August 6, 2014

For Immediate Release
To Whom It May Concern

Mitsui & Co., Ltd.

COMMENCEMENT OF TENDER OFFER FOR SHARES OF MITSUI KNOWLEDGE INDUSTRY CO., LTD. (Securities Code:2665)

At the meeting of its board of directors held on August 6, Mitsui & Co., Ltd. (Head Office: Chiyoda-ku, Tokyo, President: Masami Iijima; the "**Company**" or the "**Offeror**") resolved to acquire the common stock of Mitsui Knowledge Industry Co., Ltd. (Head Office: Minato-ku, Tokyo, President: Masaki Saito; the "**Target Company**") by way of a tender offer (the "**Tender Offer**") as below.

1. Purpose etc. of tender offer

(1) Outline of the Tender Offer

As of today, of the shares of common stock of the Target Company that are listed on the Second Section of Tokyo Stock Exchange, Inc. (the "**Tokyo Stock Exchange**") (the "**Target Company Shares**"), the Company owns 69,078,900 shares (58.37% (rounded to two decimal places) of the 118,343,100 total issued shares of the Target Company as of March 31, 2014 stated in the annual securities report for the 23rd fiscal year filed by the Target Company on June 18, 2014), and the Target Company is a consolidated subsidiary of the Company. The Company resolved at a meeting of its board of directors held on August 6, 2014 to conduct the Tender Offer for all of the issued shares of the Target Company (other than the Target Company Shares owned by the Company) as part of a series of transactions (the "**Transactions**") aimed at making the Target Company a wholly-owned subsidiary of the Company.

The Company has not set a maximum or minimum number of shares to be purchased in the Tender Offer, and intends to purchase all of the shares that are tendered in the Tender Offer (the "**Tendered Shares**").

If the Company is unable to acquire all of the Target Company Shares (other than the Target Company Shares owned by the Company) through the Tender Offer, the Company plans to request the Target Company, after the completion of the Tender Offer, to implement the series of procedures stated in "(4) Policy for organizational restructuring, etc. after tender offer (matters relating to so-called two-tier acquisitions")" below, so that the Company will come to own all of the Target Company

Shares (other than the Target Company Shares owned by the Company).

According to the “ANNOUNCEMENT REGARDING IMPLEMENTATION OF THE TENDER OFFER BY MITSUI & CO., LTD., OUR CONTROLLING SHAREHOLDER, FOR THE SHARES OF MITSUI KNOWLEDGE INDUSTRY CO., LTD. AND RECOMMENDATION TO TENDER SHARES” dated August 6, 2014 issued by the Target Company (the “**Target Company’s Press Release**”), the Target Company’s board of directors determined that (i) an increase in the Target Company’s corporate value can be expected as a result of the Transactions including the Tender Offer and (ii) the purchase price in the Tender Offer (the “Tender Offer Price”) and the other terms and conditions relating to the Tender Offer are appropriate for the Target Company’s shareholders and the Tender Offer provides to the Target Company’s shareholders a reasonable opportunity to sell shares. At an August 6, 2014 meeting, the Target Company’s board of directors unanimously (with the exception of Toru Nakajima, a director, and Yoshiaki Baba, an outside director) adopted a resolution expressing the support for the Tender Offer and recommending that the Target Company’s shareholders tender their shares in the Tender Offer.

For the details of the resolution of the board of directors of the Target Company above, please see “V. Approval and consent of all of disinterested Target Company directors and corporate auditors” of “(ii) Background of calculation” of “(4) Basis of valuation of tender offer price” of “2. Outline of tender offer” below.

(2) Background, purpose, and decision making process leading to the determination to implement the Tender Offer, and management policy after the Tender Offer

In order to contribute to the development and growth of industry in Japan, the Company as a global trading company, utilizes its global office network and ability to gather information to engage in a diverse range business operations and investment activities in the areas of iron and steel, mineral and metal resources, machinery and infrastructure, chemicals, energy, lifestyle and innovation and corporate development. The Company’s Innovation & Corporate Development Business Unit was launched in April 2013 with the mission of contributing to the creation of next-generation businesses, business-model evolution, and earnings enhancement, by providing the Company group with cross-sector functions such as IT, finance, and logistics. In the IT area, the Company has identified three core domains: “Internet communications,” in which the Company runs core internet communication services including high speed internet connections, e-commerce, and online payment systems as well as related businesses such as digital marketing and contact centers; “Smart business,” in which the Company designs business for the next-generation by utilizing IT in areas such as smart grids, smart cities, healthcare, and agriculture ; and “IT solutions,” which supports the two aforementioned domains. The Company has positioned the Target Company as its core company in the IT solutions domain.

On the other hand, the Target Company provides seamless ICT (Note) services ranging from consulting to design, construction, operation, and maintenance for customer systems as a whole from infrastructure to applications. The Target Company's main businesses are (i) industry services, which is the provision of total services from various applications to network construction to comprehensively meet the needs of customers, (ii) the solution business, which is the provision of services relating to planning, development, sales, and so on for communications businesses including call centers as well as service businesses that utilize data centers and cloud services, and (iii) technical support services, which is the provision of services relating to operation and maintenance for customer systems.

(Note) ICT is an abbreviation for "Information and Communication Technology" and collectively refers to information processing and information communications; specifically, technologies, industries, facilities, services and the like in various fields related to computers and networks.

The Target Company was founded on April 1, 2007 through the merger of Mitsui Knowledge Industry Co., Ltd., a subsidiary of the Company, and NextCom K.K. The Company has not acquired any additional Target Company Shares during the period from April 1, 2007 to the date of this announcement.

The predecessor Mitsui Knowledge Industry Co., Ltd., was established in 1967 when the Company spun off its information system division and established K.K. Computer Systems Service. The name of the company was changed to Mitsui Knowledge Industry Co., Ltd., in 1970, and the company was listed on the Second Section of the Tokyo Stock Exchange in 2001.

NextCom was established in 1991 as a joint venture with 3Com USA under the name 3Com K.K. with the purpose of selling network products. The name of the company was changed to NextCom K.K. in 1994, and NextCom K.K. was listed on the Second Section of the Tokyo Stock Exchange in 2004. That year, NextCom K.K. merged with AdamNet Ltd. and BSI Co., Ltd., subsidiaries of the Company.

Following the April 2007 merger, the Target Company pursued growth through the provision of seamless and comprehensive ICT services ranging from infrastructure to applications. In recent years, however, competition has intensified with respect to ICT hardware product and application, and commoditization has occurred in the ICT systems business, causing prices to drop. Also, the ICT hardware maintenance business is contracting as a result of effects from a decline in product prices. In addition, customer needs in the system development field are shifting from construction and ownership of individual systems to cloud services in the form of application use provided over networks, and the business for conventional outsourcing-based system development and the accompanying operation and maintenance services businesses are contracting.

In response to such a severe market environment, the Target Company has stepped up its management efforts. However, the consolidated net sales of the Target Company is continuously declining from 59,097,000,000 yen of the fiscal year ending March 2008, which is the first fiscal year after the merger, to 45,991,000,000 yen of the fiscal year ending March 2014, and the current net income of the Target Company has also been declining since the merger because no progress has been made in the transformation of the business structure and the Target Company has fallen behind in responding to changes in the market environment. The Target Company understands that it is an urgent task to immediately change the business structure in line with the market environment in light of the continuation of the Target Company's businesses.

On the other hand, the Company believes that in order for the Target Company to secure earnings and achieve growth in the IT services market and related markets amidst this environment, it is necessary for the Company group as a whole to ensure a stable financial foundation of the Target Company and then strengthen its presence in the area of development of advanced and large scale systems, intensify its IT functions such as by incorporating the latest relevant technology, and accumulate and utilize business know-how in various related industries. The Company aims to build and expand new businesses in areas being transformed by IT, such as mobile internet, cloud computing, big data, smart devices, unified communication, and online payment, and thus the Target Company, which has abundant experience in these areas and is also pursuing the accumulating knowledge of related technology, has come to occupy an increasingly important position as a partner to pursue business together with the Company. Further, the Company, which has clients across the globe in all manner of industries, considers it essential to have IT functions that are adapted to the business of the Company and to utilize such functions to their maximum potential, and that the Target Company is optimally suited to provide such functions given that it has hitherto supported the IT strategy of the Company, including the development of its core systems, and the Company believes that the importance of the Target Company will continue to grow in the future. The Company also believes that the Target Company is facing a stage in which it will be required to switch its business model from a contracted system development business model to a services business model in line with changes in the market environment.

It was in these circumstances that the Company and the Target Company, upon the presentation of a proposal by the Company in late April 2014, engaged in consultation and examination over multiple occasions for the purpose of further improving the corporate value of both companies. Before commencing such consultation and examination, the Company appointed Nomura Securities Co., Ltd. ("**Nomura Securities**") as a financial advisor and third-party valuation institution independent from the Company and the Target Company, and appointed Mori Hamada & Matsumoto as a legal advisor independent from the Company and the Target Company, and the Target Company appointed Mizuho Securities Co., Ltd. ("**Mizuho Securities**") as a financial advisor and third-party valuation institution independent from the Company and the Target Company, and appointed Nishimura & Asahi as a legal advisor independent from the Company and the Target Company.

As a result of such consultation and examination, the Company and the Target Company reached the conclusion that realizing integrated management between the Company and the Target Company, which is the core company in the IT area of the Company group, would result in speedier sharing of information and decision-making in relation to business opportunities and make it possible to reform the business structure to adapt to severe changes in the market environment and thereby improve performance, which are urgent tasks facing the Target Company, and reached the decision that it is essential that the Target Company become a wholly-owned subsidiary of the Company by way of the Tender Offer for the following reasons.

After making the Target Company a wholly-owned subsidiary, the Company is contemplating investing additional management resources in the Target Company, and conducting seamless management while utilizing the respective business advantages held by the two companies. By doing so, the Company believes that it will become possible to further strengthen the earnings foundation and improve the corporate value of the Company group (which includes the Target Company) through the following expected results:

(i) acceleration of the growth of the Target Company as an operating company by promoting reform of business models in domains such as cloud computing, big data, and unified communication, through unified management with the Company, including sales support, personnel, and investment;

(ii) contributing to the strengthened competitiveness and the creation of next-generation businesses of the Company group, through IT functions that have become sophisticated with the growth of the Target Company as an operating company; and

(iii) mutually raise the "comprehensive IT capabilities of the Company" and the "operating capabilities of the Target Company" by utilizing to the maximum extent the business assets of the Company, which has global networks and reach across various industries, as well as by overseeing the growth of the Target Company and by both companies interactively utilizing each other's strengths.

The Target Company wishes, through the management integration with the Company, to engage in various businesses of the Company and achieve growth by accelerating the buildup of competitive power and creation of new business.

The business strategy of the Company for the business of the Target Company after it is made a wholly-owned subsidiary, and the future business strategy, will be determined upon consultations between the Target Company and the Company going forward, but after it makes the Target Company a wholly-owned subsidiary the Company will engage in management that amply utilizes the characteristics of the business of the Target Company and the strengths of the Target Company, and will thereby seek to strengthen the businesses of the Target Company. Regarding the management structure of the Target Company after it is made a wholly-owned subsidiary, such as its composition of officers, the optimal structure will be examined with an aim to realizing business synergies between the Company and the Target Company.

On the other hand, according to the Target Company, its decision-making process and reasons for deciding to support the Tender Offer are as follows.

In response to the above proposal made by the Company concerning the Transactions including the Tender Offer, after implementing the measures described in "(3) Measures to ensure fairness of the Tender Offer such as measures to ensure fairness of tender offer price and measures to avoid conflicts of interest," based on legal advice received from Nishimura & Asahi, the Target Company's legal advisor, and on the content of the share valuation report (the "**Target Company Share Valuation Report**") and advice received from Mizuho Securities, the Target Company's financial advisor, and taking into maximum consideration the content of the response (the "**Response Report**") submitted by the third-party committee established on May 28, 2014 as an advisory body to the Target Company to investigate the proposal relating to the Transactions, the Target Company engaged in repeated deliberations and investigations concerning the terms and conditions of the Transactions from the perspective of raising its corporate value.

The Target Company concluded that by becoming a wholly-owned subsidiary of the Company and integrating its management with the Company, the Target Company will be able to accelerate decision-making and transform its business structure in response to the severe changes in the market environment, which is an urgent task for the Target Company, as well as realize improvement of performance. Based on this conclusion, the Target Company decided to issue an opinion in favor of the Tender Offer.

Further, based on the following factors, the Target Company determined that the Tender Offer provides a reasonable opportunity for the Target Company's shareholders to sell shares (for the details of the decision-making process, please refer to "(i) Basis of calculation" and "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" below): (i) among the share valuation results for the Target Company Shares prepared by Mizuho Securities described in "II. Obtainment by Target Company of share valuation report from independent third-party valuation institution" of "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" below, the Tender Offer Price exceeds the maximum calculation result using an average market price method and a comparable companies method and is within the range of calculated results using the discounted cash flow method (the "**DCF Method**") ; (ii) the Tender Offer Price provides premiums of 37.8% (rounded to one decimal place; the same applies to all percentages of premiums on share value) on 185 yen, which is the closing price of the Target Company Shares quoted on the Second Section of the Tokyo Stock Exchange on August 5, 2014, which is the business day immediately preceding the day of public notice of the Tender Offer; a premium of 41.7% on 180 yen, which is the simple average of closing prices quoted for the one-month period ending August 5, 2014; a premium of 53.6% on 166 yen, which is the simple average closing price for the three-month period ending August 5, 2014; and a premium of 59.4% on 160 yen, which is the the simple average closing price for the six-month period ending August 5, 2014, all of which are reasonable premiums compared to other similar transactions conducted in the past; (iii) the Tender Offer Price is substantially higher than trading prices for the Target Company Shares on the Second Section of the Tokyo Stock Exchange over the past five years; (iv) full consideration has been given to the interests of minority shareholders including taking the measures to eliminate conflicts of interest outlined below in "(i) Basis of calculation" and "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" below; (v) the Tender Offer Price was determined after taking the measures to eliminate conflicts of interest indicated above and following repeated discussions and negotiation between the Target Company and the Company equivalent to discussions and negotiation for a transaction between independent parties.

(3) Measures to ensure fairness of the Tender Offer such as measures to ensure fairness of tender offer price and measures to avoid conflicts of interest

Since the Target Company is a consolidated subsidiary of the Company as of today, the Company and the Target Company, taking into consideration the impact on minority shareholders of the Target Company, implemented the following measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest:

I. Obtainment by the Company of share valuation report from independent third-party valuation institution
II. Obtainment by the Target Company of share valuation report from independent third-party valuation institution
III. Establishment of third-party committee by the Target Company
IV. Advice from independent legal counsel to the Target Company
V. Approval and consent of all of disinterested Target Company directors and corporate auditors
VI. Measures to secure an opportunity for parties other than the Company to purchase shares

For the details of the matters above, please refer to "(i) Basis of calculation" and "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" below.

(4) Policy for organizational restructuring, etc. after Tender Offer (matters relating to so-called "two-tier acquisitions")

The Company's policy is to make the Target Company its wholly-owned subsidiary as described in "(1) Outline of the Tender Offer" above, and, if the Company fails to acquire all of the issued common shares of the Target Company (other than the Target Company Shares held by the Company) through the Tender Offer, the Company intends to acquire all of the issued common shares of the Target Company promptly after the completion of the Tender Offer (which is currently scheduled to be by January 2015 at the latest) through the series of procedures described below.

Specifically, after the Tender Offer is completed, the Company plans to request that the Target Company hold an extraordinary shareholders meeting (the "**Shareholders Meeting**") that includes each of the following as proposals submitted for deliberation: (i) to make the Target Company a company with class shares provided for by the Companies Act of Japan (Act No. 86 of 2005, as amended; the "**Companies Act**") through amendment to the articles of incorporation of the Target Company in order to make it possible for the Target Company to issue shares of a different class from the common shares of the Target Company; (ii) to amend the articles of incorporation of the Target Company in order to make all common shares issued by the Target Company subject to a wholly call provision (meaning a provision on the matters provided in Article 108, Paragraph 1, Item (vii) of the Companies Act; the "**wholly call provision**") through additional partial amendment to the articles of incorporation of the Target Company which had been amended by (i) above; and (iii) to deliver different-class shares of the Target Company (an application for listing of shares is not contemplated to be made for such different-class shares of the Target Company) in exchange for an acquisition of all common shares of the Target Company subject to the wholly call provision.

If the proposal submitted for deliberation set out in (i) above is approved at the Shareholders Meeting and the partial amendment to the articles of incorporation in relation to (i) above becomes effective, then the Target Company will become a company with class shares provided for by the Companies Act. In order to cause the partial amendment to the articles of incorporation in relation to (ii) above to be effective, it is required by Article 111, Paragraph 2, Item (i) of the Companies Act to pass, in addition to the resolution of the Shareholders Meeting for the proposal submitted for deliberation in (ii) above, a resolution of a class shareholders meeting consisting of shareholders holding the Target Company common shares subject to the wholly call provision, and accordingly, the Company plans to request that the Target Company hold, on the same day as the date of the Shareholders Meeting, a class shareholders meeting that includes the partial amendment to the articles of incorporation set out in (ii) above as proposals submitted for deliberation (the "**Class Shareholders Meeting**"). If the proposals set out above are included in the agenda for the Shareholders Meeting and the Class Shareholders Meeting, the Company plans to vote in favor of each of the proposals above at the Shareholders Meeting and the Class Shareholders Meeting.

Upon the implementation of the procedures described in (i) through (iii) above, all common shares issued by the Target Company will be subject to the wholly call provision and acquired in their entirety by the Target Company, and different-class shares of the Target Company will be delivered to the Target Company shareholders as consideration for this acquisition. However, to those Target Company shareholders who would receive a fraction of one share in the number of shares of the Target Company to be delivered, the amount of money to be obtained such as through the sale of those shares of the Target Company equivalent to the total of the fraction (any fraction of one share in the total will be rounded down) will be delivered pursuant to the procedures provided in Article 234 of the Companies Act and other relevant laws and ordinances. After the sale price of those shares of the Target Company equivalent to the total of the fraction of shares is calculated so that the amount of money to be delivered to each shareholder as a result of such sale will be equal to the Tender Offer Price, a petition will be filed with the court for permission for sale by private contract. In addition, the details and number of the shares of the Target Company to be delivered as consideration for the acquisition of the Target Company's common shares subject to the wholly call provision have not yet been determined as of today. However, the number of those shares will be determined so that the Company will own all issued shares of the Target Company and the number of shares of the Target Company delivered to those Target Company shareholders (other than the

Company) who did not tender their shares to the Tender Offer will be fractions of one share.

With respect to the provisions under the Companies Act that aim to protect the rights of minority shareholders related to each of the procedures in (i) through (iii) above, if a resolution to acquire all common shares of the Target Company subject to the wholly call provision described in (iii) above were adopted at the Shareholders Meeting, it is provided that shareholders may petition for a determination of the price for the acquisition of the relevant shares pursuant to the provisions of Article 172 of the Companies Act and other relevant laws or ordinances. If this method is used, the acquisition price per share will ultimately be determined by the court. In addition, with respect to the amendment of the articles of incorporation described in item (ii) above, it is provided that shareholders may request the purchase of shares owned by them pursuant to the provisions of Articles 116 and 117 of the Companies Act and other relevant laws or ordinances; however, with respect to this method, if the call option of the common shares comes into effect under the wholly call provision, the shareholders may be deemed to have lost their standing to file the petition for the determination of the purchase price provided for in Article 117, Paragraph 2 of the Companies Act. If a petition or request is made by any of the methods above, the shareholders must confirm and decide at their own responsibility with respect to the necessary procedures and other related matters.

The Tender Offer does not intend to solicit an endorsement of shareholders of the Target Company in the Shareholders Meeting or the Class Shareholders Meeting. Shareholders must consult tax experts at their own responsibility with respect to tax matters relating to the tendering of shares in the Tender Offer or each of the procedures above.

(5) Possibility of and reasons for delisting

The Target Company Shares are currently listed on the Second Section of the Tokyo Stock Exchange. However, since the Company has not set a maximum number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted pursuant to the procedures prescribed by the Tokyo Stock Exchange in accordance with the Tokyo Stock Exchange's criteria for delisting shares, depending on the results of the Tender Offer. In addition, even if the Target Company Shares do not fall under the criteria as of the completion of the Tender Offer, in the case that the procedures described in "(4) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-tier acquisitions")" are implemented, the Target Company Shares will fall under such criteria for delisting and will be delisted pursuant to the prescribed procedures. The Target Company Shares will not be able to be sold or purchased at the Tokyo Stock Exchange after delisting.

In the case that the procedures described in "(4) Policy for organizational restructuring, etc. after the Tender Offer (matters relating to so-called "two-tier acquisitions")" are implemented, an application for listing of shares is not contemplated to be made for the different-class shares of the Target Company to be delivered as consideration for the acquisition of common shares of the Target Company subject to the wholly call provision.

(6) Matters relating to material agreements for acceptance of the Tender Offer between the Offeror and the shareholders of the Target Company

Not applicable.

2. Outline of tender offer

(1) Outline of Target Company

(i)	Name	Mitsui Knowledge Industry Co., Ltd.
(ii)	Address	2-5-1 Atago, Minato-ku, Tokyo
(iii)	Name and title of representative	Masaki Saito, President and CEO
(iv)	Description of Business	Investigation, research, consultation, planning, design, development, manufacture, sale, operation and maintenance of various software, hardware and systems for computer and information communication system, provision of datacenter services, provision of value-added communication services and other businesses
(v)	Stated capital	4.113 billion yen (as of March 31, 2014)
(vi)	Date of incorporation	June 20, 1991
(vii)	Major shareholders and shareholding ratios	Mitsui & Co., Ltd. 58.37% MKI Employee Shareholding Association 5.41% UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT (Standing Proxy: Citibank Japan Ltd.) 1.64% SBI Securities Co., Ltd. 0.52% Hidefumi Ito 0.50% BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) 0.47%

		CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing Proxy: Citibank Japan Ltd.)	0.40%
		Yuki Hirabayashi	0.39%
		THE BANK OF NEW YORK – JASDEC TREATY ACCOUNT (Standing Proxy: Mizuho Bank, Ltd., Settlement Business Department)	0.38%
		Shigeru Yamamoto	0.35%
		(As of March 31, 2014)	
(viii)	Relationship between listed company and Target Company		
	Capital relationship	As of today, the Company owns 69,078,900 shares, which is equivalent to 58.37% of the total number of issued shares of the Target Company.	
	Personnel relationship	As of today, one employee of the Company serves as a director of the Target Company. As of March 31, 2014, 11 employees of the Company have been dispatched to the Target Company and 12 employees of the Target Company have been dispatched to the Company.	
	Business relationship	The Target Company has a business relationship with the Company and its affiliates including the development, maintenance and operation of systems, sales of network equipment and service businesses using datacenters.	
	Status as related party	The Target Company is a consolidated subsidiary of the Company, and therefore, the Target Company is a related party of the Company.	

Note The indication of shareholding ratios in “Major shareholders and shareholding ratios” is the ratio of the number of shares owned to the total outstanding shares of the Target Company, rounded down to two decimal places.

(2) Schedule, etc.

(i) Schedule

Resolution of the board	Wednesday, August 6, 2014

of directors	
Date of public notice of commencement of Tender Offer	Thursday, August 21, 2014
Newspaper in which public notice is to appear	The Offeror will issue an electronic public notice and publish a statement to that effect in the Nikkei. (Address of electronic public notice: http://disclosure.edinet-fsa.go.jp/)
Filing date of Tender Offer registration statement	Thursday, August 21, 2014

(ii) Tender offer period at time of filing of registration statement

From Thursday, August 21, 2014 through Monday, October 6, 2014 (31 business days)

(iii) Possibility of extension of tender offer period upon request of Target Company

Not applicable.

(3) Tender offer price

255 yen per common share

(4) Basis of valuation of tender offer price

(i) Basis of calculation

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities, a third-party valuation institution that is independent from the Company and the Target Company, to calculate the value of the upon determining the Tender Offer Price. Nomura Securities is not a related party of the Company and the Target Company and does not have any material interest regarding the Transactions including the Tender Offer.

Nomura Securities calculated the value of the shares of the Target Company by employing each of the average market price method, the comparable companies method and the DCF method, and the Company obtained the share valuation report from Nomura Securities on August 6, 2014 (the "**Share Valuation Report**"). The Company has not obtained an opinion concerning the appropriateness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

The ranges of the valuation per Target Company Share calculated based on each of the aforementioned methods are as follows:

(i) Average market price method: 160 yen to 185 yen

(ii) Comparable companies method: 193 yen to 213 yen
(iii) DCF method: 203 yen to 279 yen

For the average market price method, the record date was set as August 5, 2014, and the valuation per Target Company Share was calculated to fall within a range of 160 yen to 185 yen based on the closing price of the Target Company Shares quoted on the Second Section of the Tokyo Stock Exchange on the record date (185 yen), the simple average closing prices over the one-week period prior to the record date (180 yen), the simple average closing prices for the one-month period prior to the record date (180 yen), the simple average closing prices for the three-month period prior to the record date (166 yen), and the simple average closing prices for the six-month period prior to the record date (160 yen). For the comparable companies method, multiple listed companies in a similar business as that conducted by the Target Company were selected to evaluate the share value of the Target Company Shares by comparing the market value of shares and financial indicators representing profitability or the like, and the valuation per Target Company Share was calculated to fall within a range of 193 yen to 213 yen.

For the DCF method, the free cash flow that the Target Company is expected to create in the future (based on the estimated future earnings of the Target Company for the fiscal year ending March 2015 and subsequent fiscal years, taking into consideration factors such as the business plan submitted by the Target Company, management interviews with the Target Company, trends in the Target Company's operating results to date, and publicly disclosed information) was discounted to the current value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value, and the valuation per Target Company Share was calculated to fall within a range of 203 yen to 279 yen.

Please note that the Target Company's business plan on which the DCF analysis was based contains fiscal years showing significant increases in profit compared with their respective previous fiscal years. This is mainly because the Target Company expects increases in earnings and profit as a result of the effects from the enhancement of its sales structure and new solutions development pursuant to the review of its organizational structure in the fiscal year ending March 2014.

With the valuation results from each method described in the share valuation report obtained from Nomura Securities as a reference on August 6, 2014, the Company considered the Tender Offer Price by comprehensively taking into account such factors as examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer and that were of the same kind as the Tender Offer, whether the Target Company's board of directors would express endorsement of the Tender Offer, trends in the market value of the Target Company Shares over the past six months, and the estimated number of shares to be tendered in the Tender Offer, and in light of the process and other factors of discussion and negotiation with the Target Company, the Company ultimately decided on a Tender Offer Price of 255 yen at the meeting of the board of directors held on August 6, 2014.

The Tender Offer Price of 255 yen includes (a) a premium of 37.8 % (rounded to one decimal place; the same applies to all percentages of premiums on share value) on 185 yen, which is the closing price of the Target Company Shares quoted on the Second Section of the Tokyo Stock Exchange on August 5, 2014, which is the business day immediately preceding the date of public notice of the Tender Offer, (b) a premium of 41.7 % on 180 yen, which is the simple average closing price quoted for the one-month period ending August 5, 2014, (c) a premium of 53.6 % on 166 yen, which is the simple average closing price for the three-month period ending August 5, 2014, and (d) a premium of 59.4 % on 160 yen, which is the simple average closing price for the six-month period ending August 5, 2014.

(ii) Background of calculation

On the occasion of a proposal from the Company in around late April 2014, the Company appointed Nomura Securities as a third-party valuation institution independent from the Company and the Target Company, and Mori Hamada & Matsumoto as a legal advisor, and the Target Company appointed Mizuho Securities as a financial advisor and as a third-party valuation institution independent from the Company and the Target Company, and Nishimura & Asahi as a legal advisor, and the Company and the Target Company have had discussion and consideration over multiple occasions aimed at further increasing the corporate value of both companies.

As a result, the Company and the Target Company reached the conclusion that it would be beneficial to realize an integrated management of the Target Company and the Company, which are the Company group's core members in the IT field, in order to increase the corporate value of the Target Company and, in turn, the Company group, and that it is essential to make the Target Company a wholly owned subsidiary of the Company through the Tender Offer. Pursuant to the resolution of the board of directors as of August 6, 2014, the Company decided to implement the Tender Offer with the purpose of making the Target Company a wholly-owned subsidiary, and decided on the Tender Offer Price by the following process.

(a) Name of third party from which the Offeror received advice upon calculation

In order to ensure the fairness of the Tender Offer, the Company requested Nomura Securities, a third-party valuation institution that is independent from the Company and the Target Company, to calculate the value of the shares of the Target Company upon determining the Tender Offer Price. Nomura Securities is not a related party of the Company and the Target Company and does not have any material interest regarding the Transactions including the Tender Offer.

Nomura Securities calculated the value of the shares of the Target Company by employing each of the average market price method, the comparable companies method and the DCF method, and the Company obtained the Share Valuation Report from Nomura Securities on August 6, 2014. The Company has not obtained an opinion concerning the appropriateness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

(b) Outline of advice from Nomura Securities

The ranges of the valuation per share of the Target Company calculated by Nomura Securities based on each of the aforementioned methods are as follows:

(i)	Average market price method:	160 yen to 185 yen
(ii)	Comparable companies method:	193 yen to 213 yen
(iii)	DCF method:	203 yen to 279 yen

(c) Background for determination of Tender Offer Price upon consideration of advice

With the valuation results from each method described in the Share Valuation Report obtained from Nomura Securities as a reference on August 6, 2014, the Company considered the Tender Offer Price by comprehensively taking into account such factors as examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer and that were of the same kind as the Tender Offer, whether the Target Company's board of directors would express endorsement of the Tender Offer, trends in the market value of the Target Company Shares over the past six months, and the estimated number of shares to be tendered in the Tender Offer, and in light of the process and other factors of discussion and negotiation with the Target Company, the Company ultimately decided on a Tender Offer Price of 255 yen at the meeting of the board of directors held on August 6, 2014.

(Measures to ensure fairness of the Tender Offer such as measures to ensure fairness of tender offer price and measures to avoid conflicts of interest)

Since the Target Company is a consolidated subsidiary of the Company as of today, the Company and the Target Company, taking into consideration the impact on minority shareholders of the Target Company, implemented the following measures to ensure the fairness of the Tender Offer, including measures to ensure the fairness of the Tender Offer Price and avoid conflicts of interest.

I. Obtainment by the Company of share valuation report from independent third-party valuation institution

In order to ensure the fairness of the Tender Offer Price, the Company requested Nomura Securities, a third-party valuation institution that is independent from the

Company and the Target Company, to calculate the value of the shares of the Target Company upon determining the Tender Offer Price. Nomura Securities is not a related party of the Company and the Target Company and does not have any material interest regarding the Transactions including the Tender Offer. For the outline of the Share Valuation Report obtained by the Company from Nomura Securities, please refer to "(ii) Basis of calculation" above.

II. Obtainment by the Target Company of share valuation report from independent third-party valuation institution

According to the Target Company's Press Release, when investigating the Tender Offer Price presented by the Company and formulating its opinion on the Tender Offer Price, the Target Company requested that Mizuho Securities calculate the value of the Target Company Shares as a third-party valuation institution independent from the Target Company and the Company as a means of ensuring fairness and objectivity. Mizuho Securities is not a related party to the Target Company or the Company and has no material conflicts of interest relating to the Tender Offer.

Mizuho Securities calculated the value of the Target Company's shares using the average market price method, the DCF method, and the comparable companies method under certain premises and conditions based on financial information, financial forecasts, and other information provided by the Target Company. The Target Company received the Target Company Share Valuation Report from Mizuho Securities on August 5, 2014. The Target Company has not obtained an opinion concerning the appropriateness of Tender Offer Price (a fairness opinion) from Mizuho Securities.

The ranges of the valuation per Target Company Share calculated based on each of the aforementioned methods are as follows:

Average Market price method:	160 yen to 185 yen
DCF method:	239 yen to 260 yen
Comparable companies method:	229 yen to 247 yen

For the average market price method, the record date was set as August 5, 2014, and the valuation per Target Company Share was calculated to fall within a range of 160 yen to 185 yen based on the closing price of the Target Company Shares quoted on the Second Section of the Tokyo Stock Exchange on the record date (185 yen), the simple average closing prices for the one-month period prior to the record date (180 yen), the simple average closing prices for the three-month period prior to the record date (166 yen), and the simple average closing prices for the six-month period prior to the record date (160 yen).

For the DCF method, the free cash flow that the Target Company is expected to create in the future (based on the estimated future earnings of the Target Company for four fiscal years from the fiscal year ending March 2015 to the fiscal year ending March 2018) was discounted to the current value by using a certain discount rate, in order to analyze the Target Company's corporate value and share value, and the valuation per Target Company Share was calculated to fall within a range of 239 yen to 260 yen. Mizuho Securities adopted discount rates ranging from 7.5% to 8.5%, and further, when calculating going concern value, adopted the permanent growth rate method and performed the calculations based on permanent growth rates of -0.5% to 0.5%.

The consolidated financial forecasts based on the Target Company's business plan that Mizuho Securities used as the premises for calculations according to the DCF method are as set forth below. It is difficult at this time to make specific estimates concerning the synergy effects expected from execution of the Transactions, and accordingly, they are not included in the following forecasts of consolidated financial results.

Millions of yen

	FY Ending March 2015	FY Ending March 2016	FY Ending March 2017	FY Ending March 2018
Sales	48,000	50,000	52,500	55,000
Operating income	900	1,100	1,450	1,600
EBITDA	2,117	2,264	2,651	2,887
Free cash flows	280	450	605	893

The above forecasts of consolidated financial results contains fiscal years showing significant increases in profit compared with their respective previous fiscal years. This is mainly because the Target Company expects increases in earnings and profit as a result of the effects from the enhancement of its sales structure and new solutions development pursuant to the review of its organizational structure in the fiscal year ending March 2014.

For the comparable companies method, Mizuho Securities identified ITOCHU Techno-Solutions Corporation, SCSK Corporation, Net One Systems Co., Ltd., Information Services International-Dentsu, Ltd. and KANEMATSU ELECTRONICS LTD. as comparable companies among domestic listed companies in light of their similarity to the Target Company. Using an EBITDA multiple, Mizuho Securities valued the Target Company Shares to fall within a range of 229 yen to 247 yen per share.

In submitting the valuation report to the Target Company, Mizuho Securities used information furnished by the Target Company and publicly available information, assumed that all such documents, information, and the like are accurate and complete, and did not perform independent verification of its accuracy or completeness. Mizuho

Securities assumed that the Target Company’s financial projects were reasonably prepared based on the best estimates and judgments available from the Target Company’s management at the time.

III. Establishment of third-party committee by the Target Company

According to the Target Company’s Press Release, to eliminate arbitrary decision-making concerning the Tender Offer and to ensure fairness, transparency, and objectivity in the Target Company’s decision-making process, on May 28, 2014, the Target Company established an independent third-party committee with a high degree of independence from the boards of directors of the Target Company and the Company comprising Katsuhisa Kiyozuka (attorney), who is the Target Company’s outside auditor and an independent officer notified pursuant to rules of the Tokyo Stock Exchange, as well as Noriyuki Katayama (attorney) and Toshifumi Endo (tax accountant), who are outside experts (the Target Company initially nominated these three members of the third-party committee, and there has been no change in the membership of the third-party committee). The Target Company consulted with the third-party committee on the following issues (the “Consultation Issues”) and instructed the committee to submit its response to the Target Company’s board of directors regarding: (a) the appropriateness of the objectives of the Transactions, (b) the fairness of the procedures in the Transactions, (c) the suitability and fairness of the Tender Offer purchase conditions (including the Tender Offer Price), (d) the appropriateness of the Target Company’s board of directors expressing an opinion in favor of the Tender Offer and recommending that the Target Company’s shareholders tender their shares in the Tender Offer, and (e) whether the Transactions are contrary to the interests of the Target Company’s minority shareholders.

The third-party committee held a total of 7 meetings during the period from June 4, 2014 to August 5, 2014 and deliberated on and investigated the Consultation Issues. Specifically, the third-party committee received an explanation from the Target Company's financial advisor Mizuho Securities of the conditions of the Tender Offer proposed by Offeror, the series of procedures planned after the Tender Offer, and other matters regarding the Transaction overall, and from the Offeror and Nomura Securities, the financial advisor for the Offeror, an explanation regarding the current conditions and business environment of the Offeror group, the purpose of the Transaction, and other background to the Transaction; the Target Company engaged in questions and answers regarding these points, and considered the assorted conditions of the Tender Offer. Further, the third-party committee received from Mizuho Securities, the third party valuation organization that the Target Company hired to calculate the value of Target Company Shares, an explanation of its thinking as a third party valuation organization regarding the purchase price per one Target Company Share in the Tender Offer proposed by the Offeror and the circumstances of the negotiations of this price between the Target Company and the Offeror, and the Target Company engaged in questions and answers regarding these points and considered the appropriateness of the Tender Offer Price. The third-party committee also received an explanation from the Target Company's legal advisor Nishimura & Asahi regarding the method and process for decision-making by the Target Company's board of directors with respect to the Tender Offer, and considered the fairness of the procedures up to the decision-making.

As a result of its investigations, the third-party committee determined that (a) as the market environment surrounding the IT services market changes, it has become necessary for the Target Company to reform its business structure; under these conditions, by integrating the management of the Target Company, which is the Offeror group's core company in the IT field, with the management of Offeror, the sharing of information and decision-making regarding business matters will get speeded up, and by (i) acceleration of the growth of the Target Company as an operating company by promoting reform of business models in domains such as cloud computing, big data, and unified communication, through unified management with Offeror, including sales support, personnel, and funding, (ii) contributing to the strengthened competitiveness and the creation of next generation businesses of Offerer group companies, through IT functions that have become sophisticated with the growth of the Target Company as an operating company, (iii) mutually raise the “full service IT capabilities of Offeror” and the “operating capabilities of the Target Company” by utilizing to the maximum extent the operational foundation of Offeror, which has global networks and reach across various industries, as well as by overseeing the growth of the Target Company and by both companies interactively utilizing each other’s strengths, will enable a flexible approach to market changes in the IT services market, while at the same time improvements to results through reform of business structure will enable the Offeror group, including the Target Company, to secure a competitive advantage and achieve further enhancement of its revenue base and corporate value, and for that reason is reasonable; accordingly, because the Transaction will contribute to an enhancement of corporate value, the purpose of the Transaction is legitimate; (b) no director having a conflict-of-interest relationship with the Target Company participated in the decision-making process relating to the Transaction, and independent advisors were appointed and a valuation report was obtained from an independent third party evaluation organization; in light of this, the procedures for the Transactions have been fair; (c) it can be judged that the procedures for the Transaction, including the pricing decisions for the Tender Offer, were carried out fairly; the Tender Offer Price exceeds the upper limit of the calculation results of Mizuho Securities based on the market share price reference method and a comparable companies method, and within the range of the calculation results of Mizuho Securities based on a DCF method; the Tender Offer price, with a record date of August 5, 2014, which is the business day prior to the date of this report, represents a 37.8% premium on 185 yen, which is the closing price for normal hours trading for common shares of the Target Company on the second section of the Tokyo Stock Exchange, a 41.7% premium on 180 yen, which is the simple average of the closing price for normal hours trading over the most recent 1 month, a 53.6% premium over on 166 yen, which is the simple average of the closing price for normal hours trading over the most recent 3 months, and a 59.4% premium on 160 yen, which is the simple average of the closing price for normal hours trading over the most recent 6 months, and thus is believed to be reasonable; the Target Company and Offeror engaged in serious price negotiations; the price was decided after employing sufficient measures to eliminate conflicts of interest; for these and other reasons, the Tender Offer conditions (including Tender Offer Price) are reasonable and fair; accordingly, (d) it is reasonable that the board of directors of the Target Company expressed their support of the Tender Offer and that they recommended that the Target Company's shareholders tender their shares in the Tender Offer; and (e) in addition to the foregoing, it is expected that after the Tender Offer is successful, a two-stage acquisition will take place soon thereafter and the amounts of money to be delivered on such occasion are planned to be calculated in such a way that they are equal to the prices obtained when shareholders multiply the number of Target Company Shares they hold by the Tender Offer Price; accordingly, the third-party committee concluded that the Transaction was not disadvantageous to the Target Company's minority shareholders. .

As a result of these developments, on August 5, 2014 the third-party committee submitted to the Target Company’s board of directors its Response Report that the members had unanimously adopted resolutions to the effect that (a) the objectives of the Transactions are appropriate, (b) the procedures in the Transactions are fair, (c) the Tender Offer purchase conditions (including the Tender Offer Price) are suitable and fair, (d) the Target Company’s board of directors’ expressing an opinion in favor of the Tender Offer and recommending that the Target Company’s shareholders tender their shares in the Tender Offer are reasonable, and (e) the Transactions are not contrary to the interests of the Target Company’s minority shareholders.

IV. Advice from independent legal counsel to the Target Company

According to the Target Company’s Press Release, to ensure the transparency and reasonableness of the decision-making process relating to the Transactions including the Tender Offer, the Target Company retained Nishimura & Asahi, a law firm independent from the Target Company and the Company, as its legal advisor and obtained from the law firm legal advice concerning the decision-making process relating to the Transactions including the Tender Offer as well as decision-making methods and other points that should be kept in mind when making decisions relating to the Transactions including the Tender Offer.

V. Approval and consent of all of disinterested Target Company directors and corporate auditors

According to the Target Company's Press Release, as a result of deliberating and investigating the series of procedures for the Transactions including the Tender Offer and the terms and conditions relating to the Tender Offer, based on the contents of the Target Company Share Valuation Report and legal advice received from Nishimura & Asahi, and taking into maximum consideration the contents of the Response Report the Target Company's board of directors determined that (i) an increase in the Target Company's corporate value can be expected as a result of the Transactions including the Tender Offer and (ii) the Tender Offer Price and the other terms and conditions relating to the Tender Offer are appropriate for the Target Company's shareholders and the Tender Offer provides to the Target Company's shareholders a reasonable opportunity to sell shares. At an August 6, 2014 meeting, the Target Company's board of directors unanimously (with the exception of Toru Nakajima, a director, and Yoshiaki Baba, an outside director) adopted a resolution expressing support for the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer.

At the time of commencement of discussions and negotiations concerning the Transactions with the Company, the Target Company director Toru Nakajima was president and representative director of Mitsui & Co. Korea Ltd., a wholly-owned subsidiary of the Company, presenting a risk of a conflict of interest with the Target Company with regard to the Transactions, and the Target Company's outside director Yoshiaki Baba was also an employee of the Company, presenting a risk of a conflict of interest with the Target Company with regard to the Transactions, and accordingly, as interested parties, they did not participate in any deliberations or voting on resolutions relating to the Transactions including the Tender Offer at the board of directors meeting referred to above and did not participate in any discussions or negotiations with the Company on behalf of the Target Company.

Furthermore, the board of directors meeting was attended by all of the Target Company's corporate auditors including outside auditors, and all corporate auditors expressed opinions that they have no objections to the resolution expressing the opinion of the board of directors in favor of the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer.

VI. Measures to secure an opportunity for parties other than the Company to purchase shares

The Company has never agreed on any matter that would restrict a counter-offeror from contacting or performing other acts with respect to the Target Company, including an agreement on a transaction protection clause that prohibits the Target Company from contacting any such counter-offerors.

The Company has set the tender offer period for the Tender Offer (the "**Tender Offer**

Period") at 31 business days, which is longer than the minimum tender offer period of 20 business days prescribed by laws and ordinances. Setting a relatively long Tender Offer Period ensures an appropriate opportunity for the shareholders of the Target Company to make a decision whether to tender their shares in the Tender Offer as well as ensures an opportunity for any party other than the Offeror to purchase Target Company Shares, as a means to guarantee the appropriateness of the Tender Offer Price.

As stated in "(1) Outline of the Tender Offer" of "1. Purpose etc. of tender offer" above, since the Company already owns 58.37% (rounded to two decimal places; 69,078,900 shares) of the total number of issued shares of the Target Company as of today, the Company considers that setting a minimum number of shares to be purchased for a so-called "majority of minority" in the Tender Offer would make uncertain whether the Tender Offer would be successfully completed and, conversely, might not be beneficial to the interests of minority shareholders who wishes to tender their shares in the Tender Offer. Therefore, the Company has not set a minimum number of shares to be purchased in the Tender Offer. However, the Company believes that through the aforementioned measures I to VI to ensure fairness, due consideration has been given to the interests of minority shareholders in the Tender Offer.

(iii) Relationship with valuation institution

Nomura Securities is not a related party of the Company and the Target Company and does not have any material interest regarding the Transactions including the Tender Offer.

(5) Number of shares to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
49,264,200 (shares)	—	—

Note 1 Neither a maximum nor a minimum number of shares to be purchased has been set in the Tender Offer, and the Company will purchase all of the Tendered Shares. In the column "Number of shares to be purchased" above, the maximum number of shares of the Target Company to be acquired by the Offeror through the Tender Offer is indicated. The maximum number (49,264,200 shares) is the total number of issued shares as of March 31, 2014 (118,343,100 shares) indicated in the annual securities report for the 23rd fiscal year filed by the Target Company on June 18, 2014, less the number of shares owned by the Offeror as of the filing date (69,078,900 shares).

Note 2 Shares less than one unit are also subject to the Tender Offer. In the event that any shareholder exercises his/her right to demand purchase of shares less than one unit pursuant to the applicable provisions of the Companies Act, the Target Company may purchase its own shares during the Tender Offer Period in accordance with the relevant procedures under the applicable laws and regulations.

Note 3 The Company does not intend to acquire any treasury shares owned by the Target Company through the Tender Offer. The Target Company does not own any treasury shares as of the filing date.

(6) Changes in ownership ratio of shares through tender offer

Number of voting rights represented by shares owned by offeror before tender offer	690,789	(Ownership ratio of shares before tender offer: 58.37%)
Number of voting rights represented by shares owned by special related parties before tender offer	Undetermined	Undetermined
Number of voting rights represented by shares owned by offeror after tender offer	1,183,431	(Ownership ratio of shares after tender offer: 100%)
Number of voting rights represented by shares owned by special related parties after tender offer	0	(Ownership ratio of shares after tender offer: 0%)
Total number of voting rights of all shareholders, etc. of Target Company	1,183,423	

Note 1 "Number of voting rights represented by shares owned by special related parties before tender offer" is the total number of voting rights represented by shares owned by each special related party (however, (not including) a person excluded from being a special related party in accordance with Article 3, Paragraph 2, Item 1, of the Cabinet Office Ordinance with respect to Disclosure of a Tender Offer for Shares by an Offeror other than Issuer (Ministry of Finance Ordinance No. 38, 1990, as amended; the "**Cabinet Ordinance**") with respect to the calculation of ownership ratio of shares under each item in the Article 27-2, Paragraph 1, of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**Act**")). Since the shares owned by special related parties are also subject to the Tender Offer, when calculating the "Ownership ratio of shares after tender offer," the "Number of voting rights represented by shares owned by special related parties" is not added to the numerator.

Note 2 "Total number of voting rights of all shareholders, etc. of Target Company" is the number of voting rights of all shareholders, etc. as of March 31, 2014 indicated in the annual securities report for the 23rd fiscal year filed by the Target Company on June 18, 2014. For the Tender Offer, however, because shares less than one unit are also subject to the Tender Offer, when calculating the "Ownership ratio of shares before tender offer" and "Ownership ratio of shares after tender offer," the denominator used in that calculation is 1,183,431 rights, which is the number of voting rights represented by the total number of issued shares as of March 31, 2014 (118,343,100 shares) indicated in the annual securities report for the 23rd fiscal year filed by the Target Company on June 18, 2014.

Note 3 "Ownership ratio of shares before tender offer" and "Ownership ratio of shares after tender offer" are rounded to two decimal places.

(7) Purchase price

12,562 million yen

Note This is the product of the Tender Offer Price (255 yen) multiplied by the number of shares scheduled to be purchased (49,264,200 shares).

(8) Method of settlement

(i) Name and address of head office of financial instruments dealer or bank in charge of settlement of tender offer

Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo

(ii) Commencement date of settlement

Tuesday, October 14, 2014

(iii) Method of settlement

A notice of purchase through the Tender Offer will be mailed to the address of the tendering shareholder (or to the address of their standing proxies for foreign shareholders) without delay after the expiration of the Tender Offer Period. If electronic delivery of documents has been approved by tendering shareholders on Nomura Net & Call, the notice of purchase will be given to the shareholders electronically on Nomura Net & Call's website (https://nc.nomura.co.jp/).

The purchase price will be paid in cash. Tendering shareholders may receive the sales proceeds from the Tender Offer without delay after the commencement date of settlement in the manner they designate, including by way of remittance (a remittance fee might be charged).

(iv) Method of return of share certificates

If all of the Tendered Shares are not purchased under the terms set forth in "(ii) Terms and conditions for withdrawal of Tender Offer, the contents thereof and procedures for disclosing withdrawal" of "(9) Other terms and conditions and procedures for tender offer" below, the Tender Offer Agent will return, promptly after the second business day from the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer if the Offeror withdraws the tender offer), the share certificates that must be returned on its account for tender in the Tender Offer by restoring the record of the shares back to the state that existed immediately prior to the relevant tender. (If the tendering shareholders wish their share certificates to be transferred to their accounts established with other financial instruments dealers, they are asked to confirm with the head office or domestic branch office of the Tender Offer Agent at which the relevant tender was accepted).

(9) Other terms and conditions and procedures for tender offer

(i) Terms and conditions listed in each item of Article 27-13, Paragraph 4 of the Act and the contents thereof

Neither a maximum nor a minimum number of shares to be purchased has been set. Therefore, the Offeror will purchase all of the Tendered Shares.

(ii) Terms and conditions for withdrawal of Tender Offer, the contents thereof and procedures for disclosing withdrawal

If any of the events listed in Article 14, Paragraph 1, Item 1.1 through 1.9 and 1.12 through 1.18, Item 3.1 through 3.8 and 3.10, and Article 14, Paragraph 2, Item 3 through 6 of the Enforcement Order of the Act (Cabinet Order No. 321 of 1965, as amended; the "**Enforcement Order**") occurs, the Offeror may withdraw the Tender Offer.

In the Tender Offer, with respect to Article 14, Paragraph 1, Item 3.10 of the Enforcement Order, "events equivalent to those listed in Items 3.1 through 3.9" refers to (i) an event in which a statutory disclosure document filed by the Target Company in the past is found to contain a false statement regarding a material fact, or omit a statement regarding a material fact that should have been stated, and in which the Company was not aware of the false statement or the omission and, despite using due care, the Company was unable to be aware of the false statement or the omission, and (ii) events listed in Article 14, Paragraph 1, Items 3.1 through 3.9 of the Enforcement Order happened to significant subsidiaries of the Target Company.

If it seeks to withdraw the Tender Offer, the Offeror will issue an electronic public notice and publish a statement to that effect in the Nikkei. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice.

(iii) Terms and conditions for reducing tender offer price, the contents thereof and procedures for disclosing a reduction

In accordance with Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company performs any act listed in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the Tender Offer Price pursuant to the standards set out in Article 19, Paragraph 1 of the Cabinet Ordinance. When reducing the Tender Offer Price, the Offeror will issue an electronic public notice and publish a statement to that effect in the Nikkei. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Offeror will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice. If the Tender Offer Price is reduced, the Offeror will purchase Tendered Shares on or before the day of the public notice at such reduced Tender Offer Price.

(iv) Matters regarding tendering shareholders' right to cancel agreement

A tendering shareholder may cancel an agreement for the Tender Offer at any time during the Tender Offer Period. To cancel an agreement, tendering shareholders must deliver or send a document specifying that they intend to cancel their agreement for the Tender Offer (the "**Cancellation Document**") to the head office or domestic branch office of the agent designated below where they applied for the Tender Offer, by 3:30 p.m. on the last day of the Tender Offer Period. The Cancellation Document that is sent must arrive at the head office or domestic branch office of the agent by 3:30 p.m. of the last day of the Tender Offer Period. To cancel an agreement made through Nomura Net & Call, the tendering shareholder must complete the cancellation procedures via Nomura Net & Call's website (https://nc.nomura.co.jp/) or by sending the Cancellation Document. To cancel the agreement via Nomura Net & Call's website, the tendering shareholder must complete the cancellation procedures in the manner described on that website by 3:30 p.m. on the last day of the Tender Offer Period. To cancel the agreement by sending the Cancellation Document, the tendering shareholder must request the form of the Cancellation Document in advance from Nomura Net & Call's customer support and then send the filled out format to Nomura Net & Call. The Cancellation Document that is sent must arrive at Nomura Net & Call by 3:30 p.m. of the last day of the Tender Offer Period.

Agent with Authority to Receive Cancellation Document
Nomura Securities Co., Ltd. 1-9-1 Nihonbashi, Chuo-ku, Tokyo

(and any other branch offices of Nomura Securities Co., Ltd. in Japan)

The Offeror will not claim any damages or penalty against the tendering shareholders even if the agreement is cancelled by the tendering shareholders. The Offeror will also bear expenses for returning the Tendered Shares.

(v) Procedures for disclosing amendments to tender offer terms and conditions

The Offeror may amend the tender offer terms and conditions during the Tender Offer Period, except in cases prohibited under Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order. When amending any of the tender offer terms and conditions, the Offeror will issue an electronic public notice on the details of the amendment and publish a statement to that effect in the Nikkei. However, if it is difficult to issue a public notice by the last day of the Tender Offer Period, the Company will make an announcement pursuant to Article 20 of the Cabinet Ordinance and then immediately issue a public notice. If any of the tender offer terms and conditions is amended, the Company will purchase Tendered Shares on or before the day of the public notice on such amended terms and conditions.

(vi) Procedures for disclosing filing of amendment registration statement

If the Offeror files an amendment registration statement with the director of the Kanto Local Finance Bureau, the Offeror will immediately announce amendments relating to the matters listed in the public notice of the commencement of the Tender Offer included in the matters listed in the amendment registration statement, pursuant to Article 20 of the Cabinet Ordinance. The Offeror will immediately amend the tender offer explanatory statement and deliver an amended tender offer explanatory statement to any tendering shareholder who has already received a tender offer explanatory statement. However, if amendments have only been made to a limited extent, the Offeror may prepare a document stating the reason for, and the details of, the amendment (both before and after the amendment), and deliver that document to the tendering shareholder.

(vii) Procedure for disclosing result of Tender Offer

The Offeror will issue a public notice regarding the result of the Tender Offer on the day immediately following the last day of the Tender Offer Period, pursuant to Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(10) Date of public notice of commencement of Tender Offer

Thursday, August 21, 2014

(11) Tender Offer Agent

Nomura Securities Co., Ltd.　1-9-1 Nihonbashi, Chuo-ku, Tokyo

3. Policy after tender offer and future outlook

(1) Policy after Tender Offer

Please refer to "(2) Background, purpose, and decision-making process leading to the determination to implement the Tender Offer, and management policy after the Tender Offer," "(4) Policy for organizational restructuring, etc. after Tender Offer (matters relating to so-called "two-tier acquisitions")" and "(5) Possibility of and reasons for delisting" of "1. Purpose etc. of tender offer" for the policy after the Tender Offer.

(2) Outlook of impact on future performance

The impact of the Tender Offer on the consolidated performance of the Company will be minor.

4. Other information

(1) Agreements between the Offeror and the Target Company or its officers and the contents thereof

(i) Agreements between the Offeror and the Target Company or its officers and the contents thereof

According to the Target Company's Press Release, as a result of deliberating and reviewing the series of procedures for the Transactions including the Tender Offer and the terms and conditions relating to the Tender Offer, based on the contents of the Target Company's Share Valuation Report and legal advice received from Nishimura & Asahi, the Target Company's legal advisor, and taking into maximum consideration the contents of the Response Report, the Target Company's board of directors determined that (i) an increase in the Target Company's corporate value can be expected as a result of the Transactions including the Tender Offer and (ii) the Tender Offer Price and the other terms and conditions relating to the Tender Offer are appropriate for the Target Company's shareholders and the Tender Offer provides to the Target Company's shareholders a reasonable opportunity to sell shares.　At an August 6, 2014 meeting, the Target Company's board of directors unanimously (with the exception of Toru Nakajima, a director, and Yoshiaki Baba, an outside director) adopted a resolution expressing support for the Tender Offer and recommending that the Target Company's shareholders tender their shares in the Tender Offer.

For further details concerning these decisions by the Target Company, please see the Target Company's Press Release and "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" above.

(ii) Background, purpose, and decision-making process leading to the determination to implement the Tender Offer, and management policy after the Tender Offer

Please refer to "(2) Background, purpose, and decision-making process leading to the determination to implement the Tender Offer, and management policy after the Tender Offer" of "1. Purpose etc, of tender offer."

(iii) Measures to ensure fairness of the Tender Offer such as measures to ensure fairness of tender offer price and measures to avoid conflicts of interest

Please refer to "(i) Basis of calculation" and "(ii) Background of calculation" of "(4) Basis of valuation of tender offer price" of "2. Outline of tender offer" above."

(2) Other information necessary for investors' decision of tender

(i) Release of summary of financial statements for the first quarter of fiscal year ending March 2015 (24th fiscal year)

The Target Company released a "Summary of financial statements for the first quarter of the fiscal year ending March 2015 (Japanese standard) (consolidated)" on August 6, 2014. The consolidated profits and losses of the Target Company for the relevant first quarter based on the summary are as follows. The details of the summary have not been subject to the quarterly review by an accounting auditor. The outline of the release below is a partial extract from that released by the Target Company. The Offeror is not in a position to verify the accuracy and validity of the release, and nor has it made any such verification. Please refer to the content of the release for details.

(a)Profit/loss (consolidated)

Fiscal year	Fiscal year ending March 2015 (The first quarter of the 24th fiscal year)
Sales	8,730 million yen
Sales cost	6,407 million yen
Selling, general and administrative expenses	3,242 million yen
Operating loss	920 million yen
Non-operating profit	19 million yen
Non-operating expenses	3 million yen
Current loss	904 million yen
Quarterly net loss	601 million yen

(b)Amount per share (consolidated)

Fiscal year	Fiscal year ending March 2015 (the First quarter of the 24th fiscal year)
Quarterly net loss per share	5.08 yen
Dividend per share	- yen

According to the Target Company, the Target Company intends to file its quarterly securities report for the first quarter of the fiscal year ending March 2015 (24th fiscal year) (from April 1, 2014 to June 30, 2014) by August 13, 2014.

(ii) Revision of Dividend Forecast

The Target Company resolved at the meeting of the board of directors held on August 6, 2014 that the interim dividend and year-end dividend for the fiscal year ending March 2015 will not be paid on the condition that the Tender Offer is successful. For details, please refer to “Notice on Revision of Dividend Forecast for Fiscal Year Ending March 2015” dated August 6, 2014 released by the Target Company.

-End-

For inquiries on this matter, please contact:
Mitsui & Co., Ltd.
Investor Relations Division Tel: +81-3-3285-7910
Corporate Communications Division Tel: +81-3-3285-7566

Restrictions on Solicitation

This announcement is intended for the announcement of the Tender Offer to the general public and is not intended to solicit sales of shares. If anyone desires to sell his or her shares, the shareholder should, at his or her own responsibility, review the tender offer explanatory statement and accept the Tender Offer in his or her own discretion. This announcement is not considered as an offer or solicitation of sales of securities or solicitation of this purchase offer and does not constitute any such part. This announcement (or any part of it) or the fact of its distribution does not provide a basis for any kind of agreement pertaining to the Tender Offer, and it may not be relied upon when executing any such agreement.

Forward-Looking Statements

This announcement contains forward-looking statements. These forward-looking statements are based on the Company's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Company's actual results, financial position or cash flows to be materially different from any future results, financial position or cash flows expressed or implied by these forward-looking statements. These risks, uncertainties and other factors referred to above include, but are not limited to, those contained in the Company's latest Annual Securities Report and Quarterly Securities Report, and the Company undertakes no obligation to publicly update or revise any forward-looking statements. This announcement is published in order to publicly announce specific facts stated above, and does not constitute a solicitation of investments or any similar act inside or outside of Japan, regarding the shares, bonds or other securities issued by us.

US Law

The Tender Offer is targeted at the securities of the Target Company, a company incorporated in Japan, by the Company, the Offeror.

As these companies are located in Japan and all officers and directors are residents in Japan, it may be difficult to exercise rights and claims that may be asserted under the securities-related laws of the U.S. with respect to the Tender Offer. There is also a chance that it may be impossible to institute proceedings in a court in Japan against these companies or their officers or directors based on a violation of the securities-related laws of the U.S. Additionally, it may be difficult to compel these companies and their affiliates to accept the jurisdiction of a U.S. court. The Tender Offer is to be conducted in compliance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act of Japan. These procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934 and the regulations stipulated thereunder are not applicable to the Tender Offer and the Tender Offer does not conform to those procedures and standards. Not all financial information included in this press release is in conformity with U.S. GAAP. Unless otherwise specified, all procedures relating to the Tender Offer are to be conducted entirely in Japanese. If all or any part of a document relating to the Tender Offer is prepared in the English language and there is any inconsistency between the English-language documentation and the Japanese-language documentation, the Japanese-language documentation will prevail.

This statement includes "forward-looking statements" as defined in Article 27A of the U.S. Securities Act of 1933 and Article 21(E) of the U.S. Securities Exchange Act of 1934. Actual results might be materially different from the predictions expressed or implied as the "forward-looking statements" due to known or unknown risks, uncertainties or any other factors. Neither the Offeror nor any of its affiliates assures that such predictions expressed or implied as the “forward-looking statements” will ultimately be accurate. The “forward-looking statements” contained in this statement have been prepared based on the information possessed by the Offeror as of the date hereof, and, unless otherwise required under applicable laws and regulations, neither the Offeror nor any of its affiliates assumes any obligation to update or revise such statements to reflect any future events or circumstances. The Offeror and each financial advisor to the Target Company and the Tender Offer Agent (including their affiliates) may, within their ordinary course of business and to the extent permitted under Japan’s securities laws and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934 (including any amendments thereafter), prior to the commencement of, or during the tender offer period in the Tender Offer, engage in the purchase, or arrangement to purchase, of shares of the Target Company for its own account or for its customers’ accounts by means other than pursuant to the Tender Offer. If any information concerning any such purchases is disclosed in Japan, corresponding disclosure will be made on the English homepage of the financial advisor or the Tender Offer Agent (or through other public disclosure methods).

Other Countries

Some countries or regions may impose restrictions on the announcement, issue or distribution of this press release. In such cases, please take note of such restrictions and comply with them. This press release shall not constitute a solicitation of an offer to sell or an offer to buy shares relating to the Tender Offer and shall be deemed a distribution of materials for informative purposes only.