future.

With this as the background, we communicated to Reno, Inc. ("Reno"), the Company's largest shareholder together with its joint holders, about the Company's above-mentioned policy on capital structure at a meeting on December 23, 2018. In response, Reno commented that they respected our policy on capital structure and would leave it up to the Company's judgment as to the specific amount, etc. We then discussed possible methods for realizing such capital structure, and Reno suggested that an appropriate method would be to provide the shareholders with an equal opportunity. Following this, we also talked about possible methods of shareholder return and the amounts thereof, etc., and eventually deliberated implementing a tender offer for common stock of the Company, with a total acquisition price of approximately 40 billion yen and a tender offer price of 1,500 yen per share, as a specific means for realizing such capital structure. We subsequently received an expression of intent from Reno that Reno and its joint holders would tender in the tender offer for shares of the Company's common stock they hold (Note 1) if the Company implemented such tender offer. The Company received a letter notifying such intent (Note 2) from Reno on December 24, 2018.

(Note 1) According to the Change Report (No. 15) of Reports of Possession of Large Volume submitted by Reno to the Director-General of the Kanto Local Finance Bureau on January 4, 2019, the number of shares of the Company's common stock held by Reno and its joint holders are 5,413,700 shares by Reno (5.62% (rounded off to three decimal places; the same shall apply hereinafter in the calculation of shareholding ratios) of the total number of the Company's issued shares (96,391,800 shares)), and 6,589,800 shares by Minami Aoyama Fudosan Inc. (shareholding ratio: 6.84%), 5,290,000 shares by S-GRANT CO., LTD. (shareholding ratio: 5.49%), and 5,589,400 shares by REbuild Co., Ltd. (shareholding ratio: 5.80%), Reno's joint holders, as of December 21, 2018.

(Note 2) The Company has not concluded a tendering agreement relating to the Tender Offer with Reno and its joint holders.

Following the receipt of Reno's expression of intent, from late December 2018, the Company started working out the details of the acquisition of the Company's common stock through a tender offer as a concrete measure to realize its target capital structure. The Company subsequently reached a conclusion that the Tender Offer is an appropriate means taking into account the following: 1) The Company's acquisition of its common stock at 1,500 yen per share

will contribute to improving its capital efficiency, such as earnings per share (EPS) and ROE, and lead to increasing return of profits to shareholders, while at the same time such acquisition of treasury shares will not require excessive debt financing as long as the total purchase price comes to around 40 billion yen, and it will be consistent with the Company's target capital structure; 2) As a method of acquisition of treasury shares, it is not realistic, given the liquidity of the common stock of the Company, to purchase the Company's treasury shares worth 40 billion yen through open market transactions, a tender offer is deemed a highly rational approach from the viewpoint of providing shareholders with an equal opportunity, and acquisition of the Company's common stock through a tender offer is deemed the most certain method of realizing the Company's target capital structure, taking into account the expression of intent of Reno and its joint holders. Accordingly, the Company, at its board of directors meeting held today, resolved to implement the Tender Offer.

The Company has set the purchase price in the Tender Offer (the "Tender Offer Price") at 1,500 yen, upon consultation with Reno. The Tender Offer Price represents a premium of 10.54% (rounded off to three decimal places; the same shall apply hereinafter in the calculation of the premium ratio) over the closing price of the Company's common stock of 1,357 yen on January 18, 2019, the last business day before the date of the board of directors meeting that resolved to implement the Tender Offer, 11.19% over the average closing price of the Company's common stock over the preceding month up to January 18, 2019 of 1,349 yen (rounded off to the nearest yen; the same shall apply hereinafter in the calculation of the simple arithmetic average of the closing stock price), and 5.78% over the simple arithmetic average closing price of the Company's common stock over the preceding three months up to January 18, 2019 of 1,418 yen.

In setting the Tender Offer Price at 1,500 yen, the Company obtained a written opinion regarding the stock's valuation analysis (hereinafter referred to as the "Written Opinion Regarding the Stock's Valuation Analysis") from Plutus Consulting Co., Ltd. ("Plutus"), an independent third party valuation service company, stating that the Tender Offer Price is reasonable as the price for the tender offer for treasury shares in light of the analysis based on the Company's business plans, etc. (for details, please see "1) Basis for Calculation" in "(3) Grounds, etc. for Calculation of the Price for the Purchase" in "3. Outline of the Purchase, etc.," as stated below.) Please note that the Company did not obtain a written opinion stating that the Tender Offer Price is fair from a financial viewpoint (fairness opinion). In order to exercise caution in studying and determining the implementation of the Tender Offer in light of its size and market trends, etc., the Company established the Shareholder Return Measures Study Committee which is comprised of the Company's outside directors and external experts, and obtained a report (the "Report") from the Shareholder Return Measures Study Committee (for details of the Shareholder Return Measures Study Committee and the Report, please see "2) Background of Calculation" of "(3) Grounds, etc. for Calculation of the Price for the Purchase" in "3. Outline of the Purchase, etc.," as stated below.)

Considering the above, the Company, at its board of directors meeting held today, adopted resolutions to acquire treasury shares as described below in "(1) Details of Resolution" in "2. Details of the board of directors' Resolution Regarding the Acquisition of Treasury Shares", to implement the Tender Offer as a specific acquisition method, pursuant to Paragraph 1 of Article 156 of the Companies Act as applied by Paragraph 3 of Article 165 of the

Companies Act and under the provisions of the Articles of Incorporation of the Company, and to set the Tender Offer Price at 1,500 yen. The Company plans to cancel all or part of the shares of its common stock acquired through the Tender Offer after completion of the Tender Offer, but the number of treasury shares to be cancelled and the timing of the cancellation, etc. are undecided at this point in time.

Prior to the Tender Offer, on January 8, 2019, the Company published “Notice Regarding Revision of Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2019, and Policy on Shareholder Return for the Fiscal Year Ending March 31, 2020, Including Implementation of a Commemorative Dividend for the 70th Anniversary of the Establishment of the Company and 100th Anniversary of the Founding of the Business,” announcing its intention to revise its year-end dividend forecast for the fiscal year ending March 31, 2019 to 19 yen per share (a dividend increase in real terms) as part of shareholder return measures. However, at the board of directors meeting held today, the Company adopted a resolution to revise the year-end forecast for the fiscal year ending March 31, 2019 announced on January 8, 2019 (19 yen per share) to 27 yen per share (a dividend increase in real terms) assuming the case where all the shares planned to be purchased in the Tender Offer are purchased and settlement procedures for the Tender Offer is commenced by March 31, 2019, taking into account the fact that the Company plans to maintain the total amount of the year-end dividend even if the number of shares eligible for the year-end dividend for the fiscal year ending March 31, 2019 (referring to the number of shares obtained by subtracting the number of treasury shares from the total number of the Company’s issued shares) decreases. For details, please see the “Notice Regarding Revision of the Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2019” published by the Company today.

2. Details of the board of directors’ Resolution Regarding the Acquisition of Treasury Shares

(1) Details of Resolution

Type of share certificates, etc.	Total number of shares to be acquired (shares)	Total amount of acquisition price (yen)
Common stock	26,666,700	40,000,050,000

(Note 1) Total number of issued shares: 96,391,800 shares (as of January 21, 2019)

(Note 2) Percentage of the total number of issued shares: 27.66% (rounded off to three decimal places)

(Note 3) Acquisition period: From January 22, 2019 (Tuesday) to March 29, 2019 (Friday)

(2) Publicly-traded Securities, etc. Relating to the Company’s Treasury Shares Previously Acquired Pursuant to the Resolution

Not applicable

3. Outline of the Purchase, etc.

(1) Schedule, etc.

1) Date of resolution of the board of directors	January 21, 2019 (Monday)
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2) Date of public notice of the commencement of the tender offer	January 22, 2019 (Tuesday) An electronic public notice will be conducted, and notice to that effect will be published in the Nihon Keizai Shimbun newspaper. (URL of electronic public notice: http://disclosure.edinet-fsa.go.jp/)
3) Date of filing of the tender offer statement	January 22, 2019 (Tuesday)
4) Period of the purchase, etc.	From January 22, 2019 (Tuesday) to February 19, 2019 (Tuesday) (20 business days)

(2) Price for the Purchase, etc.

1,500 yen per share of common stock

(3) Grounds, etc. for Calculation of the Price for the Purchase, etc.

1) Basis for Calculation

In setting the Tender Offer Price at 1,500 yen, the Company obtained a Written Opinion Regarding the Stock's Valuation Analysis from Plutus, an independent third party valuation service company. The Written Opinion Regarding the Stock's Valuation Analysis states that, in the Tender Offer, the decision on whether to tender in the Tender Offer is left to shareholders so that their option to continue to hold the common stock of the Company is guaranteed; equality among tendering shareholders is guaranteed as shares are purchased on a pro rata basis if the total number of share certificates, etc. tendered for sale exceeds the number of shares scheduled for purchase in the Tender Offer; and the Tender Offer Price is reasonable as the price for the tender offer for treasury shares in light of the analysis based on the Company's business plans, etc. Please note that the Company did not obtain a fairness opinion stating that the Tender Offer Price is fair from a financial viewpoint.

The Tender Offer Price of 1,500 yen represents a premium of 10.54% over the closing price of the Company's common stock of 1,357 yen on January 18, 2019, the last business day before the date of the board of directors meeting that resolved to implement the Tender Offer, 11.19% over the average closing price of the Company's common stock over the preceding month up to January 18, 2019 of 1,349 yen, and 5.78% over the simple arithmetic average closing price of the Company's common stock over the preceding three months up to January 18, 2019 of 1,418 yen.

Based on the resolution of the board of directors meeting held on July 30, 2018, the Company acquired a total of 3,608,200 treasury shares, with a total acquisition price of 4,999,922,977 yen (the simple arithmetic average stock price per share obtained by dividing the total acquisition price by the total number of shares acquired of 1,386 yen (rounded off to the nearest yen)) through open market transactions based on a discretionary account transaction agreement pertaining to treasury shares to be acquired in the period from July 31, 2018 to December 20, 2018, resulting in a difference of 144 yen between the simple arithmetic average stock price per share of 1,386 yen and the Tender Offer Price of 1,500 yen. This is because the market purchase price is determined by the price of the stock in the market on the date of acquisition, while

the Tender Offer Price is determined by the “2) Background of Calculation,” as stated below.

2) Background of Calculation

The Company has examined its desirable capital structure from the viewpoint of further advancing its efforts toward improving capital efficiency in order to achieve its ROE target under CFG2020 at an early date. In the process of such examination, the Company, taking into account its financial position, considered that employing debt financing may be effective from the perspective of accelerating improvement of ROE while maintaining an adequate level of shareholders' equity. The Company also considered that, rather than just increasing the debt ratio, it is vital to set an appropriate target debt ratio, given that using excessive debt financing may lead to a decrease in the Company's corporate value as a result of an increase in the WACC and from the viewpoint of ensuring a sound financial position that can withstand political and economic risks, the risk of natural disasters and various other risks that are expected to arise in the future. Specifically, we have concluded that the desirable capital structure for the Company has a debt ratio of between 20% and 30%, a level that allows for maintaining a sound financial position even if interest rates and the market environment deteriorate in the future.

With this as the background, we communicated to Reno, the Company's largest shareholder together with its joint holders, about the Company's above-mentioned policy on capital structure at a meeting on December 23, 2018. In response, Reno commented that they respected our policy on capital structure and would leave it up to the Company's judgment as to the specific amount, etc. We then discussed possible methods for realizing such capital structure, and Reno suggested that an appropriate method would be to provide the shareholders with an equal opportunity. Following this, we also talked about possible methods of shareholder return and the amounts thereof, etc., and eventually deliberated implementing a tender offer for common stock of the Company, with total acquisition price of approximately 40 billion yen and a tender offer price of 1,500 yen per share, as a specific means for realizing such capital structure. We subsequently received an expression of intent from Reno that Reno and its joint holders would tender in the tender offer for shares of the Company's common stock they hold if the Company implemented such tender offer. The Company received a letter notifying such intent from Reno on December 24, 2018.

Following the receipt of Reno's expression of intent, from late December 2018, the Company started working out the details of the acquisition of the Company's common stock through a tender offer as a specific means to realize its target capital structure. The Company subsequently reached a conclusion that a tender offer is an appropriate means, taking into account the following: 1) The Company's acquisition of its common stock at 1,500 yen per share will contribute to improving its capital efficiency, such as earnings per share (EPS) and ROE, and lead to increasing return of profits to shareholders, while at the same time such acquisition of treasury shares will not require excessive debt financing as long as the total purchase price comes to around 40 billion yen, and it will be consistent with the Company's target capital structure; 2) as a method of acquisition of treasury shares, it is not realistic, given the liquidity of the common stock

of the Company, to purchase the Company's treasury shares worth 40 billion yen through open market transactions, a tender offer is thus deemed a highly rational approach from the viewpoint of providing shareholders with an equal opportunity, and acquisition of the Company's common stock through a tender offer is deemed the most certain method of realizing the Company's target capital structure taking into account the expression of intent of Reno and its joint holders. Accordingly, the Company, at its board of directors meeting held today, resolved to implement the Tender Offer.

In setting the Tender Offer Price at 1,500 yen, the Company obtained the Written Opinion Regarding the Stock's Valuation Analysis from Plutus, a third party valuation service company independent from the Company. For the details of the Written Opinion Regarding the Stock's Valuation Analysis, please see "1) Basis for Calculation," as stated above.

In order to exercise caution in studying and determining the implementation of the Tender Offer in light of its size and market trends, etc., the Company established the Shareholder Return Measures Study Committee which is comprised of four members (Mr. Yoshifumi Kanda and Mr. Nobuya Hideshima who are outside directors of the Company and Mr. Takeshi Nakano (lawyer and certified public accountant at Oku, Katayama & Sato Law Office) and Mr. Toshihiko Shibusa (certified public accountant and tax accountant, and President of Toranomom Audit LLC) (the members of the Shareholder Return Measures Study Committee have not changed since the establishment of the Committee). The Company asked the Committee about the following: 1) whether the Tender Offer is reasonable, and 2) whether fairness of procedures relating to the Tender Offer is ensured, and it commissioned the Committee to submit its opinion regarding those points (matters aforementioned in 1) and 2) above are hereinafter referred to as the "matters to be advised").

Meetings of the Shareholder Return Measures Study Committee were held a total of six times in the period from December 27, 2018 to January 18, 2019 and the Committee deliberated on and examined the Matters to Be Advised. Specifically, the Shareholder Return Measures Study Committee received explanations of the Company's target capital structure, the background to selection of the Tender Offer as a measure for shareholder returns, and procedures, etc. relating to the Tender Offer, based on materials submitted by the Company, and it conducted question-and-answer sessions on those subjects. In addition, the Shareholder Return Measures Study Committee received an explanation from Plutus of the Written Opinion Regarding the Stock's Valuation Analysis which was submitted by Plutus to the Company, and conducted a question-and-answer session. The Shareholder Return Measures Study Committee, after careful consideration based on the above-mentioned explanations and the content of questions and answers, submitted a unanimous report on the Matters to Be Advised as outlined below to the board of directors of the Company on January 18, 2019.

- (i) The Tender Offer is deemed to be reasonable, taking into account the following points: (a) The Company has considered that a capital structure with a debt ratio of 20% to 30% is desirable to improve the capital efficiency, and debt financing of approximately 40 billion yen to achieve such

target debt ratio will not impair its financial soundness. With regard to this, it is deemed that such capital structure may contribute to enhancing the overall shareholder value of the Company and that it is reasonable for the Company to realize such capital structure through the Tender Offer; (b) According to the Written Opinion Regarding the Stock's Valuation Analysis, the decision on whether to tender in the Tender Offer is left to shareholders, ensuring that shareholders have the option to continue to hold the common stock of the Company; the Tender Offer Price of 1,500 yen is reasonable as the price for the Tender Offer of purchase of treasury shares in light of the analysis based on the Company's business plans, etc., and based on the explanation of the method of analysis of the Tender Offer Price given by Plutus and the results, etc. of interviews with subject persons on the grounds, etc. for such analysis, including business plans, the method of such analysis and the results thereof are deemed to be sufficiently reasonable; in addition, although the Tender Offer Price is higher than the market price of the Company's common stock at the time of announcement of the Tender Offer, as the Company considers that it can provide the benefits of shareholder value improvement even to shareholders who do not tender in the Tender Offer through enhancing shareholder value by executing its business plans, etc., the Tender Offer Price is deemed to be reasonable as the return amount per share; and (c) Considering Reno's intention described in "1. Purposes of the Purchase, etc.," as stated above, it is deemed that the Company is highly likely to promptly realize its target capital structure through the Tender Offer; and taking into account that the Tender Offer provides all shareholders with an equal opportunity for tendering their shares and shares are purchased on a pro rata basis if the total number of share certificates, etc. tendered for sale exceeds the number of shares scheduled for purchase in the Tender Offer, the Tender Offer is deemed to ensure equality among shareholders compared to other shareholder return measures.

- (ii) In order to exercise caution in examining the implementation of the Tender Offer in light of its size and market trends, the Company (a) appointed SMBC Nikko Securities Inc. as an independent financial advisor and Nishimura & Asahi as an independent legal advisor and is receiving advice on the decision-making process and other considerations relating to the Tender Offer from experts; (b) in setting the Tender Offer Price, obtained a Written Opinion Regarding the Stock's Valuation Analysis from Plutus, an independent third party valuation service company to the effect that the Tender Offer Price is reasonable as the price for the Tender Offer for treasury shares in light of the analysis based on the business plans, etc. of the Company; and (c) established the Shareholder Return Measures Study Committee, commissioned the Committee to submit its opinion regarding the Matters to Be Advised and received the Report. Considering these factors, fairness of procedures related to the Tender Offer is deemed to be ensured.

After the above examination, the Company, at its board of directors meeting held today, adopted a resolution to set the Tender Offer Price at 1,500 yen.

(4) Number of Share Certificates, etc. Planned to be Purchased

Type of share certificates, etc.	Number of share certificates, etc. planned to be purchased	Number of excess shares planned to be purchased	Total
Common Stock	26,666,600 (shares)	— (shares)	26,666,600 (shares)

(Note 1) If the total number of share certificates, etc. tendered in the Tender Offer (hereinafter referred to as the “Tendered Share Certificates, etc.”) does not exceed the number of share certificates, etc. planned to be purchased (26,666,600 shares), the Company will purchase all of the Tendered Share Certificates, etc. If the total number of the Tendered Share Certificates, etc. exceeds the number of share certificates, etc. planned to be purchased (26,666,600 shares), the Company will not purchase all or some of the excess portion and, pursuant to the pro rata method as provided in Paragraph 5 of Article 27-13 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments thereto; hereinafter referred to as the “Act”) as applied by Paragraph 2 of Article 27-22-2 of the Act, and Article 21 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Issuer (Ordinance of the Ministry of Finance No. 95 of 1994, including subsequent amendments thereto), the Company will acquire the share certificates, etc. and effect other settlement procedures with respect to their purchase.

(Note 2) Shares less than one unit will also be subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act, the Company may purchase treasury shares during the period of the purchase, etc. for the Tender Offer (the “Tender Offer Period”) in accordance with legal procedures.

(5) Funds Required for the Purchase, etc.

40,252,900,000 yen

(Note) This amount is the estimated total of the purchase costs when the entire number of share certificates, etc. planned to be purchased (26,666,600 shares) is purchased, the purchase commission, and other expenses (various expenses including expenses required for public notice regarding the Tender Offer and the cost of printing the tender offer prospectus and other necessary documents).

(6) Settlement Method

- 1) Name and location of the head office of the financial instruments business operator/bank in charge of settlement of the purchase, etc.

(Tender offer agent)

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo

- 2) Commencement date of settlement

March 13, 2019 (Wednesday)

- 3) Settlement method

After the expiration of the Tender Offer Period, a notice of purchase, etc. through the Tender Offer will be mailed without delay to the address or location of the tendering shareholders, etc. (or their standing proxy in the case of non-resident shareholders). Payment for the purchase, etc. will be settled in cash. The amounts after deducting the applicable withholding tax (Note) from the purchase amounts will be remitted to the locations designated by the tendering shareholders, etc. (or their standing proxy in the case of non-resident shareholders) by the tender offer agent without delay after the commencement date of settlement.

(Note) Taxation on shares purchased through tender offer

* With regard to specific questions concerning taxation, shareholders are requested to consult with experts such as certified tax accountants, etc. and make their own decisions.

- (i) In cases where tendering shareholders are individual shareholders who are residents of Japan or non-residents who own permanent establishments in Japan

When the proceeds received from tendering to the Tender Offer exceed the amount of the portion of the Company's capital, etc. (or the consolidated individual stated capital in the case of a consolidated corporation) attributable to the shares that are the basis for the payment, the excess portion will be considered and taxed as income from dividends. For such income from dividends, in principle, an amount equivalent to 20.315% (income tax and special income tax for reconstruction of 15.315% and inhabitants tax of 5%) will be withheld. However, in cases where tendering shareholders correspond to major shareholders, etc. (hereinafter referred to as "Major Shareholders, etc.") as provided in Paragraph 12 of Article 4-6-2 of the Order for Enforcement of the Act on Special Measures Concerning Taxation (Cabinet Order No. 43 of 1957, including subsequent amendments thereto), an amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld.

The remaining amount after deducting the amount considered as income from dividends from the proceeds received from tendering to the Tender Offer is regarded as income earned from the transfer of shares, etc. The amount after deducting acquisition costs of corresponding shares from income earned from transfer is, in principle, subject to application of separate self-assessment taxation.

- (ii) In cases where tendering shareholders are individual shareholders who are non-residents and do not own permanent establishments in Japan

For the amount considered as income from dividends, the amount equivalent to 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld. In cases where tendering shareholders correspond to Major Shareholders, an amount equivalent to 20.42% (income tax and Special Income Tax for Reconstruction only) will be withheld.

- (iii) In cases where tendering shareholders are corporate shareholders

When the proceeds received from tendering to the Tender Offer exceed the amount of the portion of the

Company's capital, etc. (or the consolidated individual stated capital in the case of a consolidated corporation) attributable to the shares that are the basis for the payment, the excess portion will be considered and taxed as income from dividends. For such income from dividends, in principle, the amount equivalent to 15.315% (income tax and Special Income Tax for Reconstruction only) will be withheld.

Non-resident shareholders who wish to request a reduction of or exemption from income tax and Special Income Tax for Reconstruction for such deemed dividends according to applicable tax conventions are requested to submit an Application Form for Income Tax Convention to the tender offer agent by February 19, 2019 (Tuesday).

(7) Other

- 1) On January 8, 2019, the Company published "Notice Regarding Revision of Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2019, and Policy on Shareholder Return for the Fiscal Year Ending March 31, 2020, Including Implementation of a Commemorative Dividend for the 70th Anniversary of the Establishment of the Company and 100th Anniversary of the Founding of the Business," announcing its intention to revise its year-end dividend forecast for the fiscal year ending March 31, 2019 to 19 yen per share (a dividend increase in real terms) as part of shareholder return measures and implement a commemorative dividend of 45 yen per share for the fiscal year ending March 31, 2020. For details, please see that Notice.
- 2) At the board of directors meeting held today, the Company adopted a resolution to revise the year-end forecast for the fiscal year ending March 31, 2019 announced on January 8, 2019 (19 yen per share) to 27 yen per share (a dividend increase in real terms) assuming the case where all the shares planned to be purchased in the Tender Offer are purchased and settlement procedures for the Tender Offer are commenced by March 31, 2019, taking into account the fact that the Company plans to maintain the total amount of the year-end dividend even if the number of shares eligible for the year-end dividend for the fiscal year ending March 31, 2019 (referring to the number of shares obtained by subtracting the number of treasury shares from the total number of the Company's issued shares) decreases. For details, please see "Notice Regarding Revision of Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2019" published by the Company today.
- 3) The Company plans to release its Consolidated Financial Results for the Third Quarter of Fiscal Year ending March 31, 2019 on January 31, 2019. The Company also plans to submit the Quarterly Report for the Third Quarter of Fiscal Year ending March 31, 2019 on February 8, 2019.

4) 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 method or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, electronic mail, and Internet communication), and is not conducted through securities exchange facilities in the United States. Under the Tender Offer, shares may not be tendered using the above methods or means, through the above facilities or from within the United States.

In addition, no Tender Offer Statements or relevant purchase documents will, or may, be sent or distributed to, within, or from the United States by postal or other means. Any application for the Tender Offer that violates, directly or indirectly, the aforementioned restrictions will not be accepted.

When responding to the Tender Offer, tendering shareholders (or their standing proxy in the case of non-resident shareholders) will be requested to declare or guarantee the following conditions:

The tendering shareholder was not located in the United States either at the time of application for the Tender Offer or when sending a tender offer application form; the tendering shareholder did not receive or send any information or documents (including copies) related to the Tender Offer, within, to or from the United States; the tendering shareholder did not use the United States Postal Service or other methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile transmission, electronic mail, and Internet communication) or securities exchange facilities in the United States, directly or indirectly, for the purchase, placing a signature on the tender offer application form or provision of the tender offer application form; and the tendering shareholder is not acting as agent, trustee or delegatee without discretionary power for another person in the United States (excluding a case where the corresponding person provides all the instructions related to the Tender Offer outside the United States.)

(For reference) The Company's holding of treasury shares as of January 21, 2019

Total number of issued shares (excluding treasury shares) 91,855,164 shares

Number of treasury shares 4,536,636 shares

(End of document)