

[Translation]

October 31, 2017

To whom it may concern:

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Representative Director
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Announcement Concerning Opinion to Support the Tender Offer of Our Shares by Nippon Yusen Kabushiki Kaisha which is Our Controlling Shareholder and the Recommendation of the Tender thereto

Yusen Logistics Co., Ltd. (the “Company”) hereby announces that, with respect to a tender offer (the “Tender Offer”) from Nippon Yusen Kabushiki Kaisha (the “Tender Offeror”), the Company’s controlling shareholder, targeting the common stock of the Company (the “Company Shares”), the Company resolved at a meeting of the board of directors held today that it expresses an opinion supporting the Tender Offer and recommends the shareholders of the Company to tender their shares in the Tender Offer, as follows.

The aforementioned resolution of the board of directors’ meeting was passed on the assumption that (i) the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror by way of the Tender Offer and a series of procedures to be implemented thereafter, and (ii) the Company Shares are to be delisted.

1. Outline of the Tender Offeror

(1) Name	Nippon Yusen Kabushiki Kaisha
(2) Location	3-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo
(3) Title and Name of Representative	Tadaaki Naito, President
(4) Type of Business	Global logistics business (liner trade, air cargo transportation and logistics), bulk shipping business and others (real estate and other business services)
(5) Amount of Capital	¥144,319 million
(6) Date of Incorporation	September 29, 1885
(7) Major Shareholders and Shareholding Ratio (as of March 31, 2017)	Japan Trustee Services Bank, Ltd. (Trust Accounts): 7.36% The Master Trust Bank, Ltd. (Trust Account): 5.69% Japan Trustee Services Bank, Ltd. (Trust Accounts 9): 2.86%

	Mitsubishi Heavy Industries, Ltd.:	2.41%
	Meiji Yasuda Life Insurance Company: (Standing proxy: Trust & Custody Services Bank, Ltd.)	2.02%
	Japan Trustee Services Bank, Ltd. (Trust Accounts 5):	1.82%
	Tokio Marine and Nichido Fire Insurance Co., Ltd.:	1.70%
	Japan Trustee Services Bank, Ltd. (Trust Accounts 7):	1.36%
	STATE STREET BANK WEST CLIENT – TREATY 505234: (Standing proxy: Settlement & Clearing Services Department of Mizuho Bank, Ltd.)	1.35%
	Japan Trustee Services Bank, Ltd. (Trust Accounts 1):	1.35%

(8) Relationship between the Company and the Tender Offeror

	Capital Relationship	As of today, the Tender Offeror holds 25,135,084 shares of the Company that is equivalent to 59.53% of the total issued shares of the Company (42,220,800 shares).
	Personnel Relationship	As of today, one (1) director of the Company is concurrently holding the office of a Corporate Officer of the Tender Offeror. As of today, seventeen (17) employees of the Tender Offeror are seconded to the Company. In addition, the Tender Offeror has received four (4) employees seconded from the Company.
	Transaction Relationship	The Company has deposited funds with the Tender Offeror by way of group finances, and has received interest thereon. The Company has delegated to the Tender Offeror a part of the ocean freight forwarding handled by the Company.
	Status as a Related Party	The Tender Offeror is the Company's parent company, and falls under a related party of the Company.

(Note) The shareholding ratio set forth in “Major Shareholders and Shareholding Ratio (as of March 31, 2017)” is the ratio of the number of shares held by each major shareholder to the total issued shares of the Tender Offeror (rounded to the second decimal place).

2. Tender Offer Price

1,500 yen per share of common stock (the “Tender Offer Price”)

3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer

(1) Details of the Opinion

Based on the grounds and reasons described in “(2) Grounds and Reasons for the Opinion” below, the Company resolved at its board of directors’ meeting held today, that, it expresses an opinion in support of the Tender Offer and recommends that the shareholders of the Company tender their shares in the Tender Offer.

Furthermore, the above-mentioned resolution by the meeting of board of directors was resolved pursuant

to the method described in “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “e. Unanimous Approval by all of the Non-Interested directors of the Company and Opinion of No Objection by all of the Non-Interested Corporate Auditors of the Company” below.

(2) Grounds and Reasons for the Opinion

a. Overview of the Tender Offer

The Company received an explanation from the Tender Offeror on the overview of the Tender Offer as follows.

As of the date hereof, the Tender Offeror holds 25,135,084 shares (Share Holding Ratio (Note 1): 59.61%) of the common stock of the Company that are listed on the First Section of the Tokyo Stock Exchange Inc. (the “TSE”), and the Company is a consolidated subsidiary of the Tender Offeror.

The Tender Offeror sets the minimum number of shares to be purchased in the Tender Offer at 2,977,700 shares (Note 3) so that the Tender Offeror will hold two-thirds or more of the total number of voting rights in the Company (Note 2) upon the completion of the Tender Offer. The Tender Offeror intends not to purchase any of the shares, etc., tendered through the Tender Offer (the “Tendered Shares, Etc.”) if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 2,977,700 shares). On the other hand, the Tender Offeror contemplates acquiring all of the Company Shares (except the Company Shares held by the Tender Offeror and the treasury shares held by the Company; hereinafter the same). Therefore, the maximum number of shares to be purchased is not set, and if the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 2,977,700 shares), the Tender Offeror will purchase all of the Tendered Shares, Etc.

(Note 1) “Share Holding Ratio” means the holding ratio with respect to the number of shares (i.e., 42,169,002 shares) that is obtained by deducting (i) the number of treasury shares held by the Company as of September 30, 2017 (i.e., 51,798 shares), as set forth in the “Consolidated Financial Results for Six Months Ended September 30, 2017 (Japanese GAAP)” disclosed by the Company today (the “Company’s Quarterly Financial Results”) from (ii) the total issued shares of the Company as of September 30, 2017 (i.e., 42,220,800 shares), as set forth in the Company’s Quarterly Financial Results (with the resulting percentage rounded to the nearest hundredth); hereinafter the same.

(Note 2) The “total number of voting rights in the Company” means the voting rights (i.e., 421,690) represented by the number of shares (i.e., 42,169,002 shares) that is obtained by deducting (i) the number of treasury shares held by the Company as of September 30, 2017 (i.e., 51,798 shares), as set forth in the Company’s Quarterly Financial Results from (ii) the total issued shares of the Company as of September 30, 2017 (i.e., 42,220,800 shares), as set forth in the Company’s Quarterly Financial Results; hereinafter the same.

(Note 3) The minimum number of shares to be purchased is the number of shares (i.e., 2,977,700 shares) that is obtained by (i) multiplying the total number of voting rights in the Company

stated in (Note 2) above (i.e., 421,690) by two-thirds and (ii) deducting from the result thereof (i.e., 281,127; rounding up to the nearest whole number) the number of voting rights held by the Tender Offeror (i.e., 251,350) and (iii) multiplying the result (i.e., 29,777) by 100 shares.

According to the Tender Offeror, the Tender Offeror resolved at its board of directors' meeting held today, to implement the Tender Offer as a part of a series of transactions for the purpose of making the Company the Tender Offeror's wholly-owned subsidiary through the acquisition of all of the Company Shares (the "Transaction").

It is planned that, if the Tender Offeror cannot acquire all of the Company Shares through the Tender Offer, the Tender Offeror will request the Company to carry out the respective proceedings stated in "(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" below in order to make the Company the Tender Offeror's wholly-owned subsidiary.

b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer

(a) Background and Reason for the Tender Offer

According to the Tender Offeror, the Tender Offeror was established in 1885 through a merger of Yubin Kisen Mitsubishi Kaisha and Kyodo Unyu Kaisha and inaugurated operations. After World War II, along with the increase in the demand for energy and marine transportation services that accompanied the economic growth, the Tender Offeror has been broadly expanding its business centered around marine transportation, from the global logistics business that consists of liner trade, air cargo transportation, and logistics business, to the bulk shipping business that consists of dry bulk carrier transportation, fuel transportation and car transportation business, and has been meeting various transportation needs as a comprehensive global-logistics enterprise through a global transportation network of marine, land, and air. In addition, the Tender Offeror was listed on the TSE and the Nagoya Stock Exchange Inc. (the "NSE") in 1949, and also on other domestic Stock Exchanges and the Frankfurt Stock Exchange (due to delisting, the Tender Offeror is currently listed on the TSE and the NSE only). The Tender Offeror acquired the Company Shares from Osaka Shosen Kabushiki Kaisha ("Osaka Shosen") in October 1959, made the Company its subsidiary (shareholding ratio: 55.81%), changed the Company's trade name to Yusen Air Services Co., Ltd., and made the Company's logistics business part of its logistics business. Since 2005, the Company has been listed on the TSE. The Tender Offeror consists of 552 consolidated subsidiaries and 200 equity-method affiliates (together with the Tender Offeror, the "Tender Offeror Group"), and, based on the basic philosophy of "through safe and dependable monohakobi (transport), we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation," aims to create a prosperous society.

The details of the major businesses of the Tender Offeror Group are as follows:

Business unit	Details of business
Global logistics business	•Liner trade (container shipping division and

	terminal-related division) <ul style="list-style-type: none"> •Air cargo transportation business •Logistics business
Bulk shipping business	<ul style="list-style-type: none"> •Dry bulk carrier transportation business (transportation business concerning bulk cargo such as iron ore, coal, and wood chips) •Fuel transportation business (transport of crude oil, petroleum products, LPG and LNG; offshore business) •Car transportation business
Other business	<ul style="list-style-type: none"> •Property business •Other business (cruise ship business, etc.)

The shipping industry that the Tender Offeror belongs to is facing significant changes in its operating environment due to the recent structural changes in the demand for energy, the increase in geopolitical risk, and other such changes.

In the container shipping industry, freight rates have been experiencing sharp fluctuations; especially in recent years, as a result of the increase in shipping capacity due to the deliveries of newly-built ships and substantial fluctuation in the supply-demand balance, the market has continuously been sluggish and it has been difficult to ensure stable earnings. In the industry, the move toward improving competitiveness by increasing the scale of transportation through mergers and acquisitions has accelerated around major shipping companies, and it seems that the competitive environment will intensify more than ever; therefore, in October 2016, the Tender Offeror decided to integrate its container shipping business with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. in order to operate the container shipping business stably and sustainably, and, as part of such integration, established a new company in July 2017, which will start providing services from April 2018.

Also, in the dry bulk carrier industry, the market has been significantly sluggish due to the over-supply of vessels and the deceleration in the Chinese economy; the BDI (Baltic Dry Index; freight rate index of outbound bulk shipping published by the Baltic Exchange in England) recorded the lowest rates in its history in February 2016.

Although both the container shipping market and the dry bulk carrier market are emerging from their worst periods and have been in a moderate recovery trend, the markets have not yet significantly improved.

Amidst such a harsh operating environment, the Tender Offeror has been, in accordance with the basic policy in the medium-term management plan, i.e., “More than Shipping 2018 - Stage 2: Leveraged by Creative Solutions” (fiscal year 2014 – fiscal year 2018) (Note) launched in April 2014, engaged in strengthening competitiveness through differentiation from other companies as well as strengthening resilience to the unstable shipping market.

(Note) Although the Tender Offeror withdrew its earnings/financial plan for fiscal year 2018 in October 2016 due to significant changes in the operating environment, the basic strategy in the medium-term management plan is still feasible, and therefore, the Tender Offeror continues to promote the measures based on such strategy.

From the perspective of strengthening resilience to the unstable market, based on the policies of “shifting to a light-asset model for the business that operates under highly volatile conditions” (enabling the Tender Offeror to flexibly respond to fluctuations in cargo movement by using short-term chartered vessels, etc.) and “accumulating earnings from the business with stable freight rates” through reconfiguration of the business portfolio, the Tender Offeror has been focused on lowering the core asset ratio in containerships and dry bulk carriers and increasing the ratio of the light-asset business, such as forwarding (Note), and the stable freight rate business, such as logistics, car transport vessels and offshore business, and has been striving to develop a business portfolio that generates profits under any market condition.

(Note) “Forwarding” is the business of for situations where an air transportation medium and marine transportation medium to an overseas or domestic destination is used, taking charge of the freight of a shipper company, ensuring space in carriers (vessels, airplanes, railroads, trucks, etc.), and entrusting the transportation of the freight therewith, including conducting the customs clearance for the freight transport, export and import.

In contrast, from the perspective of strengthening competitiveness, the Tender Offeror has been promoting the policy of “differentiating our business by offering value-added shipping services” and has worked to diversify and add higher value to the transportation services through the development of a consistent value chain, which includes not only the marine transportation it has provided so far, but also air transportation and land transportation, by fully utilizing a portfolio diversified as a comprehensive global-logistics enterprise. The Tender Offeror has been striving to differentiate itself from other companies by expanding and strengthening the logistics business and the terminal business in which synergies with the marine transportation can be expected, such as increasing the cargo handling volume by expanding sales to Asian countries and emerging countries, and starting commercial operations of a new container terminal in Indonesia, and promoting measures that utilize the strengths of the Tender Offeror Group.

Furthermore, in order to overcome the difficulty of the recent sluggish shipping market and build a business foundation for a new stage of growth, the Tender Offeror has been currently promoting the company-wide project “Beat the Crisis” along with taking measures based on the basic policy in the medium-term management plan. In order to maximize the capabilities of the Tender Offeror Group as a whole, the Tender Offeror has established the policy of “group-wide management reforms” as a priority theme, which aims at having the Tender Offeror shift to a stable earnings structure with a focus on capital efficiency and at strengthening the competitiveness of each company in the Tender Offeror Group, and has been striving to strengthen such competitiveness.

In the logistics business area that is characterized as one of the stable freight rate businesses in the business portfolio of the Tender Offeror Group, customers’ needs are increasingly becoming complex due to increasingly sophisticated supply chain management, and the need to outsource logistics operations and the need for one-stop services of logistics operations have been increasing. Under such operating environment, the Tender Offeror Group has set the logistics business as its core business, and, in order to strengthen its business foundation, has been engaged in expanding the logistic services centered around growing industries and emerging markets, and strengthening its marketing capabilities

utilizing the Group's management foundation.

The Company was established in 1955 as Kokusai Ryoko Kosha for the handling of the general travel and air cargo industry. In October 1959, the Tender Offeror acquired the Company Shares from Osaka Shosen (by which the shareholding ratio of the Tender Offeror became 55.81%) and changed its trade name to Yusen Air Services Co., Ltd., and the Company has been a subsidiary of the Tender Offeror since then. Thereafter, in 1996, the stock of the Company was registered as an over-the-counter stock with the Japan Securities Dealers Association, and listed on the First Section of the TSE in 2005. Also after the listing, the Tender Offeror, which has set the Company as the core of its logistics business, has continued to own more than 50% of the total issued shares of the Company. In October 2010, as the logistics business of the Tender Offeror Group was concentrated in the Company by transfer of business from NYK Logistics (Japan) Co., Ltd., which was another logistics subsidiary of the Tender Offeror, the trade name of the Company was changed to the current one. Furthermore, in April 2011, the overseas logistics business of the Tender Offeror was consolidated with that of the Company, and the Company exists as a key subsidiary of the Tender Offeror that plays a central role in the logistics business of the Tender Offeror Group.

The Company mainly engages in freight forwarding business, consisting of ocean freight forwarding and air freight forwarding, and logistics business (Note); has a network of 500 or more offices in 43 countries and regions in 5 regions of the world (i.e., Japan, the Americas, Europe, East Asia and South Asia & Oceania); and comprehensively provides optimal logistics solutions by sea, air and land.

(Note) "Logistics business" means the business to comprehensively provide logistics solutions that meet all kinds of logistics demands of customers in Japan and overseas based on the type of business, business category, and characteristics of goods handled by customers (i.e., storage, cargo handling, distribution processing, collection/delivery and logistics information management).

As for the freight forwarding business engaged in by the Company, although the volume of ocean freight and air freight is increasing globally, international logistic demand could be affected by global economic trends, in addition to the economic trends in target countries and regions. In particular, as products and components for personal consumption, such as IT-related and digital devices, account for a high proportion of the demand for air freight forwarding and can be strongly affected by economic trends in the countries of consumption, operating environments may change substantially in the future.

Recently, since securing cargo space for air freight forwarding in Asia has become difficult due to factors such as increased passenger demand, preferential treatment of passengers by governments and downsizing of aircrafts, reliably securing cargo space has become important for ensuring future profitability. Furthermore, global logistics providers are actively consolidating through mergers and acquisitions to enhance profitability and competitiveness. Under the global operating environment, competition with the Company's competitors is expected to intensify not only with respect to business conditions, market conditions and customer trends but also with respect to securing purchasing power and cargo space.

As logistics services have been prominently commodified, the Company believes that improvement of the brand power, as well as the creation of added value and adoption of a differentiation strategy, are required for future business development.

Under these operating environments, with a goal of continuously being the world's preferred supply chain logistics company, the Company formulated in April 2017 its medium- to long-term vision, "TRANSFORM 2025," which continues until FY2025, aiming to achieve sustainable and profitable growth.

The Company positions the first three years of its medium- to long-term vision, i.e., from FY2017 through FY2019, as the most important investment period to accomplish the above-mentioned medium- to long-term vision, "TRANSFORM 2025," which continues until FY2025, and plans to implement drastic business reform during such three years.

In order to spread the group management philosophy, the Company drew up the following four Group Themes: "Fix our direction," "Enhance our capability," "Invest in the future" and "Strengthen our foundation." As its business strategy, the Company plans to enhance its global presence by growing in scale in key and new markets and plans to standardize systems, processes, and products to increase our efficiency and ease of doing business.

To realize the Group Themes, in the freight forwarding business, the Company is proceeding with the standardization of services to improve customer convenience and the restructuring of the distribution network infrastructure to enable prompt responses to its customers' needs, and is focusing on proactive investment in information technology for more streamlined and improved information sharing between departure and arrival sites. Through these measures, the Company aims to provide prompt and high-quality solutions that meet its customers' needs and efficient cargo space. In the logistics business, the Company plans to proceed with the enhancement of functions through sustainable investment in logistics facilities, logistics technology, organizations and human resources, and to improve profitability by enhancing business foundations. Furthermore, the Company plans to further strengthen its brand by promoting standardization of operational quality and customer relationship management.

With respect to the Area Theme for the five regions of the world, the Company intends to proactively proceed with (i) the optimization of organizations, functions and operation processes to improve the efficiency and quality of the Japan region, (ii) the development and growth of intra-regional solutions through the expansion of logistics capabilities in the Americas region and (iii) the development of business opportunities and potential markets in the Central & Eastern Europe and Africa regions; in the East Asia region, where economies continue to develop, the Company, as a top class forwarding service provider, aims to increase the volume of handling of cargos through business transactions with companies of Europe and the United States and greater cooperation with divisions in South Asia, and in the South Asia & Oceania region, the Company intends to expand investment in growth areas, such as its cold-chain (temperature-controlled logistics services) and healthcare business, for which demand is increasing alongside changes in living conditions.

(b) Background as to how the Tender Offeror decided to implement the Tender Offer

As stated above, each of the Tender Offeror and the Company independently proceeded with the business strategy to increase their respective corporate value, and strived for the enhancement of customer contact and stronger sales capabilities. The Tender Offeror and the Company believe that,

in order to ensure that they can further meet their customers' wide-ranging needs and proceed with the measures based on the medium-term management plan and the company-wide project and to continue to grow as the Tender Offeror Group, it is imperative to further enhance its logistics business, which has been the core business of the Tender Offeror Group. The Tender Offeror and the Company believe that further consolidation of business operations of both companies would ensure a unified business strategy and prompt decision-making, and it would also ensure an increase in added value through further enhancement of the collective capabilities of the group and promotion of a differentiation strategy (for specific details of further enhancement of the collective capabilities of the group, please refer to "(c) Business Strategy Planned to be Implemented after Completion of the Transaction" below). Based on these expectations, the Tender Offeror determined that it is desirable to make the Company its wholly-owned subsidiary and, around February 2017, it started considering the Transaction and, in the middle of July 2017, it made a proposal to the Company to make the Company its wholly-owned subsidiary. When such proposal was made, the Tender Offeror appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Company, and Nagashima Ohno & Tsunematsu as its legal advisor. Thereafter, the Tender Offeror conducted due diligence on the Company from late July 2017 upon obtaining the Company's consent, and such due diligence was completed in late September 2017. On the other hand, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Company, and Anderson Mori & Tomotsune as its legal advisor. In addition, in order to avoid a conflict of interest, the Company established a third-party committee (for details of the third-party committee, including its members and specific activities, please refer to "(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest," "d. Establishment of an Independent Third-party Committee by the Company") and constructed a framework to conduct discussion and negotiation regarding the Transaction. In early September 2017, the Tender Offeror and the Company engaged in a discussion regarding various measures for increasing the corporate value of both companies, such as improvement of the business and business streamlining through further promotion of group-wide management, and thereafter, the Tender Offeror continued its consideration of such measures.

Consequently, at its board of directors' meeting held today, the Tender Offeror reached the conclusion that it is optimal for increasing the corporate value of the entire Tender Offeror Group to make the Company its wholly-owned subsidiary, and resolved to implement the Tender Offer with the aim of making the Company its wholly-owned subsidiary.

On the other hand, at its board of directors' meeting held today, the Company reached the conclusion that becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction (i) improves its medium- to long-term profitability and competitiveness, (ii) facilitates (a) the enhancement of the business strategy and regional strategy centered on the freight forwarding business and logistics business required for the accomplishment of the medium- to long-term vision, "TRANSFORM 2025," (b) drastic business reform, including optimization of the organizational structure and improvement in the efficiency of the business process and (c) implementation of important measures, including proactive investment in a growth area, and (iii) contributes to a further increase of corporate value of the Company. (For details of the analysis of the Transaction by the Company and the decision-

making process of the Company, please refer to “ c. The Company’s Decision-making Process for the Tender Offer and Reasons Therefor” below.

(c) Business Strategy Planned to be Implemented after Completion of the Transaction

The Tender Offeror will aim to further enhance the corporate value of the Tender Offeror Group through enhanced sharing of know-how on business operations and management and collaboration between both companies that can be realized through implementation of the Transaction. In addition, by further promoting the mutual use of the functions of the companies in the Tender Offeror Group and seeking to enlarge the scale of the Company’s business and the group-wide logistics business, expand the business area and improve profitability, the Tender Offeror will endeavor to pursue sustainable growth of the Tender Offeror Group. As a result of such efforts, the Tender Offeror believes that the percentage of the Tender Offeror’s light-asset business and stable-freight-rate business will further increase and construction of a business portfolio from which profits can be generated regardless of market conditions will be accelerated, and therefore, profit stability and competitiveness will be enhanced.

Specifically, the Tender Offeror and the Company believe that promotion of the following initiatives will enhance the sharing of know-how on business operations and management and collaboration between both companies and contribute to the enhancement of the corporate value to be generated by making the Company a wholly-owned subsidiary of the Tender Offeror.

A) Higher Added Value and Enhancement of Stable Profitability through Integration of Automobile-Related Logistics, Which is a Stable-Freight-Rate Business

Recently, in the automobile industry, against a background of the acceleration of overseas local production and demand growth in emerging countries, suppliers of materials, places of production and sales destinations have been diversified, and means and routes of transportation in respect of both finished automobiles and auto components, respectively, have become complicated. The Tender Offeror acknowledges the needs to combine the means and routes of transportation to address different needs of every customer, and believes that it is required to provide the logistic services that suit the needs of every customer more than ever, such as small freight transport in respect of each component and one-stop services of transportation in respect of components and finished automobiles.

To date, the Tender Offeror Group has had an advantage in the automobile logistics and the Tender Offeror has been mainly engaged in the logistics of finished automobiles while the Company has separately addressed improving its customer services in the field of the logistics of auto components. In the future, as both companies work together more closely and integrate the advanced technology for management of operations and loading developed by the Tender Offeror and the technology and know-how with respect to the logistics of finished automobiles and auto components, including supply chain solutions, provided by the Company, the Tender Offeror believes that it will be possible to provide services that meet their customers’ wide-ranging needs, including the provision of one-stop services where transportation of finished automobiles and auto components are integrated.

The Tender Offeror believes that the foregoing will contribute to building up the stable freight rate business, which is sought by the Tender Offeror, and that the Tender Offeror Group’s higher added

value and enhancement of stable profitability will be realized.

Also, the Company, which has developed its business focusing mainly on the logistics of auto components, believes that it will become able to increase the added value of the logistic services it provides, and realize stronger sales capabilities, by utilizing the Tender Offeror's pipelines to finished automobile manufacturers.

B) Improvement of Competitiveness as a Result of Enhancement of Customer Contact and Stronger Sales Capabilities by Way of Mutual Exploitation of Global Networks

In order to meet their customers' wide-ranging needs in respect of import and export, the Tender Offeror has 350 or more overseas bases in 40 or more countries in the world, and the Company has 500 or more overseas bases in 43 countries and regions in the world. For both companies, these overseas bases will assume a significant role as the front line to collect information and conduct sales and marketing activities for customers in the countries and/or regions concerned. Therefore, the overseas bases are characterized as essential management resources in order to pursue the maintenance and enhancement of their global presence.

In conjunction with the contemplated integration of the container shipping business of three (3) Japanese shipping companies, transfer of a part of the Tender Offeror's overseas bases to the new company is under discussion. The Tender Offeror believes that, in the future, as the Tender Offeror and the Company consolidate and mutually exploit the overseas bases of both companies, they will be able to maintain and enhance their front-line functions overseas through the procedures for making the Company a Wholly-Owned Company, and that they will be able to further enhance their global presence by way of developing new customers, timely collecting information and creating new business opportunities. As a result of the foregoing, the Tender Offeror believes that enhancement of customer contact and stronger sales capabilities in the overseas market will be realized, and, therefore, that it will be able to improve its competitiveness by further developing its business ahead of its competitors, especially in the markets of Asia and emerging countries, which will continue to have significant growth potential.

The Company also believes that it will be able to improve its competitiveness through the enhancement of customer contact and stronger sales capabilities, in the midst of intensifying competition with competitors overseas, and that it will be able to enhance its overseas business, which is the Company's strength.

C) Enhancement of Profitability and Competitiveness through Deepening of Business Collaboration within the Tender Offeror Group

In the Tender Offeror Group's global logistics business, in order to address increasingly diverse and complicated customer needs, each group company, including the Tender Offeror and the Company, has advanced collaboration and cooperation in the field of logistics, container shipping and air transportation, among others, and has pursued further diversification and enhancement of added value of transportation services. The Tender Offeror believes that, in order to further enhance its profitability and competitiveness and that of the Company, they should seek opportunities for cooperation more broadly than ever.

In the future, by closely collaborating in each business developed by each group company including the Tender Offeror and the Company, the Tender Offeror Group as a whole will promote the following efforts:

➤ Deepening of Existing Business Collaboration

Each group company, including the Tender Offeror and the Company, has endeavored to diversify their services mainly in the global logistics business, by combining marine transportation, air transportation and logistics. The Tender Offeror and the Company believe that, further enhancement of profitability and competitiveness of the Tender Offeror and the Company will be realized in the future by further deepening the collaboration of each business and further expanding their services, including the integrated transport services of marine transportation, air transportation and land transportation.

➤ Making Opportunities for New Business Collaborations Apparent

New business collaborations will be promoted between the Tender Offeror's business and the Company's logistics business, both of which had been independently developed. The Tender Offeror and the Company believe that, the new business collaborations will enable the Tender Offeror and the Company to provide a wide variety of logistic services, including new transportation services of Project Cargo through the expansion of customer contact, and that the new business collaborations will, as a new revenue stream of the Tender Offeror and the Company, contribute to the enhancement of their added value and competitiveness.

D) Strengthening of Corporate Governance and Group-Wide Management Ability by Effective Utilization of Management Resources of Each Group Company including the Tender Offeror and the Company

The Tender Offeror Group has been promoting systemization and improvement of operating process through IT investment, and has advanced effective utilization and appropriate posting of its management resources including its human resources in the "group-wide management reforms," and has been addressing the efficiency of operational structure and the development and improvement of internal control. In addition, from the perspective of improving its capital efficiency, the Tender Offeror Group has been seeking to enhance the competitiveness of the group companies by addressing the improvement of capital efficiency through inter-company financing, with the use of, among others, a cash management system.

In the future, the Tender Offeror and the Company will be able to mutually collaborate the organizations and functions and appropriately allocate the management resources between the Tender Offeror and the Company by promoting the collaboration through the common use of information, technology, systems and know-how, among others, and by actively exchanging their human resources. Furthermore, since the Company's flexibility in financing will increase as a result of the utilization of the inter-company financing, implementation of more strategic and flexible investment will become possible.

As a result of the foregoing, the Tender Offeror Group believes that the corporate governance and the

group-wide management ability will be strengthened, since the further enhancement of the Tender Offeror Group's internal control, the development of human resources that are well-informed on diverse businesses of the group and the further efficiency in respect of various operating processes are expected.

The Company also believes that, by efficiently utilizing the Tender Offeror's management resources, especially the Tender Offeror's financial strength and creditworthiness, it will be able to realize large-scale and flexible investments, which would have been difficult to be realized by the Company alone.

c. The Company's Decision-making Process for the Tender Offer and Reasons Therefor

As set forth in “ b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer” above, the Company received the proposal above from the Tender Offeror in mid-July 2017, with respect to the Transaction, including the Tender Offer, and as set forth in “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” below, in order to ensure the fairness of the Transaction, including the Tender Offer, such as the fairness of the Tender Offer Price, the Company appointed Nomura Securities as its financial advisor and third-party valuation institution that is independent from the Tender Offeror and the Company, and Anderson Mori & Tomotsune as its legal counsel. The Company also established a third-party committee as its advisory body in order to consider the proposals concerning the Transaction and has discussed and examined several times the purpose of the Transaction, the management structure and the policy after the Transaction, as well as the terms and conditions of the Transaction, with the Tender Offeror.

In addition, with respect to the Tender Offer Price among the terms and conditions of the Transaction, after the receipt of the proposal above from the Tender Offeror in mid-July 2017, the Company has continuously been in discussion with the Tender Offeror. In response to the Tender Offeror's presentation of the initial price in late September 2017 during the course of the above-mentioned discussion, the Company obtained from Nomura Securities advice on the share valuation of the Company Shares and advice from a financial viewpoint, and in light of such advice and the third-party committee's opinion, the Company continued to engage in discussions with the Tender Offeror. As a result, in late October 2017, the Company came to accept the final proposal from the Tender Offeror which provided that the Tender Offer Price would be 1,500 yen per share, which is the price that the Company deemed would provide the Company's shareholders with an opportunity to sell the Company Shares at a price with a reasonable premium, as described below.

Furthermore, the Company received from Anderson Mori & Tomotsune, as its legal advisor, legal advice concerning the points to note in relation to the decision making concerning the Transaction, including the Tender Offer, such as the decision-making process and decision-making method concerning the Transaction, including the Tender Offer, and also received a report dated October 30, 2017, from the third-party committee (the “Report”). (For the outline of the Report and the specific content of the activities of the third-party committee, please refer to“(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “d. Establishment of an Independent Third-Party Committee by the Company” below.) In addition to the above, in light of the legal advice that the Company received from Anderson Mori & Tomotsune, as its legal advisor, as well as the share valuation report concerning

the Company Shares dated October 30, 2017 (the “Share Valuation Report”) that it received from Nomura Securities, as its third-party valuation institution, the Company carefully discussed and examined the Transaction from the perspective of whether the Transaction enhances the corporate value of the Company and whether the Tender Offer Price in the Transaction and other terms and conditions are reasonable, according maximum respect to the content of the Report submitted by the third-party committee.

As set forth in “b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer” above, the operating environment surrounding the Company may face significant changes in the future and it seems that competition with competitors will further intensify concerning ensuring of not only customers, but also cargo space with respect to air freight forwarding.

Under such circumstances, in order to realize the improvement of medium- to long-term profitability and competitiveness of the Company and to complete the medium- to long-term vision, “TRANSFORM 2025,” it is necessary to implement radical business reforms such as optimizing the organizational structure and improving the efficiency of the business process, as well as strengthening the Area Themes centered around the freight forwarding business and the logistics business. In addition, in order for the Company to continue developing in the future, investments, such as active investments in the growing business areas and IT investment for strengthening its business foundation, will be essential. The Company believes that, by becoming the Tender Offeror’s wholly-owned subsidiary, it can increase the probability of realizing such measures.

As set forth in “b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer” above, the Company believes that, it can provide a series of supply chain solutions such as the automobile-related logistics business through deepening business collaboration between both companies, and strengthen the Area Themes centered around its freight forwarding business and logistics business by responding to customers’ broad needs concerning overseas logistics through increasing contact with customers and strengthening sales capabilities by mutually utilizing the global network of both companies.

In addition, the Company believes that it will be able to strengthen, and improve the efficiency of, the organizational structure centered around the administrative department, operating department and business promotion department. Particularly in the research and development department and investigations department, the Company believes that sharing the knowledge that it and the Tender Offeror have will lead to a significant strengthening in its research capabilities and investigation capabilities, such as enhancement and development of logistics technology and improvements with respect to customers and industry marketing capabilities.

Furthermore, the Company believes that, by effectively utilizing the Tender Offeror’s financial strength and creditworthiness, the probability of large-scale investments, which are not possible by the Company alone, such as implementation of large-scale IT investment, M&A, and capital and business alliances, will increase. The Company also believes that enhancing the probability of the implementation of more flexible investments through the promotion of an accelerated decision-making process would contribute to how the Company responds to rapid changes in the operating environment.

As described above, the Company believes that becoming the Tender Offeror's wholly-owned subsidiary and realizing a strong collaboration with the Tender Offeror Group through the Transaction would not only contribute to the implementation of various measures necessary for the management of the Company, but also enable the Company to mutually utilize the management resources and expertise shared among the Tender Offeror Group (such mutual utilization has been limited thus far), and thus, would serve to the benefit of the Company's development in the future. As a result, at the board of directors' meeting of the Company held today, the Company reached the conclusion that the Transaction would contribute to the further enhancement of the corporate value of the Company.

Further, in light of the following facts, the Company determined that the Tender Offer would provide the shareholders of the Company with an opportunity to sell the Company Shares at a price with a reasonable premium: (i) the Tender Offer Price a) exceeds the valuation results of the Company Shares under the average market price method and b) is within the ranges of the valuation results under the comparable company method and the discount cash flow method (the "DCF Method"), both of which are included in the valuation results of the Company Shares received from Nomura Securities and mentioned in "(3) Matters Regarding Calculation," "b. Overview of Calculation" below; (ii) the Tender Offer Price is a price with the following premiums: a) 47.35% premium (rounded to the second decimal place; the same shall apply hereinafter in the calculation of the premium ratio) to the regular transaction closing price of the Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day immediately preceding the announcement date of the Tender Offer, b) 43.40% premium to the simple average of the regular transaction closing prices (the amount less than one yen has been rounded to the nearest one yen; the same shall apply hereinafter in the calculation of simple average of regular transaction closing prices) for the one (1) month period ending on the date stated in a) above (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period ending on the date stated in a) above (1,030 yen), and d) 45.49% premium to the simple average of the regular transaction closing prices for the six (6) month period ending on the date stated in a) above (1,031yen), respectively; (iii) measures have been taken to resolve conflict of interest concerns as stated in "(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest" below, and the benefit to the minority shareholders has been taken into consideration; and (iv) the Tender Offer Price is offered a) after taking measures to resolve conflict of interest concerns as stated above, b) after discussion and negotiation between the Company and the Tender Offeror equivalent to those under an arm's length transaction, and, in addition, c) as a result of sincere and continued discussions and negotiations conducted based on the valuation results of the Company Shares received from Nomura Securities and discussions with the third-party committee.

For the reasons stated above, at the board of directors' meeting of the Company held today, it was resolved that the Company would issue an opinion to support the Tender Offer and make a recommendation that the shareholders of the Company tender their shares in the Tender Offer.

(3) Matters Regarding Calculation

a. Name of the Valuation Institution and the Relationship between the Company and the Tender Offeror

For the purpose of expressing its opinion concerning the Tender Offer, the Company, in order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offeror,

requested Nomura Securities, a third-party valuation institution independent from the Tender Offeror and the Company, to conduct a valuation of the Company Shares.

Nomura Securities, a third-party valuation institution, is not a related party of the Tender Offeror and the Company, and does not have any material interest to be indicated in relation to the Tender Offer.

b. Overview of Calculation

Nomura Securities, based on its assessment of valuation methods in relation to the Tender Offer, calculated the value of the Company Shares using (i) the average market price method, since the Company Shares are listed on the First Section of the TSE; (ii) the comparable company method, since there are listed companies for which comparison to the Company is possible, and, accordingly, it is possible to estimate the value of the Company Shares by comparing the Company with those similar companies; and (iii) the DCF Method, in order to reflect the performance of the Company's future business activities on the valuation. The Company received the Share Valuation Report from Nomura Securities on October 30, 2017. The Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

According to Nomura Securities, the methods adopted for the calculation of the value of the Company Shares and the ranges of the per share values of the Company Shares, as calculated under each of the relevant methods, are as follows:

Average market price method:	1,018 yen - 1,046 yen
Comparable company method:	0 yen - 2,260 yen
DCF Method:	911 yen - 2,044 yen

In the average market price method, the calculation base date was set as of October 30, 2017, and the price range of per share value of the Company Shares was calculated to be 1,018 yen to 1,046 yen based upon both the closing price of the Company Shares on the First Section of the TSE on the base date (1,018 yen) and the simple average closing prices for one (1) week, one (1) month, three (3) months and six (6) months immediately prior to the base date (1,020 yen, 1,046 yen, 1,030 yen and 1,031 yen, respectively).

In the comparable company method, Nomura Securities selected Nippon Express Co., Ltd., Hitachi Transport System, Ltd., Kintetsu World Express, Inc., Trancom Co., Ltd., Nissin Corporation, AIT Corporation and Naigai Trans Line Ltd. as comparable companies among logistics operating companies engaging in freight forwarding business listed in Japan, and calculated the value of the Company Shares, applying EV/EBITDA multiple ("EBITDA Multiple"), EV/EBIT multiple and P/E Ratio as multiple ratios. As a result, the price range of per share value of the Company Shares was calculated to be 0 yen to 2,260 yen.

In the DCF Method, Nomura Securities, after having considered the reasonable assumptions, including the profit forecast and investment projects based on the business plans prepared by the Company from the fiscal year ending March 31, 2018, to the fiscal year ending March 31, 2020, evaluated the corporate value by discounting the free cash flows that the Company is expected to generate in the future in and after the third quarter of the fiscal year ending March 31, 2018, to the present value by

using a certain discount rate in proportion to the business risks. For the discount rate under the said analysis, 6.50% to 7.00% was applied, and, in calculating the going concern values, the exit multiples method and the permanent growth rate method were used, and the EBITDA Multiple was set at 5.0x to 6.0x and the perpetual growth rate was set at -0.25% to 0.25%. As a result, the price range of per share value of the Company Shares was calculated to be 911 yen to 2,044 yen.

The financial projections on the basis of the Company's business plan, based on which Nomura Securities conducted the valuation under the DCF Method, are as follows. Any expected substantial increase or decrease in profits is forecasted in the following financial projections. Specifically, in the fiscal year ending March 31, 2018, in respect of the freight forwarding business, against the background of the supply and demand relationship of the cargo space and economic recovery in the Americas and Europe, improvement of gross profit has been taking time due to the increase in the freight rate for purchasing. In respect of the logistics business, decrease in the operating income is expected due to the sluggish cargo movement as a result of the increase in sales, in the process of promoting the expansion of sales in Europe, South Asia and Oceania and the effect of the slowdown in economic growth in certain regions, as well as the lower handling volume in respect of the inland transportation in the Americas. In contrast, from the fiscal year ending March 31, 2019, to the fiscal year ending March 31, 2020, in respect of the freight forwarding business, improvement of gross profit as a result of the decrease in the purchase costs against the background of increase in the handling volume and the reduction of sales, general and administrative expenses as a result of the standardization of the operating process and the integration of IT systems are expected. In respect of the logistics business, substantial improvement in the operating income is expected by, among others, focusing on providing supply chain services with high added value that would meet the customers' needs, improving the income and expenditures of unprofitable warehouse sites and inland transportation business in the United States and the integration of the information systems for warehouse inventory management. The relevant financial projections were not prepared based on the assumption that the Transaction would be implemented.

(Unit: millions of yen)

	Fiscal Year Ending March 2018 (6 Months)	Fiscal Year Ending March 2019	Fiscal Year Ending March 2020
Net sales	243,592	520,000	570,000
Operating income	2,495	10,000	14,000
EBITDA	5,640	16,460	21,173
Free cash flow	(6,682)	(4,710)	1,425

(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)

The Tender Offeror will make the Tender Offer with the ultimate goal of purchasing all of the Company Shares. In the event that all of the Company Shares are not purchased in the Tender Offer, the Tender Offeror plans to undertake a set of procedures after the completion of the Tender Offer for the Tender Offeror to become the only shareholder of the Company by means of the following measures:

If, upon completion of the Tender Offer the total number of voting rights of the Company owned by the Tender Offeror amounts to 90% or more of the voting rights of all shareholders of the Company, and the Tender Offeror becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended, the “Companies Act”), the Tender Offeror plans to demand that all shareholders of the Company (excluding the Company and the Tender Offeror) who do not tender their shares in the Tender Offer sell all of their Company Shares in accordance with the provisions of Part II, Chapter II, Section 4-2 of the Companies Act promptly after the completion of the settlement of the Tender Offer (“Demand for Sale of Shares”).

When exercising the Demand for Sale of Shares, the Tender Offeror will set a cash amount equal to the Tender Offer Price to be paid to the shareholders of the Company (excluding the Company and the Tender Offeror) as per-share consideration for the Company Shares. At the same time, the Tender Offeror will notify the Company of such intention and ask the Company to approve the Demand for Sale of Shares. Provided the Company approves the Demand for Sale of Shares through a board of directors’ resolution, the Tender Offeror will purchase all of the Company Shares owned by all shareholders of the Company (excluding the Company and the Tender Offeror) by following procedures set forth in the relevant laws and regulations, without obtaining the consent of individual shareholders of the Company, as of the date specified in the Demand for Sale of Shares. The Tender Offeror then will pay cash to the shareholders in an amount equal to the Tender Offer Price as per-share consideration for the number of Company Shares they own. In the event that it receives notification from the Tender Offeror concerning the matters prescribed in each Item of Paragraph 1 of Article 179-2 of the Companies Act, with the intention to Demand for Sale of Shares, the board of directors of the Company plans to approve such Demand for Sale of Shares by the Tender Offeror.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Demand for Sale of Shares: Article 179-8 of the Companies Act and other relevant laws and regulations provide that the shareholders of the Company who do not tender their shares in the Tender Offer may file a motion with the court to determine the sale/purchase price of the shares of the Company they own. If this motion is filed, the sale/purchase price will be ultimately determined by the court.

On the other hand, if the total number of voting rights of the Company owned by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Company after the Tender Offer is completed, the Tender Offeror intends to request promptly after completing the settlement of the Tender Offer that the Company hold an extraordinary meeting of shareholders (the “Extraordinary Shareholders’ Meeting”) at which the Company will present proposals to approve the consolidation of the Company Shares (the “Share Consolidation”) and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares constituting one unit, and the Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders’ Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders’ Meeting, the shareholders of the Company will own a proportionate number of the Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders’ Meeting. The shareholders of the Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Company or the Tender Offeror, in accordance with

the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Company Shares for a number equivalent to the total number of such fractional shares, the Tender Offeror plans to request that the Company file a motion with the court to permit a voluntary sale, after calculating the amount to be paid to the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and the Tender Offeror) by multiplying the Tender Offer Price by the number of the Company Shares they own respectively.

While the consolidation ratio of the Share Consolidation has not yet been determined as of the date hereof, it is planned that the number of the Company Shares to be owned by the shareholders who do not tender their shares in Tender Offer (excluding the Company and the Tender Offeror) be less than one share so that only the Tender Offeror will own the Company Shares (excluding the treasury shares owned by the Company) after the Share Consolidation.

The Companies Act has certain provisions to protect the rights of minority shareholders relating to the Share Consolidation: in the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Company may demand that the Company purchase all of their fractional shares at fair prices and may file a motion with the court to determine the fair price of the Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, the numbers of the Company Shares to be allocated to the shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and the Tender Offeror) are intended to become fractions as a result of the Share Consolidation, and, thus, the shareholders of the Company who oppose to the Share Consolidation will be able to file a motion to determine the price under Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If this motion is filed, the purchase price will be ultimately ruled by the court.

Depending on the relevant matters such as the revisions of the relevant laws and regulations and their interpretation by the authorities, and the ownership ratio of shares by the Tender Offeror and the status of ownership of the Company Shares by the other shareholders of the Company after the Tender Offer, the above procedures may require a longer time or may be replaced with other measures having equivalent effects.

However, even in such cases, the Tender Offeror intends to take a measure to eventually pay cash to shareholders of the Company who do not tender their shares in the Tender Offer (excluding the Company and the Tender Offeror). The amount of cash to be paid to the respective shareholders in that event is planned to be equal to an amount calculated by multiplying the Tender Offer Price by the number of the Company Shares each shareholder owns. Specific procedures and the schedule thereof in such cases will be announced by the Company as soon as they have been determined. If the Demand for Sale of Shares is made, the Tender Offeror intends to (i) set the date to give the Company a notice of the Tender Offeror's intention to make the Demand for Sale of Shares, which contains the matters stated in each item in Article 179-2, Paragraph 1 of the Companies Act, around late December 2017, and give the notice on such date, (ii) set the acquisition date around late January 2018 and acquire the shares on such date. In contrast, if the Share Consolidation is implemented, the Company intends to (a) set the date of the Extraordinary Shareholders' Meeting around late February 2018, based on the Tender Offeror's request, and convene the meeting on such date, and (b) set the effective date of the Share Consolidation around late March 2018 and put into effect the Share Consolidation on such date.

Please note that the Tender Offer is not intended to solicit votes or support from the shareholders of the Company for the proposals in the Extraordinary Shareholders' Meeting. In addition, regarding tax implication of the tender in the Tender Offer or any of the above procedures on each shareholder of the Company under applicable tax rules, please consult with your tax experts on your own responsibility.

(5) Possibility of and Reasons for Delisting

The Company Shares are presently listed on the First Section of the TSE as of the date hereof, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Company Shares may be delisted after the prescribed procedures are completed, in accordance with the TSE listing rules. Even if the requirements of the delisting rules are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to proceed to acquire all of the Company Shares in the manner outlined in “(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” above after the completion of the Tender Offer. In such case, the Company Shares will be delisted through prescribed procedures in accordance with the TSE listing rules. The Company Shares cannot be traded at the First Section of the TSE if they are delisted

(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

In consideration of the fact that the Company is a consolidated subsidiary of the Tender Offeror as of the date hereof and that the Transaction including the Tender Offer constitutes a material transaction with the controlling shareholder, the Company and the Tender Offeror have implemented the following measures as the measures to ensure the fairness of the Tender Offer such as the measures to ensure the fairness of the Tender Offer Price and to avoid a conflict of interest.

In addition, although the Tender Offeror has not set a minimum number of shares to be purchased by a so-called “majority of minority” in the Tender Offer, since the Tender Offeror and the Company have implemented the measures a. through f. below, the Tender Offeror believes that the interests of the minority shareholders of the Company have been reasonably considered.

The descriptions of the measures implemented by the Tender Offeror that are included in the following are based on the explanation received by the Tender Offeror.

a. Procurement by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Valuation Institution

In determining the Tender Offer Price, the Tender Offeror requested Mitsubishi UFJ Morgan Stanley Securities, a third-party valuation institution independent from the Tender Offeror and the Company, to analyze the valuation of the Company Shares. Mitsubishi UFJ Morgan Stanley Securities is not a related party of the Tender Offeror and the Company, and does not have any material interest to be indicated in relation to the Tender Offer.

Mitsubishi UFJ Morgan Stanley Securities analyzed the value of the Company Shares using each method of the market price analysis, the comparable company analysis and the discount cash flow analysis (the “DCF Analysis”). The Tender Offeror received a share valuation report from

Mitsubishi UFJ Morgan Stanley Securities on October 30, 2017 (the “Share Valuation Report for the Tender Offeror”). The Tender Offeror has not obtained any evaluation on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of the per share values of the Company Shares, as analyzed under each of the above methods, are as follows:

Market price analysis: 1,018 yen - 1,046 yen

Comparable company analysis: 871 yen - 1,697 yen

DCF Analysis: 1,248 yen - 1,792 yen

In the market price analysis, the base date was set as of October 30, 2017, and the price range of per share value of the Company Shares was analyzed to be 1,018 yen to 1,046 yen based upon both the regular transaction closing price of the Company Shares on the First Section of the TSE on the base date (1,018 yen) and the simple average of the regular transaction closing prices for one (1) month (from October 2, 2017 to October 30, 2017), three (3) months (from July 31, 2017 to October 30, 2017) and six (6) months (from May 1, 2017 to October 30, 2017) immediately prior to the base date (1,046 yen, 1,030 yen and 1,031 yen, respectively).

In the comparable company analysis, Mitsubishi UFJ Morgan Stanley Securities analyzed the value of the Company Shares through comparison with market share prices and financial indicators (indicating elements such as profitability) of listed companies engaged in businesses relatively similar to the business of the Company. As a result, the price range of per share value of the Company Shares was analyzed to be 871 yen to 1,697 yen.

In the DCF Analysis, Mitsubishi UFJ Morgan Stanley Securities analyzed the Company’s corporate value and share value by taking the free cash flow that the Company is expected to create in the future based on the future profit forecast of the Company for the fiscal year ending March 31, 2018 and subsequent fiscal years, taking into consideration factors such as the business plans of the Company; trends in the Company’s operating results to date; publicly available information; and effects resulting from the Transaction, etc. and determining the present value of such free cash flow by discounting it by using a certain discount rate. As a result, the price range of per share value of the Company Shares was analyzed to be 1,248 yen to 1,792 yen (Note).

In addition to the valuation results in the Share Valuation Report for the Tender Offeror obtained from Mitsubishi UFJ Morgan Stanley Securities, the Tender Offeror considered the Tender Offer Price by comprehensively taking into account such factors as the following: whether the Company’s board of directors would support the Tender Offer; examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (tender offers aiming to make a subsidiary a wholly-owned subsidiary of the tender offeror); the market price of the Company’s Shares; the result of due diligence conducted on the Company for the period from the end of July to the end of September 2017; and the estimated number of shares to be tendered in the Tender Offer. Based on the above and in light of the results of the discussion and negotiation with the Company and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,500 yen as of October 31, 2017.

The Tender Offer Price, 1,500 yen per share, is a price with the following premiums: a) 47.35% premium to the regular transaction closing price of the Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day immediately preceding the announcement date of the Tender Offer by the Tender Offeror, b) 43.40% premium to the simple average of the regular transaction closing prices for the one (1) month period (from October 2, 2017 to October 30, 2017) (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period (from July 31, 2017 to October 30, 2017) (1,030 yen), and d) 45.49% premium to the simple average of the regular transaction closing prices for the six (6) month period (from May 1, 2017 to October 30, 2017) (1,031 yen), respectively.

(Note) In the valuation of the Company Shares, Mitsubishi UFJ Morgan Stanley Securities, as a general rule, used information furnished by the Tender Offeror and the Company and publicly available information or other materials as is, without any amendment thereto, based on the assumption that all such information and materials are accurate and complete, and, therefore, did not independently verify the accuracy and completeness of the information and materials. Additionally, Mitsubishi UFJ Morgan Stanley Securities did not conduct independent valuation and assessment of the assets and liabilities of the Company and the Company's affiliates (including off-balance-sheet assets and liabilities or other contingent liability) or request a third-party valuation institution to conduct any appraisal or assessment thereof. Furthermore, Mitsubishi UFJ Morgan Stanley Securities assumed that the information regarding the Company's financial projections was reasonably prepared based on the best estimates and judgment available from the Company and the Tender Offeror at the time. The valuation provided by Mitsubishi UFJ Morgan Stanley Securities reflects the abovementioned information as of October 30, 2017.

b. Procurement by the Company of a Share Valuation Report from an Independent Third-Party Valuation Institution

In order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offeror, the board of directors of the Company requested Nomura Securities, a third-party valuation institution independent from the Company and the Tender Offeror, to conduct a valuation of the Company Shares. The Company received the Share Valuation Report from Nomura Securities on October 30, 2017. As to the overview of the valuation of the Company Shares, please refer to "(3) Matters Regarding Calculation," "(ii) Overview of Calculation" above.

c. Advice from an Independent Law Firm Received by the Company

In order to ensure transparency and appropriateness in the decision-making process of the board of directors of the Company regarding the Transaction, including the Tender Offer, the Company appointed Anderson Mori & Tomotsune as its legal advisor independent from the Tender Offeror and the Company, and obtained its legal advice as necessary in relation to the method and process of decision-making of the board of directors of the Company and other points of note concerning the Transaction including the Tender Offer.

Anderson Mori & Tomotsune is not a related party of the Tender Offeror and the Company, and does not have any material interest to be indicated in relation to the Tender Offer.

d. Establishment of an Independent Third-Party Committee by the Company

On August 31, 2017, taking into account that the Company is a consolidated subsidiary of the Tender Offeror and that the Transaction, including the Tender Offer, constitutes a material transaction with the controlling shareholder, the Company established a third-party committee in order to make decisions with the utmost care, to eliminate any possible arbitrariness and conflict of interest in the decision-making process of the board of directors of the Company and to secure fairness in such decision-making process. The third-party committee consists of committee members including outside experts that are independent from the Tender Offeror and the Company (as the committee members of the third-party committee, Mr. Omoo Yamazaki (a certified public accountant, licensed tax accountant and representative director of Kabushiki Kaisha GG Partners), Mr. Hidetaka Nishina (an attorney at law, Partner of Nakamura, Tsunoda & Matsumoto) and Mr. Makoto Satani (an outside corporate auditor of the Company) were selected). The Company consulted with the third-party committee on the consideration of following matters: (a) the legitimacy of the purpose of the Transactions; (b) the fairness of the procedures of negotiation process in relation to the Transaction; (c) from the view point of the appropriateness of the terms and conditions of the Transaction (including the consideration to be delivered to the minority shareholders as a result of the Transaction); and (d) whether or not the Transaction would be disadvantageous to the minority shareholders of the Company (collectively, the “Consulted Matters”). During the period from September 19, 2017 to October 26, 2017, the third-party committee met a total of five (5) times and carefully examined and discussed the Consulted Matters. In particular, the third-party committee received explanations from the Company on matters such as the background of the proposal for the Transaction received from the Tender Offeror, the purpose of the Transaction, conditions of business of the Company and future outlook, and details of business plans prepared by the Company, and held Q&A sessions with the Company. In addition, the third-party committee received explanations from the Tender Offeror on matters such as the reason and background of having proposed the Transaction to the Company, synergies expected to be generated as a result of the Transaction and the businesses of the Tender Offeror Group and the Company that are planned to be developed after the Transaction, and held Q&A sessions with the Tender Offeror. Further, the third-party committee received explanations (i) from Nomura Securities on the valuation of the Company Shares, and (ii) from Anderson Mori & Tomotsune on the decision-making process and decision-making method of the board of directors of the Company, and held Q&A sessions respectively with them, and received a report from the Company on matters such as the progress and details of discussions and negotiations with the Tender Offeror. The third-party committee, taking the foregoing consultations into consideration, continued discussions with Nomura Securities and Anderson Mori & Tomotsune, and examined and discussed the purpose of the Transaction, the decision-making process and the terms and conditions of the Transaction (including the consideration to be delivered to the minority shareholders as a result of the Transaction).

Against this background, on October 30, 2017, the third-party committee, as a result of careful examinations and discussions on the Consulted Matters, submitted the Report to the board of directors of the Company with the unanimous approval of all the members of the third-party committee. The summary of the Report is as set forth below.

- (a) The Company faces challenges such as (i) realization of its medium- to long-term vision,

“TRANSFORM 2025,” (ii) mitigation of risks in the course of its business development, and (iii) enhancement of its credibility to allow it to make large investments. Since (i) the Transaction contributes in addressing each of the foregoing challenges, (ii) the reasons for implementing the Transaction are not clearly unreasonable, (iii) certain concrete proposals have been made with respect to the business strategies under consideration to be carried out after the implementation of the Transaction, and (iv) there is no inconsistency or perception gap between the Company’s explanation and the Tender Offeror’s explanation regarding the synergies expected to be generated as a result of the Transaction, it can be said that the Transaction would contribute to the further enhancement of the corporate value of the Company;

- (b) With respect to the Transaction, various measures have been taken with the view to ensuring opportunities for the minority shareholders to make appropriate decisions and eliminating arbitrariness within the process of decision making: (i) the shareholders are granted a right to file a motion to determine the price of the shares within each procedure of the Demand for Sale of Shares and Share Consolidation, (ii) it will be disclosed that the Tender Offeror intends to make the amount of cash to be paid to the minority shareholders within the procedures of the Demand for Sale of Shares and Share Consolidation equal to the Tender Offer Price, and (iii) it is expected that, at a meeting of the board of directors of the Company to be held on October 31, 2017, all directors and auditors, except Mr. Toru Kamiyama, a director of the Company, who concurrently holds the office of Corporate Officer of the Tender Offeror, attend and pass a resolution for the Transaction by the unanimous vote of the directors present (with the expression of opinion of support by all corporate auditors). In light of the foregoing, in conclusion, it can be said that, with respect to the Transaction, the interests of the minority shareholders have been duly considered through fair procedures.
 - (c) Measures to ensure the condition that can be objectively regarded as ensuring the appropriateness of the price, including setting the tender offer period in the Tender Offer (the “Tender Offer Period”) at 30 business days, which is relatively long in comparison with the statutory minimum period of 20 business days, have been taken. Furthermore, considering (i) from the perspective of comparison with the value of the Company Shares calculated by Nomura Securities through the average market price method, the comparable company method and the DCF Method and (ii) the fact that the amount of premium compares well with that in similar recent cases of tender offers (cases where a parent company intends to make its listed subsidiary into a wholly-owned subsidiary) (in particular, when considering from the perspective of determining whether or not there are disadvantages for minority shareholders in comparison with the premium of the other cases on the basis of the market price of the Company Shares, which have not reflected the downward revision of the consolidated financial forecast to be announced concurrently with the Transaction), the Tender Offer Price can be recognized as reasonable. In addition, minority shareholders are ensured to obtain consideration equivalent to the Tender Offer Price regardless of whether it obtains consideration through any of the Tender Offer, the Demand for Sale of Shares or the Share Consolidation. Therefore, it can be said that the fairness of the condition is secured throughout the Transaction.
 - (d) Considering the facts stated in (a) through (c) above, the Transaction is considered to be not disadvantageous for minority shareholders of the Company.
- e. Unanimous Approval by all of the Non-Interested Directors of the Company and Opinion of No

Objection by all of the Non-Interested Corporate Auditors of the Company

The Company received the proposal from the Tender Offeror in the middle of July in 2017 with respect to the Transaction, and, in order to ensure the fairness of the Transaction, including the Tender Offer, such as the fairness of the Tender Offer Price, the Company appointed Nomura Securities as its financial advisor and third-party valuation institution, and Anderson Mori & Tomotsune as its legal counsel. The Company also established a third-party committee in order to consider the proposals concerning the Transaction and put in place the system to consider the proposal concerning the Transaction. The Company had sincere discussions with the Tender Offeror by receiving advice from Nomura Securities and Anderson Mori & Tomotsune, and on October 24, 2017, it accepted the final proposal to the effect that the Tender Offer Price would be 1,500 yen per share.

The Company's board of directors carefully discussed and considered the terms and conditions regarding the Transaction in light of the Share Valuation Report dated October 30, 2017, received from Nomura Securities, the legal advice received from Anderson Mori & Tomotsune, the Report dated October 30, 2017, submitted by the third-party committee and other relevant materials.

As a result, the Company's board of directors reached the conclusion that, in order to further enhance its corporate value in the severe operating environment surrounding the Company, it is necessary not only to facilitate the implementation of various measures necessary for the management of the Company by realizing a strong collaboration with the Tender Offeror through implementation of the measures stated in "(2) Grounds and Reasons for the Opinion", "b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer", "(c) Business Strategy Planned to be Implemented after Completion of the Transaction," but also to enable the Company to mutually utilize the management resources and expertise shared among the Tender Offeror Group (such mutual utilization has been limited thus far), and determined that to become a wholly-owned subsidiary of the Tender Offeror through the Transaction, including the Tender Offer, would contribute to the further enhancement of the corporate value of the Company.

Further, in light of the fact that the Tender Offer Price (i) exceeds the valuation results by the average market price method stated in the Share Valuation Report dated October 30, 2017, received by the Company from Nomura Securities, and is also within the ranges of the valuation results under the comparable company method and the DCF Method, and (ii) is a price with the following premiums: a) 47.35% premium to the regular transaction closing price of the Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day immediately preceding the announcement date of the Tender Offer, b) 43.40% premium to the simple average of the regular transaction closing prices for the one (1) month period ending on the date stated in a) above (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period ending on the date stated in a) above (1,030 yen), and d) 45.49% premium to the simple average of the regular transaction closing prices for the six (6) month period ending on the date stated in a) above (1,031 yen), respectively, the Company's board of directors determined that the Tender Offer Price and other terms and conditions related to the Tender Offer are reasonable for the shareholders of the Company and that the Tender Offer would provide the shareholders of the Company with an opportunity to sell the

Company Shares at a reasonable price.

Accordingly, at the board of directors' meeting of the Company held today, all the directors participated in the deliberations and resolutions unanimously expressed their approval for the Tender Offer and resolved to recommend that the shareholders of the Company tender their shares in the Tender Offer.

Mr. Toru Kamiyama, a director of the Company, is concurrently holding the office of a Corporate Officer of the Tender Offeror and, accordingly, from the perspective of avoiding any possible conflict of interest with the Company, he did not attend the deliberations and resolutions for the agenda concerning the Tender Offer at the abovementioned board of directors' meetings of the Company, nor did he attend the discussions and negotiations with the Tender Offeror on behalf of the Company.

In addition, four (4) corporate auditors of the Company attended the above-mentioned board of directors' meeting and all of the attended corporate auditors stated that they had no objection to i) the representation of the approval for the Tender Offer by the board of directors of the Company and ii) the recommendation that the shareholders of the Company tender their shares in the Tender Offer.

f. Measures to Secure an Opportunity for Others to Make any Competing Offers

The Tender Offerors set the Tender Offer Period at 30 business days, which is relatively long, while the statutory minimum period is 20 business days. The Tender Offeror provides all of the shareholders of the Company with an appropriate opportunity to consider and decide whether or not to tender their shares in the Tender Offer and secures an opportunity for any potential tender offerors other than the Tender Offeror to acquire the Company Shares.

The Tender Offeror has not entered into any agreement with the Company that may restrict the Company from contacting the persons proposing the competing purchase, including an agreement providing a transaction protection clause that may restrict the Company from contacting the persons proposing the competing purchase, and the Tender Offeror gives consideration to ensuring the fairness of the Tender Offer by securing an opportunity of the competing purchase, as well as by setting the Tender Offer Period as mentioned above.

4. Matters Regarding Material Agreements Regarding Tendering of Shares in the Tender Offer between the Offeror and the Shareholders or Directors of the Company

Not applicable

5. Matters Concerning Inappropriate Profits Received From the Offeror or its Specially Related Parties

Not applicable

6. Policy for Responses Regarding Basic Policies on the Control of the Company

Not applicable

7. Inquiries to the Offeror

Not applicable

8. Request for Extension of the Tender Offer Period

Not applicable

9. Future Prospects

Please refer to the description in “b. Background, Purpose and Decision-Making Process for the Tender Offer, and Management Policy after the Tender Offer” of “(2) Grounds and Reasons for the Opinion” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” and “(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” and “(5) Possibility of, and reasons for, delisting” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

10. Matters Concerning Transactions, etc. with the Controlling Shareholder

(1) Applicability of the Transactions, etc. with the Controlling Shareholder and Status of Compliance with the Policy on Measures to Protect Minority Shareholder Interests

Since the Tender Offeror is the controlling shareholder (the parent company) of the Company, the opinion expressed by the board of directors of the Company regarding the Tender Offer will fall under “transactions, etc. with controlling shareholders.” Set out below is the status of whether the procedure taken by the Company regarding the Tender Offer complies with “The Policy on Measures to Protect the Minority Shareholder Interests When Conducting Transactions, etc. with the Controlling Shareholder” in the Corporate Governance Report which was disclosed by the Company on June 28, 2017.

The Company has taken measures to adequately ensure the Company’s independence from the controlling shareholder in making its decisions with respect to the Transaction, including the Tender Offer, and to conform to the principles set out in “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

(2) Matters regarding Measures to Ensure the Fairness and Avoid Conflicts of Interest

Please refer to the description in “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer” above.

(3) Outline of opinion that the Transaction is not disadvantageous to the minority shareholders of the Company obtained from parties having no conflicts of interest with the controlling shareholder

The Company has obtained the Report, dated October 30, 2017, from an independent committee to the effect that the Transaction, etc. are not disadvantageous to the minority shareholders of the Company. For details, please refer to the description in “d. Establishment of an Independent Third-Party Committee by the Company” of “(6) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest” under “3. Details of, and Grounds and Reasons for, the Opinion on the Tender Offer.”

11. Others

As we announced in the Company's Quarterly Financial Results and the "Notice of the Differences between Consolidated Financial Forecast and Actual Results for the Six Months Ended September 30, 2017, Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018, Dividend from Retained Earnings and Revision of Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2018" dated today, the Company resolved at its meeting of the board of directors held today that the forecast of the year-end dividend for the fiscal year ending March 31, 2018, is "not yet determined". However, it is planned that, if the Tender Offer is successfully completed, it will determine not to pay the year-end dividend for the fiscal year ending March 31, 2018.

(Reference)

"Announcement Regarding the Commencement of Tender Offer for the Shares of Yusen Logistics Co., Ltd. (Securities code: 9370)", dated as of today (as attached).

End

[Translation]

October 31, 2017

To whom it may concern:

Company Name: Nippon Yusen Kabushiki Kaisha
Representative: Tadaaki Naito, President
(Stock Code: 9101, First Sections of
the Tokyo Stock Exchange and the
Nagoya Stock Exchange)
Inquiries: Shohei Yamamoto, Corporate
Officer and General Manager of
Corporate Planning Group of
Management Planning Headquarters
(TEL. 03-3284-5151)

Announcement regarding Commencement of the Tender Offer for the Shares of Yusen Logistics Co., Ltd. (Securities Code: 9370)

Nippon Yusen Kabushiki Kaisha (the “Tender Offeror”) hereby announces that it decided as of today to acquire the common stock of Yusen Logistics Co., Ltd. (the “Target Company”) (Stock Code: 9370, the First Section of the Tokyo Stock Exchange Inc. (the “TSE”)) (the “Target Company Shares”) through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “Act”).

1. Purpose of Tender Offer

(1) Overview of the Tender Offer

As of the date hereof, the Tender Offeror holds 25,135,084 shares (Share Holding Ratio (Note 1): 59.61%) of the Target Company Shares that are listed on the First Section of the TSE, and the Target Company is a consolidated subsidiary of the Tender Offeror.

The Tender Offeror sets the minimum number of shares to be purchased in the Tender Offer at 2,977,700 shares (Note 3) so that the Tender Offeror will hold two-thirds or more of the total number of voting rights in the Target Company (Note 2) upon the completion of the Tender Offer. The Tender Offeror intends not to purchase any of the shares, etc., tendered through the Tender Offer (the “Tendered Shares, Etc.”) if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 2,977,700 shares). On the other hand, the Tender Offeror contemplates acquiring all of the Target Company Shares (except the Target Company Shares held by the Tender Offeror and the treasury shares held by the Target Company; hereinafter the same). Therefore, the maximum number of shares to be purchased is not set, and if the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 2,977,700 shares), the Tender Offeror will purchase all of the Tendered Shares, Etc.

(Note 1) “Share Holding Ratio” means the holding ratio with respect to the number of shares (i.e., 42,169,002 shares) that is obtained by deducting (i) the number of treasury shares held by the Target Company as of September 30, 2017 (i.e., 51,798 shares), as set forth in the “Consolidated Financial Results for Six Months Ended September 30, 2017 (Japanese

GAAP)” disclosed by the Target Company as of today (the “Target Company’s Quarterly Financial Results”) from (ii) the total issued shares of the Target Company as of September 30, 2017 (i.e., 42,220,800 shares), as set forth in the Target Company’s Quarterly Financial Results (with the resulting percentage rounded to the nearest hundredth); hereinafter the same.

(Note 2) The “total number of voting rights in the Target Company” means the voting rights (i.e., 421,690) represented by the number of shares (i.e., 42,169,002 shares) that is obtained by deducting (i) the number of treasury shares held by the Target Company as of September 30, 2017 (i.e., 51,798 shares), as set forth in the Target Company’s Quarterly Financial Results from (ii) the total issued shares of the Target Company as of September 30, 2017 (i.e., 42,220,800 shares), as set forth in the Target Company’s Quarterly Financial Results; hereinafter the same.

(Note 3) The minimum number of shares to be purchased is the number of shares (i.e., 2,977,700 shares) that is obtained by (i) multiplying the total number of voting rights in the Target Company stated in (Note 2) above (i.e., 421,690) by two-thirds and (ii) deducting from the result thereof (i.e., 281,127; rounding up to the nearest whole number) the number of voting rights held by the Tender Offeror (i.e., 251,350) and (iii) multiplying the result (i.e., 29,777) by 100 shares.

The Tender Offeror resolved at its board of directors’ meeting held today, to implement the Tender Offer as a part of a series of transactions for the purpose of making the Target Company the Tender Offeror’s wholly-owned subsidiary through the acquisition of all of the Target Company Shares (the “Transaction”).

It is planned that, if the Tender Offeror cannot acquire all of the Target Company Shares through the Tender Offer, the Tender Offeror will request the Target Company to carry out the respective proceedings stated in “(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)” below in order to make the Target Company the Tender Offeror’s wholly-owned subsidiary.

According to the Target Company’s press release, “Announcement Concerning Opinion to Support the Tender Offer of Our Shares by Nippon Yusen Kabushiki Kaisha which is Our Controlling Shareholder and the Recommendation of the Tender thereto” released as of today, (the “Notice by the Target Company”), the Target Company determined that the Tender Offer provides the Target Company’s shareholders with an opportunity to sell the Target Company Shares at a reasonable price and resolved at its board of directors’ meeting held today, that the Target Company would issue an opinion in support of the Tender Offer and recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

As to the details of the Target Company’s decision-making process, please refer to the Notice by the Target Company and “2. Outline of the Tender Offer,” “(4) Basis for the calculation of the Tender Offer Price,” “b. Background of Calculation,” “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest),” “(e) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Non-Interested Corporate Auditors of the Target Company” below.

- (2) Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer
 - a. Background, Purpose, and Decision-making Process for the Tender Offer

(a) Background and Reason for the Tender Offer

The Tender Offeror was established in 1885 through a merger of Yubin Kisen Mitsubishi Kaisha and Kyodo Unyu Kaisha and inaugurated operations. After World War II, along with the increase in the demand for energy and marine transportation services that accompanied the economic growth, the Tender Offeror has been broadly expanding its business centered around marine transportation, from the global logistics business that consists of liner trade, air cargo transportation, and logistics business, to the bulk shipping business that consists of dry bulk carrier transportation, fuel transportation and car transportation, and has been meeting various transportation needs as a comprehensive global-logistics enterprise through a global transportation network of marine, land, and air. In addition, the Tender Offeror was listed on the TSE and the Nagoya Stock Exchange Inc. (the “NSE”) in 1949, and also on other domestic Stock Exchanges and the Frankfurt Stock Exchange (due to delisting, the Tender Offeror is currently listed on the TSE and the NSE only). The Tender Offeror acquired the Target Company Shares from Osaka Shosen Kabushiki Kaisha (“Osaka Shosen”) in October 1959, made the Target Company its subsidiary (shareholding ratio: 55.81%), changed the Target Company’s trade name to Yusen Air Services Co., Ltd., and made the Target Company’s logistics business part of its logistics business. Since 2005, the Target Company has been listed on the TSE. The Tender Offeror consists of 552 consolidated subsidiaries and 200 equity-method affiliates (together with the Tender Offeror, the “Tender Offeror Group”), and, based on the basic philosophy of “through safe and dependable monohakobi (transport), we contribute to the betterment of societies throughout the world as a comprehensive global-logistics enterprise offering ocean, land, and air transportation,” aims to create a prosperous society.

The details of the major businesses of the Tender Offeror Group are as follows:

Business unit	Details of business
Global logistics business	<ul style="list-style-type: none">•Liner trade (container shipping division and terminal-related division)•Air cargo transportation business•Logistics business
Bulk shipping business	<ul style="list-style-type: none">•Dry bulk carrier transportation business (transportation business concerning bulk cargo, such as iron ore, coal, and wood chips)•Fuel transportation business (transport of crude oil, petroleum products, LPG and LNG; offshore business)•Car transportation business
Other business	<ul style="list-style-type: none">•Property business•Other business (cruise ship business, etc.)

The shipping industry that the Tender Offeror belongs to is facing significant changes in its operating environment due to the recent structural changes in the demand for energy, the increase in geopolitical risk, and other such changes.

In the container shipping industry, freight rates have been experiencing sharp fluctuations; especially in recent years, as a result of the increase in shipping capacity due to the deliveries of newly-built ships and substantial fluctuation in the supply-demand balance, the market has continuously been sluggish and it has been difficult to ensure stable earnings. In the industry, the move toward improving competitiveness by increasing the scale of transportation through mergers and acquisitions has accelerated around major shipping companies, and it seems that the competitive environment will intensify more than ever; therefore, in October 2016, the Tender Offeror decided to integrate its container shipping business with Kawasaki Kisen Kaisha, Ltd. and Mitsui O.S.K. Lines, Ltd. in order to operate the container shipping business stably and sustainably, and, as part of such integration, established a new company in July 2017, which will start providing services from April 2018.

Also, in the dry bulk carrier industry, the market has been significantly sluggish due to the over-supply of vessels and the deceleration in the Chinese economy; the BDI (Baltic Dry Index; freight rate index of outbound bulk shipping published by the Baltic Exchange in England) recorded the lowest rates in its history in February 2016.

Although both the container shipping market and the dry bulk carrier market are emerging from their worst periods and have been in a moderate recovery trend, the markets have not yet significantly improved.

Amidst such a harsh operating environment, the Tender Offeror has been, in accordance with the basic policy in the medium-term management plan, i.e., “More than Shipping 2018 - Stage 2: Leveraged by Creative Solutions” (fiscal year 2014 – fiscal year 2018) (Note) launched in April 2014, engaged in strengthening competitiveness through differentiation from other companies as well as strengthening resilience to the unstable shipping market .

(Note) Although the Tender Offeror withdrew its earnings/financial plan for fiscal year 2018 in October 2016 due to significant changes in the operating environment, the basic strategy in the medium-term management plan is still feasible, and therefore, the Tender Offeror continues to promote the measures based on such strategy.

From the perspective of strengthening resilience to the unstable market, based on the policies of “shifting to a light-asset model for the business that operates under highly volatile conditions” (enabling the Tender Offeror to flexibly respond to fluctuations in cargo movement by using short-term chartered vessels, etc.) and “accumulating earnings from the business with stable freight rates” through reconfiguration of the business portfolio, the Tender Offeror has been focused on lowering the core asset ratio in containerships and dry bulk carriers and increasing the ratio of the light-asset business, such as forwarding (Note), and the stable freight rate business, such as logistics, car transport vessels and offshore business, and has been striving to develop a business portfolio that generates profits under any market condition.

(Note) “Forwarding” is the business for situations where an air transportation medium and marine transportation medium to an overseas or domestic destination is used, taking charge of the freight of a shipper company, ensuring space in carriers (vessels, airplanes, railroads, trucks, etc.), and entrusting the transportation of the freight therewith, including conducting the customs clearance for the freight transport, export and import.

In contrast, from the perspective of strengthening competitiveness, the Tender Offeror has been promoting the policy of “differentiating our business by offering value-added shipping services” and has worked to diversify and add higher value to the transportation services through the development of a

consistent value chain, which includes not only the marine transportation it has provided so far, but also air transportation and land transportation, by fully utilizing a portfolio diversified as a comprehensive global-logistics enterprise. The Tender Offeror has been striving to differentiate itself from other companies by expanding and strengthening the logistics business and the terminal business in which synergies with the marine transportation can be expected, such as increasing the cargo handling volume by expanding sales to Asian countries and emerging countries, and starting commercial operations of a new container terminal in Indonesia, and promoting measures that utilize the strengths of the Tender Offeror Group.

Furthermore, in order to overcome the difficulty of the recent sluggish shipping market and build a business foundation for a new stage of growth, the Tender Offeror has been currently promoting the company-wide project “Beat the Crisis” along with taking measures based on the basic policy in the medium-term management plan. In order to maximize the capabilities of the Tender Offeror Group as a whole, the Tender Offeror has established the policy of “group-wide management reforms” as a priority theme, which aims at having the Tender Offeror shift to a stable earnings structure with a focus on capital efficiency and at strengthening the competitiveness of each company in the Tender Offeror Group, and has been striving to strengthen such competitiveness.

In the logistics business area that is characterized as one of the stable freight rate businesses in the business portfolio of the Tender Offeror Group, customers’ needs are increasingly becoming complex due to increasingly sophisticated supply chain management, and the need to outsource logistics operations and the need for one-stop services of logistics operations have been increasing. Under such operating environment, the Tender Offeror Group has set the logistics business as its core business, and, in order to strengthen its business foundation, has been engaged in expanding the logistic services centered around growing industries and emerging markets and strengthening its marketing capabilities utilizing the Group’s management foundation.

The Target Company was established in 1955 as Kokusai Ryoko Kosha for the handling of the general travel and air cargo industry. In October 1959, the Tender Offeror acquired the Target Company Shares (by which the shareholding ratio of the Tender Offeror became 55.81%) from Osaka Shosen and changed its trade name to Yusen Air Services Co., Ltd., and the Target Company has been a subsidiary of the Tender Offeror since then. Thereafter, in 1996, the Target Company Shares were registered as an over-the-counter stock with the Japan Securities Dealers Association, and listed on the First Section of the TSE in 2005. Also after the listing, the Tender Offeror, which has set the Target Company as the core of its logistics business, has continued to own more than 50% of the total issued shares of the Target Company. In October 2010, as the logistics business of the Tender Offeror Group was concentrated in the Target Company by transfer of business from NYK Logistics (Japan) Co., Ltd., which was another logistics subsidiary of the Tender Offeror, the trade name of the Target Company was changed to the current one. Furthermore, in April 2011, the overseas logistics business of the Tender Offeror was consolidated with that of the Target Company, and the Target Company exists as a key subsidiary of the Tender Offeror that plays a central role in the logistics business of the Tender Offeror Group.

The Target Company mainly engages in freight forwarding business, consisting of ocean freight forwarding and air freight forwarding, and logistics business (Note); has a network of 500 or more offices in 43 countries and regions in 5 regions of the world (i.e., Japan, the Americas, Europe, East Asia and South Asia & Oceania); and comprehensively provides optimal logistics solutions by sea, air and land.

(Note) “Logistics business” means the business to comprehensively provide logistics solutions that meet all kinds of logistics demands of customers in Japan and overseas, based on the type of business, business category, and characteristics of goods handled by customers (i.e., storage, cargo handling, distribution processing, collection/delivery and logistics information management).

As for the freight forwarding business engaged in by the Target Company, although the volume of ocean freight and air freight is increasing globally, international logistic demand could be affected by global economic trends, in addition to the economic trends in target countries and regions. In particular, as products and components for personal consumption, such as IT-related and digital devices, account for a high proportion of the demand for air freight forwarding and can be strongly affected by economic trends in the countries of consumption, operating environments may change substantially in the future.

Recently, since securing cargo space for air freight forwarding in Asia has become difficult due to factors such as increased passenger demand, preferential treatment of passengers by governments and downsizing of aircrafts, reliably securing cargo space has become important for ensuring future profitability. Furthermore, global logistics providers are actively consolidating through mergers and acquisitions to enhance profitability and competitiveness. Under the global operating environment, competition with the Target Company’s competitors is expected to intensify not only with respect to business conditions, market conditions and customer trends but also with respect to securing purchasing power and cargo space.

As logistics services have been prominently commodified, the Target Company believes that improvement of the brand power, as well as the creation of added value and adoption of a differentiation strategy are required for future business development.

Under these operating environments, with a goal of continuously being the world’s preferred supply chain logistics company, the Target Company formulated in April 2017 its medium- to long-term vision, “TRANSFORM 2025,” which continues until FY2025, aiming to achieve sustainable and profitable growth.

The Target Company positions the first three years of its long-term vision, i.e., from FY2017 through FY2019, as the most important investment period to accomplish the above-mentioned medium- to long-term vision, “TRANSFORM 2025,” which continues until FY2025, and plans to implement drastic business reform during such three years.

In order to spread the group management philosophy, the Target Company drew up the following four Group Themes: “Fix our direction,” “Enhance our capability,” “Invest in the future” and “Strengthen our foundation.” As its business strategy, the Target Company plans to enhance its global presence by growing in scale in key and new markets and plans to standardize systems, processes, and products to increase our efficiency and ease of doing business.

To realize the Group Themes, in the freight forwarding business, the Target Company is proceeding with the standardization of services to improve customer convenience and the restructuring of the distribution network infrastructure to enable prompt responses to its customers’ needs, and is focusing on proactive investment in information technology for more streamlined and improved information sharing between departure and arrival sites. Through these measures, the Target Company aims to provide its customers with prompt and high-quality solutions and efficient use of cargo space in a manner that meets their needs. In the logistics business, the Target Company plans to proceed with the enhancement of functions through sustainable investment in logistics facilities, logistics technology, organizations and

human resources, and to improve profitability by enhancing business foundations. Furthermore, the Target Company plans to further strengthen its brand by promoting standardization of operational quality and customer relationship management.

With respect to the Area Theme for the five regions of the world, the Target Company intends to proactively proceed with (i) the optimization of organizations, functions and operation processes to improve the efficiency and quality of the Japan region, (ii) the development and growth of intra-regional solutions through the expansion of logistics capabilities in the Americas region and (iii) the development of business opportunities and potential markets in the Central & Eastern Europe and Africa regions; in the East Asia region, where economies continue to develop, the Target Company, as a top class forwarding service provider, aims to increase the volume of handling of cargos through business transactions with companies of Europe and the United States and greater cooperation with divisions in South Asia, and in the South Asia & Oceania region, the Target Company intends to expand investment in growth areas, such as its cold-chain (temperature-controlled logistics services) and healthcare business, for which demand is increasing alongside changes in living conditions.

(b) Background as to how the Tender Offeror decided to implement the Tender Offer

As stated above, each of the Tender Offeror and the Target Company independently proceeded with the business strategy to increase their respective corporate value, and strived for the enhancement of customer contact and stronger sales capabilities. The Tender Offeror and the Target Company believe that, in order to ensure that they can further meet their customers' wide-ranging needs and proceed with the measures based on the medium-term management plan and the group-wide project and to continue to grow as the Tender Offeror Group, it is imperative to further enhance its logistics business, which has been the core business of the Tender Offeror Group. The Tender Offeror and the Target Company believe that further consolidation of business operations of both companies would ensure a unified business strategy and prompt decision-making, and it would also ensure an increase in added value through further enhancement of the collective capabilities of the group and promotion of a differentiation strategy (for specific details of further enhancement of the collective capabilities of the group, please refer to "(c) Business Strategy Planned to be Implemented after Completion of the Transaction" below). Based on these expectations, the Tender Offeror determined that it is desirable to make the Target Company its wholly-owned subsidiary and, around February 2017, it started considering the Transaction and, in the middle of July 2017, it made a proposal to the Target Company to make the Target Company its wholly-owned subsidiary. When such proposal was made, the Tender Offeror appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("Mitsubishi UFJ Morgan Stanley Securities") as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Target Company, and Nagashima Ohno & Tsunematsu as its legal advisor. Thereafter, the Tender Offeror conducted due diligence on the Target Company from late July 2017 upon obtaining the Target Company's consent, and such due diligence was completed in late September 2017. On the other hand, the Target Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Target Company, and Anderson Mori & Tomotsune as its legal advisor. In addition, in order to avoid a conflict of interest, the Target Company established a third-party committee (for details of the third-party committee, including its members and specific activities, please refer to "2. Outline of the Tender Offer," "(4) Basis for the Calculation of the Tender Offer Price," "b. Background of Calculation," "Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to

Avoid a Conflict of Interest,” “(d) Establishment of an Independent Third-party Committee by the Target Company”) and constructed a framework to conduct discussion and negotiation regarding the Transaction. In early September 2017, the Tender Offeror and the Target Company engaged in a discussion regarding various measures for increasing the corporate value of both companies, such as improvement of the business and business streamlining through further promotion of group-wide management, and thereafter, the Tender Offeror continued its consideration of such measures.

Consequently, at its board of directors’ meeting held today, the Tender Offeror reached the conclusion that it is optimal for increasing the corporate value of the entire Tender Offeror Group to make the Target Company its wholly-owned subsidiary, and resolved to implement the Tender Offer with the aim of making the Target Company its wholly-owned subsidiary.

On the other hand, at its board of directors’ meeting held today, the Target Company reached the conclusion that becoming a wholly-owned subsidiary of the Tender Offeror through the Transaction (i) improves its medium- to long-term profitability and competitiveness, (ii) facilitates (a) the enhancement of the business strategy and regional strategy centered on the freight forwarding business and logistics business required for the accomplishment of the medium- to long-term vision, “TRANSFORM 2025,” (b) drastic business reform, including optimization of the organizational structure and improvement in the efficiency of the business process and (c) implementation of important measures, including proactive investment in a growth area, and (iii) contributes to a further increase of corporate value of the Target Company. (For details of the analysis of the Transaction by the Target Company and the decision-making process of the Target Company, please refer to “ (d) The Target Company’s Decision-making Process for the Tender Offer and Reasons Therefor” below.

(c) Business Strategy Planned to be Implemented after Completion of the Transaction

The Tender Offeror will aim to further enhance the corporate value of the Tender Offeror Group through enhanced sharing of know-how on business operations and management and collaboration between both companies that can be realized through implementation of the Transaction. In addition, by further promoting the mutual use of the functions of the companies in the Tender Offeror Group and seeking to enlarge the scale of the Target Company’s business and the group-wide logistics business, expand the business area and improve profitability, the Tender Offeror will endeavor to pursue sustainable growth of the Tender Offeror Group. As a result of such efforts, the Tender Offeror believes that the percentage of the Tender Offeror’s light-asset business and stable-freight-rate business will further increase and construction of a business portfolio from which profits can be generated regardless of market conditions will be accelerated, and therefore, profit stability and competitiveness will be enhanced.

Specifically, the Tender Offeror and the Target Company believe that promotion of the following initiatives will enhance the sharing of know-how on business operations and management and collaboration between both companies and contribute to the enhancement of the corporate value to be generated by making the Target Company a wholly-owned subsidiary of the Tender Offeror.

A) Higher Added Value and Enhancement of Stable Profitability through Integration of Automobile-Related Logistics, Which is a Stable-Freight-Rate Business

Recently, in the automobile industry, against a background of the acceleration of overseas local production and demand growth in emerging countries, suppliers of materials, places of production and sales destinations have been diversified, and means and routes of transportation in respect of both finished automobiles and auto

components, respectively, have become complicated. The Tender Offeror acknowledges the needs to combine the means and routes of transportation to address different needs of every customer, and believes that it is required to provide the logistic services that suit the needs of every customer more than ever, such as small freight transport in respect of each component and one-stop services of transportation in respect of components and finished automobiles.

To date, the Tender Offeror Group has had an advantage in the automobile logistics and the Tender Offeror has been mainly engaged in the logistics of finished automobiles while the Target Company has separately addressed improving its customer services in the field of the logistics of auto components. In the future, as both companies work together more closely and integrate the advanced technology for management of operations and loading developed by the Tender Offeror and the technology and know-how with respect to the logistics of finished automobiles and auto components, including supply chain solutions, provided by the Target Company, the Tender Offeror believes that it will be possible to provide services that meet their customers' wide-ranging needs, including the provision of one-stop services where transportation of finished automobiles and auto components are integrated.

The Tender Offeror believes that the foregoing will contribute to building up the stable freight rate business, which is sought by the Tender Offeror, and that the Tender Offeror Group's higher added value and enhancement of stable profitability will be realized.

Also, the Target Company, which has developed its business focusing mainly on the logistics of auto components, believes that it will become able to increase the added value of the logistic services it provides, and realize stronger sales capabilities, by utilizing the Tender Offeror's pipelines to finished automobile manufacturers.

B) Improvement of Competitiveness as a Result of Enhancement of Customer Contact and Stronger Sales Capabilities by Way of Mutual Exploitation of Global Networks

In order to meet their customers' wide-ranging needs in respect of import and export, the Tender Offeror has 350 or more overseas bases in 40 or more countries in the world, and the Target Company has 500 or more overseas bases in 43 countries and regions in the world. For both companies, these overseas bases will assume a significant role as the front line to collect information and conduct sales and marketing activities for customers in the countries and/or regions concerned. Therefore, the overseas bases are characterized as essential management resources in order to pursue the maintenance and enhancement of their global presence.

In conjunction with the contemplated integration of the container shipping business of three (3) Japanese shipping companies, transfer of a part of the Tender Offeror's overseas bases to the new company is under discussion. The Tender Offeror believes that, in the future, as the Tender Offeror and the Target Company consolidate and mutually exploit the overseas bases of both companies, they will be able to maintain and enhance their front-line functions overseas through the procedures for making the Target Company a Wholly-Owned Company, and that

they will be able to further enhance their global presence by way of developing new customers, timely collecting information and creating new business opportunities. As a result of the foregoing, the Tender Offeror believes that enhancement of customer contact and stronger sales capabilities in the overseas market will be realized, and, therefore, that it will be able to improve its competitiveness by further developing its business ahead of its competitors, especially in the markets of Asia and emerging countries, which will continue to have significant growth potential.

The Target Company also believes that it will be able to improve its competitiveness through the enhancement of customer contact and stronger sales capabilities, in the midst of intensifying competition with competitors overseas, and that it will be able to enhance its overseas business, which is the Target Company's strength.

C) Enhancement of Profitability and Competitiveness through Deepening of Business Collaboration within the Tender Offeror Group

In the Tender Offeror Group's global logistics business, in order to address increasingly diverse and complicated customer needs, each group company, including the Tender Offeror and the Target Company, has advanced collaboration and cooperation in the field of logistics, container shipping and air transportation, among others, and has pursued further diversification and enhancement of added value of transportation services. The Tender Offeror believes that, in order to further enhance its profitability and competitiveness and that of the Target Company, they should seek opportunities for cooperation more broadly than ever.

In the future, by closely collaborating in each business developed by each group company including the Tender Offeror and the Target Company, the Tender Offeror Group as a whole will promote the following efforts:

➤ Deepening of Existing Business Collaboration

Each group company, including the Tender Offeror and the Target Company, has endeavored to diversify their services mainly in the global logistics business, by combining marine transportation, air transportation and logistics. The Tender Offeror and the Target Company believe that, further enhancement of profitability and competitiveness of the Tender Offeror and the Target Company will be realized in the future by further deepening the collaboration of each business and further expanding their services, including the integrated transport services of marine transportation, air transportation and land transportation.

➤ Making Opportunities for New Business Collaborations Apparent

New business collaborations will be promoted between the Tender Offeror's business and the Target Company's logistics business, both of which had been independently developed. The Tender Offeror and the Target Company believe that, the new business collaborations will enable the Tender Offeror and the Target Company to provide a wide variety of logistic services, including new transportation services of Project Cargo through the expansion of customer contact, and that the new business collaborations will, as a new revenue stream of the Tender Offeror and the Target Company, contribute to the enhancement of their added value and competitiveness.

D) Strengthening of Corporate Governance and Group-Wide Management Ability by Effective Utilization of Management Resources of Each Group Company including the Tender Offeror and the Target Company

The Tender Offeror Group has been promoting systemization and improvement of operating process through IT investment, and has advanced effective utilization and appropriate posting of its management resources including its human resources in the “group-wide management reforms,” and has been addressing the efficiency of operational structure and the development and improvement of internal control. In addition, from the perspective of improving its capital efficiency, the Tender Offeror Group has been seeking to enhance the competitiveness of the group companies by addressing the improvement of capital efficiency through inter-company financing, with the use of, among others, a cash management system.

In the future, the Tender Offeror and the Target Company will be able to mutually collaborate the organizations and functions and appropriately allocate the management resources between the Tender Offeror and the Target Company by promoting the collaboration through the common use of information, technology, systems and know-how, among others, and by actively exchanging their human resources. Furthermore, since the Target Company’s flexibility in financing will increase as a result of the utilization of the inter-company financing, implementation of more strategic and flexible investment will become possible.

As a result of the foregoing, the Tender Offeror Group believes that the corporate governance and the group-wide management ability will be strengthened, since the further enhancement of the Tender Offeror Group’s internal control, the development of human resources that are well-informed on diverse businesses of the group and the further efficiency in respect of various operating processes are expected.

The Target Company also believes that, by efficiently utilizing the Tender Offeror’s management resources, especially the Tender Offeror’s financial strength and creditworthiness, it will be able to realize large-scale and flexible investments, which would have been difficult to be realized by the Target Company alone.

(d) The Target Company’s Decision-making Process for the Tender Offer and Reasons Therefor

As set forth in “(b) Background as to how the Tender Offeror decided to implement the Tender Offer” above, the Target Company received the proposal above from the Tender Offeror in mid-July 2017, with respect to the Transaction, including the Tender Offer, and as set forth in “2. Outline of the Tender Offer,” “(4) Basis for the calculation of the Tender Offer Price,” “b. Background of Calculation,” “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)” below, in order to ensure the fairness of the Transaction, including the Tender Offer, such as the fairness of the tender offer price to be proposed in the Tender Offer (“Tender Offer Price”), the Target Company appointed Nomura Securities as its financial advisor and third-party valuation institution that is independent from the Tender Offeror and the Target Company, and Anderson Mori & Tomotsune as its legal advisor. The Target Company also established a third-party committee as its advisory body in order to consider the proposals concerning the Transaction and

has discussed and examined several times the purpose of the Transaction, the management structure and the policy after the Transaction, as well as the terms and conditions of the Transaction, with the Tender Offeror.

In addition, with respect to the Tender Offer Price among the terms and conditions of the Transaction, after the receipt of the proposal above from the Tender Offeror in mid-July 2017, the Target Company has continuously been in discussion with the Tender Offeror. In response to the Tender Offeror's presentation of the initial price in late September 2017 during the course of the above-mentioned discussion, the Target Company obtained from Nomura Securities advice on the share valuation of the Target Company Shares and advice from a financial viewpoint, and in light of such advice and the third-party committee's opinion, the Target Company continued to engage in discussions with the Tender Offeror. As a result, in late October 2017, the Target Company came to accept the final proposal from the Tender Offeror which provided that the Tender Offer Price would be 1,500 yen per share, which is the price that the Target Company deemed would provide the Target Company's shareholders with an opportunity to sell the Target Company Shares at a price with a reasonable premium, as described below.

Furthermore, the Target Company received from Anderson Mori & Tomotsune, as its legal advisor, legal advice concerning the points to note in relation to the decision making concerning the Transaction, including the Tender Offer, such as the decision-making process and decision-making method concerning the Transaction, including the Tender Offer, and also received a report dated October 30, 2017, from the third-party committee (the "Report"). (For the outline of the Report and the specific content of the activities of the third-party committee, please refer to "2. Outline of the Tender Offer," "(4) Basis for the Calculation of the Tender Offer Price," "b. Background of Calculation," "(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)," "(d) Establishment of an Independent Third-Party Committee by the Target Company" below.) In addition to the above, in light of the legal advice that the Target Company received from Anderson Mori & Tomotsune, as its legal advisor, as well as the share valuation report concerning the Target Company Shares dated October 30, 2017 (the "Target Company's Valuation Report") that it received from Nomura Securities, as its third-party valuation institution, the Target Company carefully discussed and examined the Transaction from the perspective of whether the Transaction enhances the corporate value of the Target Company and whether the Tender Offer Price in the Transaction and other terms and conditions are reasonable, according maximum respect to the content of the Report submitted by the third-party committee.

As set forth in "(b) Background as to how the Tender Offeror decided to implement the Tender Offer" above, the operating environment surrounding the Target Company may face significant changes in the future and it seems that competition with competitors will further intensify concerning ensuring of not only customers, but also cargo space with respect to air freight forwarding.

Under such circumstances, in order to realize the improvement of medium- to long-term profitability and competitiveness of the Target Company and to complete the medium- to long-term vision, "TRANSFORM 2025," it is necessary to implement radical business reforms such as optimizing the organizational structure and improving the efficiency of the business process, as well as strengthening the Area Themes centered around the freight forwarding business and the logistics business. In addition, in order for the Target Company to continue developing in the future, investments, such as active investments in the growing business areas and IT investment for strengthening its business foundation, will be essential. The Target Company believes that, by becoming the Tender Offeror's wholly-owned subsidiary, it can increase the probability of realizing such measures.

As set forth in “(b) Background as to how the Tender Offeror decided to implement the Tender Offer” above, the Target Company believes that, it can provide a series of supply chain solutions such as the automobile-related logistics business through deepening business collaboration between both companies, and strengthen the Area Themes centered around its freight forwarding business and logistics business by responding to customers’ broad needs concerning overseas logistics through increasing contact with customers and strengthening sales capabilities by mutually utilizing the global network of both companies.

In addition, the Target Company believes that it will be able to strengthen, and improve the efficiency of, the organizational structure centered around the administrative department, operating department and business promotion department. Particularly in the research and development department and investigations department, the Target Company believes that sharing the knowledge that it and the Tender Offeror have will lead to a significant strengthening in its research capabilities and investigation capabilities, such as enhancement and development of logistics technology and improvements with respect to customers and industry marketing capabilities.

Furthermore, the Target Company believes that, by effectively utilizing the Tender Offeror’s financial strength and creditworthiness, the probability of large-scale investments, which are not possible by the Target Company alone, such as implementation of large-scale IT investment, M&A, and capital and business alliances, will increase. The Target Company also believes that enhancing the probability of the implementation of more flexible investments through the promotion of an accelerated decision-making process would contribute to how the Target Company responds to rapid changes in the operating environment.

As described above, the Target Company believes that becoming the Tender Offeror’s wholly-owned subsidiary and realizing a strong collaboration with the Tender Offeror Group through the Transaction would not only contribute to the implementation of various measures necessary for the management of the Target Company, but also enable the Target Company to mutually utilize the management resources and expertise shared among the Tender Offeror Group (such mutual utilization has been limited thus far), and thus, would serve to the benefit of the Target Company’s development in the future. As a result, at the board of directors’ meeting of the Target Company held today, the Target Company reached the conclusion that the Transaction would contribute to the further enhancement of the corporate value of the Target Company.

Further, in light of the following facts, the Target Company determined that the Tender Offer would provide the shareholders of the Target Company with an opportunity to sell the Target Company Shares at a price with a reasonable premium: (i) the Tender Offer Price a) exceeds the valuation results of the Target Company Shares under the average market price method and b) is within the ranges of the valuation results under the comparable company method and the discount cash flow method (the “DCF Method”), both of which are included in the valuation results of the Target Company Shares received from Nomura Securities and mentioned in “2. Outline of the Tender Offer,” “(4) Basis for the Calculation of the Tender Offer Price,” “b. Background of Calculation,” “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest),” “(b) Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution” below; (ii) the Tender Offer Price is a price with the following premiums: a) 47.35% premium (rounded to the second decimal place; the same shall apply hereinafter in the calculation of the premium ratio) to the regular transaction closing price of the Target Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day

immediately preceding the announcement date of the Tender Offer, b) 43.40% premium to the simple average of the regular transaction closing prices (the amount less than one yen has been rounded to the nearest one yen; the same shall apply hereinafter in the calculation of simple average of regular transaction closing prices) for the one (1) month period ending on the date stated in a) above (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period ending on the date stated in a) above (1,030 yen), and d) 45.49 % premium to the simple average of the regular transaction closing prices for the six (6) month period ending on the date stated in a) above (1,031 yen), respectively; (iii) measures have been taken to resolve conflict of interest concerns as stated in “2. Outline of the Tender Offer,” “(4) Basis for the Calculation of the Tender Offer Price,” “b. Background of Calculation,” “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)” below, and the benefit to the minority shareholders has been taken into consideration; and (iv) the Tender Offer Price is offered a) after taking measures to resolve conflict of interest concerns as stated above, b) after discussion and negotiation between the Target Company and the Tender Offeror equivalent to those under an arm’s length transaction, and, in addition, c) as a result of sincere and continued discussions and negotiations conducted based on the valuation results of the Target Company Shares received from Nomura Securities and discussions with the third-party committee.

For the reasons stated above, at the board of directors’ meeting of the Target Company held today, it was resolved that the Target Company would issue an opinion to support the Tender Offer and make a recommendation that the shareholders of the Target Company tender their shares in the Tender Offer.

b. Management Policy after the Tender Offer

With respect to the management policy after the Transactions, the Tender Offeror intends to continue its management which will contribute to further increase the corporate value of the Target Company and other group companies of the Tender Offeror and intends to strengthen the Target Company’s business by conducting business operations that will fully utilize the characteristics of the Target Company’s business and the Target Company’s strengths. In addition, after the Transaction, by placing the highest priority on the earliest achievement of the expected synergies, the Tender Offeror intends to utilize the management resources of both companies, such as human resources, and swiftly implement the necessary measures and structure to promote such measures upon consultation with the Target Company.

As of the date hereof, the management structure after the Transaction has not yet been determined; however, the Tender Offeror plans to consider how to build an organization that is optimal for achieving the potential future business synergies between the Tender Offerors and the Target Company.

(3) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

In consideration of the fact that the Target Company is a consolidated subsidiary of the Tender Offeror as of the date hereof and that the transaction in question, including the Tender Offer, constitutes a material transaction with the controlling shareholder, the Tender Offeror and the Target Company have implemented the following measures as the measures to ensure the fairness of the Tender Offer such as the measures to ensure the fairness of the Tender Offer Price and to avoid a conflict of interest.

In addition, although the Tender Offeror has not set a minimum number of shares to be purchased by a so-called “majority of minority” in the Tender Offer, since the Tender Offeror and the Target Company

implement the measures stated in a. through f. below, the Tender Offeror believes that the interests of the minority shareholders of the Target Company are reasonably considered.

- a. Procurement by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Valuation Institution
- b. Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution
- c. Advice to the Target Company from an Independent Legal Advisor
- d. Establishment of an Independent Third-Party Committee by the Target Company
- e. Unanimous Approval by the Non-Interested Directors of the Target Company and Opinion of No Objection by all the Non-Interested Corporate Auditors of the Target Company
- f. Measures to Secure an Opportunity for Others to Make any Competing Offers

For the details of the items above, please refer to “2. Outline of the Tender Offer,” “(4) Basis for the calculation of the Tender Offer Price,” “a. Basis of Calculation” and “b. Background of Calculation” below.

- (4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)

The Tender Offeror will make the Tender Offer with the ultimate goal of purchasing all of the Target Company Shares. In the event that all of the Target Company Shares are not purchased in the Tender Offer, the Tender Offeror plans to undertake a set of procedures after the completion of the Tender Offer for the Tender Offeror to become the only shareholder of the Target Company by means of the following measures:

If, upon completion of the Tender Offer, the total number of voting rights of the Target Company owned by the Tender Offeror amounts to 90% or more of the voting rights of all shareholders of the Target Company, and the Tender Offeror becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended, the “Companies Act”), the Tender Offeror plans to demand that all shareholders of the Target Company (excluding the Target Company and the Tender Offeror) who do not tender their shares in the Tender Offer sell all of their Target Company Shares in accordance with the provisions of Part II, Chapter II, Section 4-2 of the Companies Act promptly after the completion of the settlement of the Tender Offer (“Demand for Sale of Shares”).

When exercising the Demand for Sale of Shares, the Tender Offeror will set a cash amount equal to the Tender Offer Price to be paid to the shareholders of the Target Company (excluding the Target Company and the Tender Offeror) as per-share consideration for the Target Company Shares. At the same time, the Tender Offeror will notify the Target Company of such intention and ask the Target Company to approve the Demand for Sale of Shares. Provided the Target Company approves the Demand for Sale of Shares through a board of directors’ resolution, the Tender Offeror will purchase all of the Target Company Shares owned by all shareholders of the Target Company (excluding the Target Company and the Tender Offeror) by following procedures set forth in the relevant laws and regulations, without obtaining the consent of individual shareholders of the Target Company, as of the date specified in the Demand for Sale of Shares. The Tender Offeror then will pay cash to the shareholders in an amount equal to the Tender Offer Price as per-share consideration for the number of Target Company Shares they own. According to the Notice by the Target Company, in the event that it receives notification from the Tender Offeror concerning the matters prescribed in each Item of Paragraph 1 of Article 179-2

of the Companies Act, with the intention to Demand for Sale of Shares, the board of directors of the Target Company plans to approve such Demand for Sale of Shares by the Tender Offeror.

The Companies Act has a provision which intends to protect the rights of minority shareholders relating to the Demand for Sale of Shares; Article 179-8 of the Companies Act and other relevant laws and regulations provide that the shareholders of the Target Company who do not tender their shares in the Tender Offer may file a motion with the court to determine the sale/purchase price of the shares of the Target Company they own. If this motion is filed, the sale/purchase price will be ultimately determined by the court.

On the other hand, if the total number of voting rights of the Target Company owned by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Target Company after the Tender Offer is completed, the Tender Offeror intends to request promptly after completing the settlement of the Tender Offer that the Target Company hold an extraordinary meeting of shareholders (the "Extraordinary Shareholders' Meeting") at which the Target Company will present proposals to approve the consolidation of the Target Company Shares (the "Share Consolidation") and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares constituting one unit, and the Tender Offeror will vote in favor of these proposals at the Extraordinary Shareholders' Meeting.

In the event that the proposed Share Consolidation is approved at the Extraordinary Shareholders' Meeting, the shareholders of the Target Company will own a proportionate number of the Target Company Shares in accordance with the Share Consolidation ratio approved by the Extraordinary Shareholders' Meeting. The shareholders of the Target Company will be paid for the fractional shares that they will be allocated as a result of the Share Consolidation, if any, with the cash to be paid for the sale of the Target Company Shares in a number equivalent to the total number of such fractional shares (any fractions of the total number will be rounded down; the same applies hereinafter) to the Target Company or the Tender Offeror, in accordance with the procedure prescribed in Article 235 of the Companies Act and other relevant laws and regulations. With regard to the sale price of the Target Company Shares for a number equivalent to the total number of such fractional shares, the Tender Offeror plans to request that the Target Company file a motion with the court to permit a voluntary sale, after calculating the amount to be paid to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and the Tender Offeror) by multiplying the Tender Offer Price by the number of the Target Company Shares they own respectively.

While the consolidation ratio of the Share Consolidation has not yet been determined as of today, it is planned that the number of the Target Company Shares to be owned by the shareholders who do not tender their shares in Tender Offer (excluding the Target Company and the Tender Offeror) be less than one share so that only the Tender Offeror will own the Target Company Shares (excluding the treasury shares owned by the Target Company) after the Share Consolidation.

The Companies Act has certain provisions to protect the rights of minority shareholders relating to the Share Consolidation; in the event of the Share Consolidation, if there are any fractional shares resulting from the Share Consolidation, the shareholders of the Target Company may demand that the Target Company purchase all of their fractional shares at fair prices and may file a motion with the court to determine the fair price of the Target Company Shares, in accordance with Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. As stated above, the numbers of the Target Company Shares to be allocated to the shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and the Tender Offeror) are intended to

become fractions as a result of the Share Consolidation, and, thus, the shareholders of the Target Company who oppose to the Share Consolidation will be able to file a motion to determine the price under Articles 182-4 and 182-5 of the Companies Act and other relevant laws and regulations. If this motion is filed, the purchase price will be ultimately ruled by the court.

Depending on the relevant matters such as the revisions of the relevant laws and regulations and their interpretation by the authorities, and the ownership ratio of shares by the Tender Offeror and the status of ownership of the Target Company Shares by the other shareholders of the Target Company after the Tender Offer, the above procedures may require a longer time or may be replaced with other measures having equivalent effects.

However, even in such cases, the Tender Offeror intends to take a measure to eventually pay cash to shareholders of the Target Company who do not tender their shares in the Tender Offer (excluding the Target Company and the Tender Offeror). The amount of cash to be paid to the respective shareholders in that event is planned to be equal to an amount calculated by multiplying the Tender Offer Price by the number of the Target Company Shares each shareholder owns.

Specific procedures and the schedule thereof in such cases will be announced by the Target Company as soon as they have been determined. If the Demand for Sale of Shares is made, the Tender Offeror intends to (i) set the date to give the Target Company a notice of the Tender Offeror's intention to make the Demand for Sale of Shares, which contains the matters stated in each item in Article 179-2, Paragraph 1 of the Companies Act, around late December 2017, and give the notice on such date, (ii) set the acquisition date around late January 2018 and acquire the shares on such date. In contrast, if the Share Consolidation is implemented, the Target Company intends to (a) set the date of the Extraordinary Shareholders' Meeting around late February 2018, based on the Tender Offeror's request, and convene the meeting on such date, and (b) set the effective date of the Share Consolidation around late March 2018 and put into effect the Share Consolidation on such date.

Please note that the Tender Offer is not intended to solicit votes or support from the shareholders of the Target Company for the proposals in the Extraordinary Shareholders' Meeting. In addition, regarding tax implication of the tender in the Tender Offer or any of the above procedures on each shareholder of the Target Company under applicable tax rules, please consult with your tax experts on your own responsibility.

(5) Possibility of and Reasons for Delisting

The Target Company Shares are presently listed on the First Section of the TSE as of today, but the Tender Offeror has not set the maximum number of shares to be purchased through the Tender Offer. Accordingly, depending on the results of the Tender Offer, the Target Company Shares may be delisted after the prescribed procedures are completed, in accordance with the TSE listing rules. Even if the requirements of the delisting rules are not met as of the time of completion of the Tender Offer, the Tender Offeror plans to proceed to acquire all of the Target Company Shares in the manner outlined in "(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover)" above after the completion of the Tender Offer. In such case, the Target Company Shares will be delisted through prescribed procedures in accordance with the TSE listing rules. The Target Company Shares cannot be traded at the First Section of the TSE if they are delisted.

(6) Matters relating to Important Agreements with respect to the Tender Offer

Not applicable

2. Outline of the Tender Offer

(1) Outline of the Target Company

a. Name	Yusen Logistics Co., Ltd.																				
b. Location	11-1, Shiba-Koen 2-chome, Minato-ku, Tokyo																				
c. Title and Name of Representative	Kenji Mizushima, President and Representative Director																				
d. Type of Business	Freight forwarding business, tourism business, etc.																				
e. Amount of Capital	¥4,301 million																				
f. Date of Incorporation	February 28, 1955																				
g. Major Shareholders and Shareholding Ratio (as of March 31, 2017)	<table> <tr> <td>Nippon Yusen Kabushiki Kaisha:</td> <td>59.53%</td> </tr> <tr> <td>BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO): (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)</td> <td>7.11%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account):</td> <td>2.67%</td> </tr> <tr> <td>The Master Trust Bank, Ltd. (Trust Account):</td> <td>1.87%</td> </tr> <tr> <td>YAMATO HOLDINGS CO., LTD.:</td> <td>1.43%</td> </tr> <tr> <td>CBNY-GOVERNMENT OF NORWAY: (Standing proxy: Citibank Japan Ltd.)</td> <td>1.42%</td> </tr> <tr> <td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.:</td> <td>1.27%</td> </tr> <tr> <td>Tokio Marine and Nichido Fire Insurance Co., Ltd.:</td> <td>0.96%</td> </tr> <tr> <td>CBNY DFA INTL SMALL CAP VALUE PORTFOLIO: (Standing proxy: Citibank Japan Ltd.)</td> <td>0.95%</td> </tr> <tr> <td>AIRPORT CARGO SERVICE CO., LTD.:</td> <td>0.84%</td> </tr> </table>	Nippon Yusen Kabushiki Kaisha:	59.53%	BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO): (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	7.11%	Japan Trustee Services Bank, Ltd. (Trust Account):	2.67%	The Master Trust Bank, Ltd. (Trust Account):	1.87%	YAMATO HOLDINGS CO., LTD.:	1.43%	CBNY-GOVERNMENT OF NORWAY: (Standing proxy: Citibank Japan Ltd.)	1.42%	The Bank of Tokyo-Mitsubishi UFJ, Ltd.:	1.27%	Tokio Marine and Nichido Fire Insurance Co., Ltd.:	0.96%	CBNY DFA INTL SMALL CAP VALUE PORTFOLIO: (Standing proxy: Citibank Japan Ltd.)	0.95%	AIRPORT CARGO SERVICE CO., LTD.:	0.84%
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h. Relationship between the Tender Offeror and the Target Company																					
	<table> <tr> <td>Capital Relationship</td> <td>As of today, the Tender Offeror holds 25,135,084 shares of the Target Company that is equivalent to 59.53% (rounded to the second decimal place) of the total issued shares of the Target Company (42,220,800 shares).</td> </tr> <tr> <td>Personnel Relationship</td> <td>As of today, one (1) director of the Target Company is concurrently holding the office of a Corporate Officer of the Tender Offeror. As of today, seventeen (17) employees of the Tender Offeror are seconded to the Target Company. In addition, the Tender Offeror has received four (4) employees seconded from the Target Company.</td> </tr> <tr> <td>Transaction Relationship</td> <td>The Tender Offeror has received deposit of funds from the Target Company by way of group finances, and has paid interest thereon. The Target Company has been delegated by the Tender Offeror a</td> </tr> </table>	Capital Relationship	As of today, the Tender Offeror holds 25,135,084 shares of the Target Company that is equivalent to 59.53% (rounded to the second decimal place) of the total issued shares of the Target Company (42,220,800 shares).	Personnel Relationship	As of today, one (1) director of the Target Company is concurrently holding the office of a Corporate Officer of the Tender Offeror. As of today, seventeen (17) employees of the Tender Offeror are seconded to the Target Company. In addition, the Tender Offeror has received four (4) employees seconded from the Target Company.	Transaction Relationship	The Tender Offeror has received deposit of funds from the Target Company by way of group finances, and has paid interest thereon. The Target Company has been delegated by the Tender Offeror a														
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	part of the ocean freight forwarding handled by the Target Company.
Status as a Related Party	The Target Company is a subsidiary of the Tender Offeror, and falls under a related party of the Tender Offeror.

(Note) The shareholding ratio set forth in “Major Shareholders and Shareholding Ratio (as of March 31, 2017)” is the ratio of the number of shares held by each major shareholder to the total issued shares of the Target Company (rounded to the second decimal place).

(2) Schedule

a. Schedule

Date of Board of Directors’ Resolutions	Tuesday, October 31, 2017
Date of Public Notice of Commencement of the Tender Offer	Wednesday, November 1, 2017 Public disclosure will be made electronically, and a notice of such disclosure will be published in the <i>Nihon Keizai Shimbun</i> . EDINET (electronic disclosure for investors’ network): (http://disclosure.edinet-fsa.go.jp/)
Scheduled Date of Submission of the Tender Offer Registration Statement (the “Registration Statement”)	Wednesday, November 1, 2017

b. Tender Offer Period as of the Time of Filing of the Registration Statement

From Wednesday, November 1, 2017, through Thursday, December 14, 2017 (30 business days in Japan)

c. Possible Extension of the Tender Offer Period Based on the Target Company’s Request

Not applicable

(3) Tender Offer Price

1,500 yen per share of common stock

(4) Basis for the Calculation of the Tender Offer Price

a. Basis of Calculation

In determining the Tender Offer Price, the Tender Offeror requested Mitsubishi UFJ Morgan Stanley Securities, a third-party valuation institution independent from the Tender Offeror and the Target Company, to analyze the valuation of the Target Company Shares. Mitsubishi UFJ Morgan Stanley Securities is not a related party of the Tender Offeror and the Target Company, and does not have any material interest to be indicated in relation to the Tender Offer.

Mitsubishi UFJ Morgan Stanley Securities analyzed the value of the Target Company Shares using each method of the market price analysis, the comparable company analysis and the discount cash flow analysis (the “DCF Analysis”). The Tender Offeror received a share valuation report from Mitsubishi UFJ Morgan Stanley Securities on October 30, 2017 (the “Share Valuation Report”). The Tender Offeror has not obtained any evaluation on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of the per share values of the Target Company Shares, as analyzed under each of the above methods, are as follows:

Market price analysis: 1,018 yen - 1,046 yen

Comparable company analysis: 871 yen - 1,697 yen

DCF Analysis: 1,248 yen - 1,792 yen

In the market price analysis, the base date was set as of October 30, 2017, and the price range of per share value of the Target Company Shares was analyzed to be 1,018 yen to 1,046 yen based upon both the regular transaction closing price of the Target Company Shares on the First Section of the TSE on the base date (1,018 yen) and the simple average of the regular transaction closing prices for one (1) month (from October 2, 2017 to October 30, 2017), three (3) months (from July 31, 2017 to October 30, 2017) and six (6) months (from May 1, 2017 to October 30, 2017) immediately prior to the base date (1,046 yen, 1,030 yen and 1,031 yen, respectively).

In the comparable company analysis, Mitsubishi UFJ Morgan Stanley Securities analyzed the value of the Target Company Shares through comparison with market share prices and financial indicators (indicating elements such as profitability) of listed companies engaged in businesses relatively similar to the business of the Target Company. As a result, the price range of per share value of the Target Company Shares was analyzed to be 871 yen to 1,697 yen.

In the DCF Analysis, Mitsubishi UFJ Morgan Stanley Securities analyzed the Target Company's corporate value and share value by taking the free cash flow that the Target Company is expected to create in the future based on the future profit forecast of the Target Company for the fiscal year ending March 31, 2018, and subsequent fiscal years, taking into consideration factors such as the business plans of the Target Company; trends in the Target Company's operating results to date; publicly available information; and effects resulting from the Transaction, etc. and determining the present value of such free cash flow by discounting it by using a certain discount rate. As a result, the price range of per share value of the Target Company Shares was analyzed to be 1,248 yen to 1,792 yen (Note).

(Note) In the valuation of the Target Company Shares, Mitsubishi UFJ Morgan Stanley Securities, as a general rule, used information furnished by the Tender Offeror and the Target Company and publicly available information or other materials as is, without any amendment thereto, based on the assumption that all such information and materials are accurate and complete, and, therefore, did not independently verify the accuracy and completeness of the information and materials. Additionally, Mitsubishi UFJ Morgan Stanley Securities did not conduct independent valuation and assessment of the assets and liabilities of the Target Company and the Target Company's affiliates (including off-balance-sheet assets and liabilities or other contingent liability) or request a third-party valuation institution to conduct any appraisal or assessment thereof. Furthermore, Mitsubishi UFJ Morgan Stanley Securities assumed that the information regarding the Target Company's financial projections was reasonably prepared based on the best estimates and judgment available from the Target Company and the Tender Offeror at the time. The valuation provided by Mitsubishi UFJ Morgan Stanley Securities reflects the abovementioned information as of October 30, 2017.

In addition to the valuation results in the Share Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, the Tender Offeror considered the Tender Offer Price by comprehensively

taking into account such factors as the following: whether the Target Company's board of directors would support the Tender Offer; examples of the premiums added when determining tender offer prices in tender offers conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (cases where a parent company intends to make its listed subsidiary into a wholly-owned subsidiary); the market price of the Target Company's Shares; the result of due diligence conducted on the Target Company for the period from the end of July to the end of September 2017; and the estimated number of shares to be tendered in the Tender Offer. Based on the above and in light of the results of the discussion and negotiation with the Target Company and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,500 yen as of October 31, 2017.

The Tender Offer Price, 1,500 yen per share, is a price with the following premiums: a) 47.35% premium to the regular transaction closing price of the Target Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day immediately preceding today, b) 43.40% premium to the simple average of the regular transaction closing prices for the one (1) month period (from October 2, 2017 to October 30, 2017) (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period (from July 31, 2017 to October 30, 2017) (1,030 yen), and d) 45.49 % premium to the simple average of the regular transaction closing prices for the six (6) month period (from May 1, 2017 to October 30, 2017) (1,031 yen), respectively.

b. Background of Calculation

(Background of the Determination of the Tender Offer Price)

To date, each of the Tender Offeror and the Target Company independently proceeded with the business strategy to increase their respective corporate value, and strived for the enhancement of customer contact and stronger sales capabilities. The Tender Offeror and the Target Company believe that, in order to ensure that they can further meet their customers' wide-ranging needs and proceed with the measures based on the medium-term management plan and the company-wide project and to continue to grow as the Tender Offeror Group, it is imperative to further enhance its logistics business, which has been the core business of the Tender Offeror Group. In order to ensure, by way of further consolidation of business operations of both companies, a unified business strategy and prompt decision-making, and also to ensure an increase in added value through further enhancement of the collective capabilities of the group and promotion of a differentiation strategy, the Tender Offeror determined that it is desirable to make the Target Company its wholly-owned subsidiary. Around February 2017, it started considering the Transaction and, in the middle of July 2017, it made a proposal to the Target Company to make the Target Company its wholly-owned subsidiary. When such proposal was made, the Tender Offeror appointed Mitsubishi UFJ Morgan Stanley Securities as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Target Company, and Nagashima Ohno & Tsunematsu as its legal advisor. Thereafter, the Tender Offeror conducted due diligence on the Target Company from late July 2017 upon obtaining the Target Company's consent, and such due diligence was completed in late September 2017. On the other hand, the Target Company appointed Nomura Securities as a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Target Company, and Anderson Mori & Tomotsune as its legal advisor. In addition, in order to avoid a conflict of interest, the Target Company established a third-party committee (for details of the third-party committee, including its members and specific activities, please refer to "Measures to Ensure the Fairness of the Tender Offer

Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest,” “(d) Establishment of an Independent Third-Party Committee by the Target Company”) and constructed a framework to conduct discussion and negotiation regarding the Transaction. In early September 2017, the Tender Offeror and the Target Company engaged in a discussion regarding various measures for increasing the corporate value of both companies, such as improvement of the business and business streamlining through further promotion of group-wide management, and thereafter, the Tender Offeror continued its consideration of such measures. Consequently, at its board of directors’ meeting held today, the Tender Offeror reached the conclusion that it is optimal for increasing the corporate value of the entire Tender Offeror Group to make the Target Company its wholly-owned subsidiary, and resolved to implement the Tender Offer to make the Target Company its wholly-owned subsidiary. In addition, the Tender Offeror determined the Tender Offer Price against the following background.

(a) Name of the Third Party That Provided an Opinion Regarding the Calculation

In determining the Tender Offer Price, the Tender Offeror requested Mitsubishi UFJ Morgan Stanley Securities, a financial advisor and a third-party valuation institution independent from the Tender Offeror and the Target Company, to conduct a valuation of the Target Company Shares. The Tender Offeror received the Share Valuation Report from Mitsubishi UFJ Morgan Stanley Securities on October 30, 2017. Mitsubishi UFJ Morgan Stanley Securities is not a related party of the Tender Offeror and the Target Company, and does not have any material interest to be indicated in relation to the Tender Offer.

(b) Summary of Opinion

According to the Share Valuation Report, Mitsubishi UFJ Morgan Stanley Securities analyzed the value of the Target Company Shares using each method of the market price analysis, the comparable company analysis and the DCF Analysis. The Tender Offeror has not obtained any evaluation on the fairness of the Tender Offer Price (a fairness opinion).

Each of the above methods and the ranges of the per share values of the Target Company Shares, as calculated under each of the relevant methods, are as follows:

Market price analysis:	1,018 yen - 1,046 yen
Comparable company analysis:	871 yen - 1,697 yen
DCF Analysis:	1,248 yen - 1,792 yen

(c) Background of the Determination of the Tender Offer Price Based on the Opinion

In addition to the valuation results in the Share Valuation Report obtained from Mitsubishi UFJ Morgan Stanley Securities, the Tender Offeror considered the Tender Offer Price by comprehensively taking into account such factors as the following: whether the Target Company’s board of directors would support the Tender Offer; examples of the premiums added when determining tender offer prices in tender offers

conducted in the past by a party other than the issuer in a similar situation to the Tender Offer (cases where a parent company intends to make its listed subsidiary into a wholly-owned subsidiary); the market price of the Target Company's Shares; the result of due diligence conducted on the Target Company for the period from the end of July to the end of September 2017; and the estimated number of shares to be tendered in the Tender Offer; and in light of the results of the discussion and negotiation with the Target Company and other factors, the Tender Offeror ultimately determined on the Tender Offer Price per share of 1,500 yen as of today.

(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)

In consideration that the Target Company is a consolidated subsidiary of the Tender Offeror as of today and that the Transaction including the Tender Offer constitutes a material transaction with the controlling shareholder, the Tender Offeror and the Target Company have implemented the following measures as the measures to ensure the fairness of the Tender Offer such as the measures respectively to ensure the fairness of the Tender Offer Price and to avoid a conflict of interest.

In addition, although the Tender Offeror has not set a minimum number of shares to be purchased by a so-called "majority of minority" in the Tender Offer, since the Tender Offeror and the Target Company implement the measures stated in (a) through (f) below, the Tender Offeror believes that the interests of the minority shareholders of the Target Company have been reasonably considered.

The descriptions of the measures implemented by the Target Company that are included in the following are based on the Notice by the Target Company and the explanation received by the Target Company.

- (a) Procurement by the Tender Offeror of a Share Valuation Report from an Independent Third-Party Valuation Institution

The Tender Offeror received the Share Valuation Report from Mitsubishi UFJ Morgan Stanley Securities on October 30, 2017. For details, please refer to "a. Basis of Calculation" above.

- (b) Procurement by the Target Company of a Share Valuation Report from an Independent Third-Party Valuation Institution

In order to ensure the fairness of the decision-making process for the Tender Offer Price presented by the Tender Offeror, the board of directors of the Target Company requested Nomura Securities, a third-party valuation institution independent from the Target Company and the Tender Offeror, to conduct a valuation of the Target Company Shares.

Nomura Securities, based on its assessment of valuation methods in relation to the Tender Offer, calculated the value of the Target Company Shares using (i) the average market price method, since the Target Company Shares are listed on the First Section of the TSE; (ii) the comparable company method, since there are listed companies for which comparison to the Target Company is possible, and, accordingly, it is possible to estimate the value of the Target Company Shares by comparing the Target Company with those similar companies; and (iii) the DCF Method, in order to reflect the performance of the Target Company's future business activities on the valuation. The

Target Company received the Target Company's Valuation Report from Nomura Securities on October 30, 2017. The Target Company has not obtained any opinion on the fairness of the Tender Offer Price (a fairness opinion) from Nomura Securities.

According to Nomura Securities, the methods adopted for the calculation of the value of the Target Company Shares and the ranges of the per share values of the Target Company Shares, as calculated under each of the relevant methods, are as follows:

Average market price method:	1,018 yen - 1,046 yen
Comparable company method:	0 yen - 2,260 yen
DCF Method:	911 yen - 2,044 yen

In the average market price method, the calculation base date was set as of October 30, 2017, and the price range of per share value of the Target Company Shares was calculated to be 1,018 yen to 1,046 yen based upon both the closing price of the Target Company Shares on the First Section of the TSE on the base date (1,018 yen) and the simple average closing prices for one (1) week, one (1) month, three (3) months and six (6) months immediately prior to the base date (1,020 yen, 1,046 yen, 1,030 yen and 1,031 yen, respectively).

In the comparable company method, Nomura Securities selected Nippon Express Co. Ltd., Hitachi Transport System, Ltd., Kintetsu World Express, Inc., Tracom Co. Ltd., Nisshin Corporation, AIT Corporation and Naigai Trans Line Ltd. as comparable companies among logistics companies that operate freight forwarding business companies that are listed in Japan, and calculated the value of the Target Company Shares, applying EV/EBITDA multiple ("EBITDA Multiple"), EV/EBIT multiple and P/E Ratio as multiple ratios. As a result, the price range of per share value of the Target Company Shares was calculated to be 0 yen to 2,260 yen.

In the DCF Method, Nomura Securities, after having considered the reasonable assumptions, including the profit forecast and investment projects based on the business plans prepared by the Target Company from the fiscal year ending March 31, 2018, to the fiscal year ending March 31, 2020, evaluated the corporate value by discounting the free cash flows that the Target Company is expected to generate in the future in and after the third quarter of the fiscal year ending March 31, 2018, to the present value by using a certain discount rate in proportion to the business risks. For the discount rate under the said analysis, 6.50% to 7.00% was applied, and, in calculating the going concern values, the exit multiples method and the permanent growth rate method were used, and the EBITDA Multiple was set at 5.0x to 6.0x and the perpetual growth rate was set at -0.25% to 0.25%. As a result, the price range of per share value of the Target Company Shares was calculated to be 911 yen to 2,044 yen.

The financial projections on the basis of the Target Company's business plan, based on which Nomura Securities conducted the valuation under the DCF Method, are as follows. Any expected substantial increase or decrease in profits is forecasted in the following financial projections. Specifically, in the fiscal year ending March 31, 2018, in respect of the freight forwarding business, against the background of the supply and demand relationship of the cargo space and economic recovery in the Americas and Europe, improvements of gross profit has been taking time due to the increase in the freight rate

for purchasing. In respect of the logistics business, decrease in the operating income is expected due to the sluggish cargo movement as a result of the increase in the selling, general and administrative expenses in the process of promoting the expansion of sales in Europe, South Asia and Oceania and the effect of the slowdown in economic growth in certain regions, as well as the lower handling volume in respect of the inland transportation in the Americas. In contrast, from the fiscal year ending March 31, 2019, to the fiscal year ending March 31, 2020, in respect of the freight forwarding business, improvement of gross profit as a result of the decrease in the purchase costs against the background of increase in the handling volume and the reduction of the selling, general and administrative expenses as a result of the standardization of the operating process and the integration of IT systems are expected. In respect of the logistics business, substantial improvement in the operating income is expected by, among others, focusing on providing supply chain services with high added value that would meet the customers' needs, improving the income and expenditures of unprofitable warehouse sites and inland transportation business in the United States and the integration of the information systems for warehouse inventory management. The relevant financial projections were not prepared based on the assumption that the Transaction would be implemented.

(Unit: millions of yen)

	Fiscal Year Ending March 2018 (6 Months)	Fiscal Year Ending March 2019	Fiscal Year Ending March 2020
Net sales	243,592	520,000	570,000
Operating income	2,495	10,000	14,000
EBITDA	5,640	16,460	21,173
Free cash flow	(6,682)	(4,710)	1,425

(c) Advice from an Independent Law Firm Received by the Target Company

In order to ensure transparency and appropriateness in the decision-making process of the board of directors of the Target Company regarding the Transaction, including the Tender Offer, the Target Company appointed Anderson Mori & Tomotsune as its legal advisor independent from the Tender Offeror and the Target Company, and obtained its legal advice as necessary in relation to the method and process of decision-making of the board of directors of the Target Company and other points of note concerning the Transaction including the Tender Offer. Anderson Mori & Tomotsune is not a related party of the Tender Offeror and the Target Company, and does not have any material interest to be indicated in relation to the Tender Offer.

(d) Establishment of an Independent Third-Party Committee by the Target Company

On August 31, 2017, taking into account that the Target Company is a consolidated subsidiary of the Tender Offeror and that the Transaction, including the Tender Offer, constitutes a material transaction with the controlling shareholder, the Target Company established a third-party committee in order to make decisions with the utmost care, to eliminate any possible arbitrariness and conflict of interest in the decision-making

process of the board of directors of the Target Company and to secure fairness in such decision-making process. The third-party committee consists of committee members including outside experts that are independent from the Tender Offeror and the Target Company (as the committee members of the third-party committee, Mr. Omoo Yamazaki (a certified public accountant, licensed tax accountant and representative director of Kabushiki Kaisha GG Partners), Mr. Hidetaka Nishina (an attorney at law, Partner of Nakamura, Tsunoda & Matsumoto) and Mr. Makoto Satani (an outside corporate auditor of the Target Company) were selected). The Target Company consulted with the third-party committee on the consideration of following matters: (a) the legitimacy of the purpose of the Transactions; (b) the fairness of the procedures of negotiation process in relation to the Transaction; (c) from the view point of the appropriateness of the terms and conditions of the Transaction (including the consideration to be delivered to the minority shareholders as a result of the Transaction); and (d) whether or not the Transaction would be disadvantageous to the minority shareholders of the Target Company (collectively, the “Consulted Matters”). During the period from September 19, 2017 to October 26, 2017, the third-party committee met a total of 5 times and carefully examined and discussed the Consulted Matters. In particular, the third-party committee received explanations from the Target Company on matters such as the background of the proposal for the Transaction received from the Tender Offeror, the purpose of the Transaction, conditions of business of the Target Company and future outlook, and details of business plans prepared by the Target Company, and held Q&A sessions with the Target Company. In addition, the third-party committee received explanations from the Tender Offeror on matters such as the reason and background of having proposed the Transaction to the Target Company, synergies expected to be generated as a result of the Transaction and the businesses of the Tender Offeror Group and the Target Company that are planned to be developed after the Transaction, and held Q&A sessions with the Tender Offeror. Further, the third-party committee received explanations (i) from Nomura Securities on the valuation of the Target Company Shares, and (ii) from Anderson Mori & Tomotsune on the decision-making process and decision-making method of the board of directors of the Target Company, and held Q&A sessions respectively with them, and received a report from the Target Company on matters such as the progress and details of discussions and negotiations with the Tender Offeror. The third-party committee, taking the foregoing consultations into consideration, continued discussions with Nomura Securities and Anderson Mori & Tomotsune, and examined and discussed the purpose of the Transaction, the decision-making process and the terms and conditions of the Transaction (including the consideration to be delivered to the minority shareholders as a result of the Transaction).

Against this background, on October 30, 2017, the third-party committee, as a result of careful examinations and discussions on the Consulted Matters, submitted the Report to the board of directors of the Target Company with the unanimous approval of all the members of the third-party committee. According to the Target Company, a summary of the Report is as set forth below.

- (i) The Target Company faces challenges such as (i) realization of its medium- to long-term vision, “TRANSFORM 2025,” (ii) mitigation of risks in the course of

its business development, and (iii) enhancement of its credibility to allow it to make large investments. Since (i) the Transaction contributes in addressing each of the foregoing challenges, (ii) the reasons for implementing the Transaction are not clearly unreasonable, (iii) certain concrete proposals have been made with respect to the business strategies under consideration to be carried out after the implementation of the Transaction, and (iv) there is no inconsistency or perception gap between the Target Company's explanation and the Tender Offeror's explanation regarding the synergies expected to be generated as a result of the Transaction, it can be said that the Transaction would contribute to the further enhancement of the corporate value of the Target Company;

- (ii) With respect to the Transaction, various measures have been taken with the view to ensuring opportunities for the minority shareholders to make appropriate decisions and eliminating arbitrariness within the process of decision making; (i) the shareholders are granted a right to file a motion to determine the price of the shares within each procedure of the Demand for Sale of Shares and Share Consolidation, (ii) it will be disclosed that the Tender Offeror intends to make the amount of cash to be paid to the minority shareholders within the procedures of the Demand for Sale of Shares and Share Consolidation equal to the Tender Offer Price, and (iii) it is expected that, at a meeting of the board of directors of the Target Company to be held on October 31, 2017, all directors and auditors, except Mr. Toru Kamiyama, a director of the Target Company, who concurrently holds the office of Corporate Officer of the Tender Offeror, attend and pass a resolution for the Transaction by the unanimous vote of the directors present (with the expression of opinion of support by all corporate auditors). In light of the foregoing, in conclusion, it can be said that, with respect to the Transaction, the interests of the minority shareholders have been duly considered through fair procedures.
- (iii) Measures to ensure the condition that can be objectively regarded as ensuring the appropriateness of the price, including setting the tender offer period in the Tender Offer (the "Tender Offer Period") at 30 business days, which is relatively long in comparison with the statutory minimum period of 20 business days, have been taken. Furthermore, considering (i) from the perspective of comparison with the value of the Target Company Shares calculated by Nomura Securities through the average market price method, the comparable company method and the DCF Method and (ii) the fact that the amount of premium compares well with that in similar recent cases of tender offers (cases where a parent company intends to make its listed subsidiary into a wholly-owned subsidiary) (in particular, when considering from the perspective of determining whether or not there are disadvantages for minority shareholders in comparison with the premium of the other cases on the basis of the market price of the Target Company Shares, which have not reflected the downward revision of the consolidated financial forecast to be announced concurrently with the Transaction), the Tender Offer Price can be recognized as reasonable. In addition, minority shareholders are ensured to obtain consideration equivalent to the Tender Offer Price regardless of whether it obtains consideration through any of the Tender Offer, the Demand for Sale of

Shares or the Share Consolidation. Therefore, it can be said that the fairness of the condition is secured throughout the Transaction.

- (iv) Considering the facts stated in (i) through (iii) above, the Transaction is considered to be not disadvantageous for minority shareholders of the Target Company.
- (e) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Non-Interested Corporate Auditors of the Target Company

The Target Company received the proposal from the Tender Offeror in the middle of July in 2017 with respect to the Transaction, and, in order to ensure the fairness of the Transaction, including the Tender Offer, such as the fairness of the Tender Offer Price, the Target Company appointed Nomura Securities as its financial advisor and third-party valuation institution, and Anderson Mori & Tomotsune as its legal advisor. The Target Company also established a third-party committee in order to consider the proposals concerning the Transaction and put in place the system to consider the proposal concerning the Transaction. The Target Company had sincere discussions with the Tender Offeror by receiving advice from Nomura Securities and Anderson Mori & Tomotsune, and on October 24, 2017, it accepted the final proposal to the effect that the Tender Offer Price would be 1,500 yen per share.

The Target Company's board of directors carefully discussed and considered the terms and conditions regarding the Transaction in light of the Target Company's Valuation Report dated October 30, 2017, received from Nomura Securities, the legal advice received from Anderson Mori & Tomotsune, the Report dated October 30, 2017, submitted by the third-party committee and other relevant materials.

As a result, the Target Company's board of directors reached the conclusion that, in order to further enhance its corporate value in the severe operating environment surrounding the Target Company, it is necessary not only to facilitate the implementation of various measures necessary for the management of the Target Company by realizing a strong collaboration with the Tender Offeror through implementation of the measures stated in "1. Purpose of Tender Offer," "(2) Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer," "a. Background, Purpose, and Decision-making Process for the Tender Offer," "(c) Business Strategy Planned to be Implemented after Completion of the Transaction," but also to enable the Target Company to mutually utilize the management resources and expertise shared among the Tender Offeror Group (such mutual utilization has been limited thus far), and determined that to become a wholly-owned subsidiary of the Tender Offeror through the Transaction, including the Tender Offer, would contribute to the further enhancement of the corporate value of the Target Company.

Further, in light of the fact that the Tender Offer Price (i) exceeds the valuation results by the average market price method stated in the Target Company's Valuation Report dated October 30, 2017, received by the Target Company from Nomura Securities, and is also within the ranges of the valuation results under the comparable company method and the DCF Method, and (ii) is a price with the following premiums: a) 47.35% premium to the

regular transaction closing price of the Target Company Shares on the First Section of the TSE on October 30, 2017 (1,018 yen), which is the business day immediately preceding today, b) 43.40% premium to the simple average of the regular transaction closing prices for the one (1) month period ending on the date stated in a) above (1,046 yen), c) 45.63% premium to the simple average of the regular transaction closing prices for the three (3) month period ending on the date stated in a) above (1,030 yen), and d) 45.49 % premium to the simple average of the regular transaction closing prices for the six (6) month period ending on the date stated in a) above (1,031 yen), respectively, the Target Company's board of directors determined that the Tender Offer Price and other terms and conditions related to the Tender Offer are reasonable for the shareholders of the Target Company and that the Tender Offer would provide the shareholders of the Target Company with an opportunity to sell the Target Company Shares at a reasonable price.

Accordingly, at the board of directors' meeting of the Target Company held today, all the directors participated in the deliberations and resolutions unanimously expressed their approval for the Tender Offer and resolved to recommend that the shareholders of the Target Company tender their shares in the Tender Offer.

Mr. Toru Kamiyama, a director of the Target Company, is concurrently holding the office of a Corporate Officer of the Tender Offeror and, accordingly, from the perspective of avoiding any possible conflict of interest with the Target Company, he did not attend the deliberations and resolutions for the agenda concerning the Tender Offer at the abovementioned board of directors' meetings of the Target Company, nor did he attend the discussions and negotiations with the Tender Offeror on behalf of the Target Company.

In addition, four (4) corporate auditors of the Target Company attended the abovementioned board of directors' meeting and all of the attended corporate auditors stated that they had no objection to i) the representation of the approval for the Tender Offer by the board of directors of the Target Company and ii) the recommendation that the shareholders of the Target Company tender their shares in the Tender Offer.

(f) Measures to Secure an Opportunity for Others to Make any Competing Offers

The Tender Offerors set the Tender Offer Period at 30 business days, which is relatively long, while the statutory minimum period is 20 business days. The Tender Offeror provides all of the shareholders of the Target Company with an appropriate opportunity to consider and decide whether or not to tender their shares in the Tender Offer and secures an opportunity for any potential tender offerors other than the Tender Offeror to acquire the Target Company Shares.

The Tender Offeror has not entered into any agreement with the Target Company that may restrict the Target Company from contacting the persons proposing the competing purchase, including an agreement providing a transaction protection clause that may restrict the Target Company from contacting the persons proposing the competing purchase, and the Tender Offeror gives consideration to ensuring the fairness of the Tender Offer by securing an opportunity of the competing purchase, as well as by setting the Tender Offer Period as mentioned above.

c. Relationships with Valuation Institution

Mitsubishi UFJ Morgan Stanley Securities, which is a financial advisor (valuation institution) to the Tender Offeror, is not a related party of the Tender Offeror and the Target Company, and does not have any material interest in the Transaction, including the Tender Offer.

(5) Number of Shares to be Purchased in the Tender Offer

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
17,033,918 (shares)	2,977,700 (shares)	– (shares)

(Note 1) The Tender Offeror intends not to purchase any of the Tendered Shares, Etc. if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 2,977,700 shares). If the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 2,977,700 shares), the Tender Offeror will purchase all of the Tendered Shares, Etc.

(Note 2) As a maximum number of shares to be purchased through the Tender Offer is not established, the number of shares intended to be purchased that is described in the relevant column is the maximum number of the Target Company Shares the Tender Offeror may possibly purchase through the Tender Offer (17,033,918 shares). Such maximum number of shares (17,033,918 shares) is obtained by (a) deducting (i) the number of shares held by the Tender Offeror (25,135,084 shares) and (ii) the number of the treasury shares held by the Target Company as of September 30, 2017 (51,798 shares), as set forth in the Target Company's Quarterly Earnings Release, from (b) the total number of issued shares of the Target Company as of September 30, 2017 (42,220,800 shares), as set forth in the Target Company's Quarterly Earnings Release.

(Note 3) Shares constituting less than one unit will also be subject to purchase through the Tender Offer. The Target Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act to require the Target Company to purchase shares constituting less than one unit.

(Note 4) There is no plan to purchase the treasury shares held by the Target Company through the Tender Offer.

(6) Changes to Share Ownership Ratios Due to the Tender Offer

Number of voting rights represented by Shares held by the Offeror prior to the tender offer	251,350	Proportion of ownership of Shares prior to the tender offer: 59.61%
Number of voting rights represented by Shares held by Specially Related Parties prior to the tender offer	0	Proportion of ownership of Shares prior to the tender offer: 0%
Number of voting rights represented by Shares held by the Offeror after the tender offer	421,690	Proportion of ownership of Shares after the tender offer: 100%
Number of voting rights represented by	—	Proportion of ownership of Shares after

Shares held by Specially Related Parties after the tender offer		the tender offer: —%
Total number of voting rights of all shareholders of the Target Company	421,264	

(Note 1) The “Number of voting rights represented by Shares held by Specially Related Parties prior to the tender offer” is the total number of voting rights represented by shares held by each Specially Related Party (provided that each party that is excluded from the Specially Related Parties pursuant to Article 3, Paragraph 2, Item 1 of the Cabinet Office Order on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Order No. 38 of 1990, as amended) (the “TOB Order”) in the calculation of the ownership ratio prescribed in each Item of Article 27-2, Paragraph 1 of the Act is not included).

(Note 2) The “Total number of voting rights of all shareholders of the Target Company” represents the total number of voting rights of all shareholders of the Target Company pursuant to the description in the shareholders’ register as of March 31, 2017, as described in the Target Company’s 64th Business Period First Quarterly Report (100 shares constitute one unit of shares). However, since the shares constituting less than one unit shall also be subject to the purchase through the Tender Offer, in the calculation of the “Ownership Percentage of Shares prior to the Tender Offer” and “Ownership Percentage of Shares following the Tender Offer,” the number of the voting rights (421,690 units) represented by the number of shares (42,169,002 shares) that is obtained by deducting (i) the number of treasury shares (51,798 shares) held by the Target Company as of September 30, 2017, as set forth in the Target Company’s Quarterly Financial Results, from (ii) the total number of issued shares of the Target Company as of September 30, 2017, as set forth in the Target Company’s Quarterly Financial Results (42,220,800 shares), is used as the denominator.

(Note 3) The “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares following the Tender Offer” are rounded to the second decimal place.

(7) Purchase Price of 25,550,877,000 yen

Note: The purchase price has been calculated by multiplying the total number of shares to be purchased (i.e., 17,033,918 shares) by the Tender Offer Price (1,500 yen per share).

(8) Method of Settlement

a. Name and Address of the Head Office of the Financial Instrument Firm in Charge of Settlement

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

kabu.com Securities Co., Ltd. (the “Sub-Agent”)

3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

b. Settlement Commencement Date

Thursday, December 21, 2017

c. Method of Settlement

A notice of purchase will be mailed to the address of each Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders) promptly after the end of the Tender Offer Period. In addition, delivery of such notice by the Sub-Agent will be made electromagnetically by displaying it on the website after logging in.

Payment of the purchase price will be made in cash. The Tender Offer Agent or the Sub-Agent will, in accordance with the instructions of the Tendering Shareholders (or the standing proxy in the case of Foreign Shareholders), remit the purchase price for the shares, etc. promptly after the commencement date of settlement to the account designated by the Tendering Shareholder (or the standing proxy in the case of Foreign Shareholders).

d. Method of Returning Shares

If none of the Tendered Shares, Etc. are to be purchased in accordance with the terms described in “(9) Other Conditions and Methods of Tender Offer, etc.,” “b. Conditions of Withdrawal, etc. of Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” below, the shares which have to be returned will be returned to the Tendering Shareholders by restoring the record of such shares to the original record as of the date immediately before the application promptly two business days after the last day of the Tender Offer Period (in the case of withdrawal of the Tender Offer, the date that the Tender Offer was withdrawn.).

(9) Other Conditions and Methods of Tender Offer, etc.

a. Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

The Tender Offeror intends not to purchase any of the Tendered Shares, Etc. if the aggregate number of the Tendered Shares, Etc. is less than the minimum number of shares to be purchased (i.e., 2,977,700 shares). If the aggregate number of the Tendered Shares, Etc. is equal to or greater than the minimum number of shares to be purchased (i.e., 2,977,700 shares), the Tender Offeror will purchase all of the Tendered Shares, Etc.

b. Conditions of Withdrawal, etc. of Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1 (a) through 1 (i) and Items 1 (l) through 1 (r), Items 3 (a) through 3 (h) and 3 (j), as well as Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order, the Tender Offer may be withdrawn.

“Matters equivalent to the matters listed in Items 1 (a) through 1 (i)” in Article 14, Paragraph 1, Item 3 (j) of the Enforcement Order means the case where it is found that there is a false statement of a material matter, or an omission of a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past and where the Tender Offeror did not know of the existence of such false statement, etc. and the Tender Offeror could not have known of the existence of such false statement, etc. even with the exercise of due care.

Should the Tender Offeror intend to withdraw the Tender Offer, the Tender Offeror will give notice through electronic disclosure and give notice of such disclosure in the Nihon Keizai Shimbun; however, if it is deemed difficult to give the notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice.

c. Conditions of Reduction of Purchase Price, Details Thereof and Method of Disclosure of Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target Company takes any action enumerated in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Tender Offeror may reduce the Tender Offer Price pursuant to the standards set forth in Article 19, Paragraph 1 of the TOB Order. Should the Tender Offeror intend to reduce the Tender Offer Price, the Tender Offeror will give notice through electronic disclosure and give notice of such disclosure in

the Nihon Keizai Shimbun; however, if it is deemed difficult to give the notice within the Tender Offer Period, the Tender Offeror will make an official announcement pursuant to Article 20 of the TOB Order and forthwith give public notice. If the Tender Offer Price is reduced, the Tender Offeror will purchase any Tendered Shares, Etc. tendered prior to the announcement of such reduction at the amended Tender Offer Price.

d. Matters Concerning Tendering Shareholders' Right of Cancellation of Application

Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In the event of such cancellation, the Tendering Shareholders must deliver or mail a written request to cancel the application for the Tender Offer (the "Written Request for Cancellation"), with the Receipt of Application for the Tender Offer enclosed, to the head office or any branch offices in Japan of the Tender Offer Agent who has accepted the application by 4:00 p.m. on the last day of the Tender Offer Period. Cancellation of application shall become effective when the Written Request for Cancellation is delivered to or received by any of the entity stated below. If by mail, the cancellation of application for the Tender Offer will not be effective unless the Written Request for Cancellation is received by any of the entities stated below by 4:00 p.m. on the last day of the Tender Offer Period. In the event of the cancellation of application tendered through kabu.com Securities Co., Ltd., as the Sub-Agent, Tendering Shareholders must follow the procedures for the cancellation of application by 4:00 p.m. on the last day of the Tender Offer Period through the website after logging in in the way described in "Share Tender Offer (TOB)" (<https://kabu.com/item/tob/>) at its website (<https://kabu.com/>).

Entities authorized to receive the Written Request for Cancellation:

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

(and other branch offices of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in Japan)

The Tender offeror will demand from Tendering Shareholders no compensation for damages or penalty associated with the cancellation of the application by the Tendering Shareholder. The cost of returning the Tendered Shares, Etc. will be borne by the Tender Offeror. If the Tendering Shareholders give notice of the cancellation, the Tendered Shares, Etc. will be returned immediately following the completion of the cancellation procedures by the method indicated in "(8) Method of Settlement," "d. Method of Returning Shares" above.

e. Method of Disclosure if the Terms and Conditions of Tender Offer are Changed

Except where such change is prohibited pursuant to Paragraph 1 of Article 27-6 of the Act and Paragraph 2 of Article 13 of the Enforcement Order, the Tender Offeror may change the terms and conditions of the Tender Offers during the Tender Offer Period.

Should any terms and conditions of the Tender Offer be changed, the Tender Offeror will give public notice thereof through electronic disclosure and give notice of such disclosure in the Nihon Keizai Shimbun; however, if it is deemed difficult to make the notice within the Tender Offer Period, the Tender Offeror will make an official announcement in accordance with Article 20 of the TOB Order, and forthwith give public notice. If the terms of the Tender Offer are changed, the purchase of the Tendered Shares, Etc. tendered prior to such public notice will also be made in accordance with the terms and conditions as changed.

f. Method of Disclosure if Amendment to Registration Statement is Submitted

If the Tender Offeror submits an amendment to the Tender Offer Registration Statement to the Director-General of the Kanto Local Finance Bureau (except in circumstances provided for under the proviso in Article 27-8, Paragraph 11 of the Act), the Tender Offeror will immediately make an official announcement of the contents of such amended statement to the extent relevant to the contents of the public notice of the Tender Offers, pursuant to Article 20 of the TOB Order. The Tender Offeror will also immediately amend the tender offer explanatory statement and provide an amended tender offer explanatory statement to the Tendering Shareholders who have received the original tender offer explanatory statement. If the amendments are limited in extent, however, the Tender Offeror will amend the tender offer explanatory statement by preparing and delivering a document stating the reason for the amendments, the matters amended and the details thereof to the Tendering Shareholders.

g. Method of Disclosure of Results of Tender Offer

The Tender Offeror will announce the results of the Tender Offer in accordance with methods stipulated in Article 9-4 of the Enforcement Order and Article 30-2 of the TOB Order on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of the Tender Offer
Wednesday, November 1, 2017

(11) Tender Offer Agent
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

kabu.com Securities Co., Ltd. (the Sub-Agent)
3-2, Otemachi 1-chome, Chiyoda-ku, Tokyo

3. Policy after the Tender Offer and Future Outlook

(1) Policy after the Tender Offer

As to the policy after the Tender Offer, please refer to “(4) Policy on Reorganization, etc. after the Tender Offer (Matters Relating to the So-Called Two-Stage Takeover” and “(5) Possibility of and Reasons for Delisting” in “1. Purpose of Tender Offer,” “(2) Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer.”

(2) Future Outlook

With respect to the influence that the Tender Offer will have on the Tender Offeror’s operating results, if any matters that should be disclosed come to light in the future, the Tender Offeror will promptly make a report thereon.

4. Others

(1) Agreements between Tender Offeror and Target Company or its Officers; Terms Thereof

a. Agreements between Tender Offeror and Target Company or its Officers; Terms Thereof

The Target Company resolved at its board of directors' meeting held today, that the Target Company would issue an opinion in support of the Tender Offer and take a position recommending that the shareholders of the Target Company tender their shares in the Tender Offer.

As to the details of the abovementioned Target Company's decision-making process, please refer to "2. Outline of the Tender Offer," "(4) Basis for the calculation of the Tender Offer Price," "b. Background of Calculation," "(Measures to Ensure the Fairness of the Tender Offer such as to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)," "(e) Unanimous Approval by all of the Non-Interested Directors of the Target Company and Opinion of No Objection by all of the Non-Interested Corporate Auditors of the Target Company" above.

b. Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer

Please refer to "1. Purpose of Tender Offer," "(2) Background, Purpose, and Decision-making Process for the Tender Offer, and Management Policy after the Tender Offer" above.

c. Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest

Please refer to "2. Outline of the Tender Offer," "(4) Basis for the calculation of the Tender Offer Price," "b. Background of Calculation," "(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid a Conflict of Interest)" above.

(2) Other Information Considered Necessary for Investors to Decide Whether to Tender Into the Tender Offer

a. Disclosure of the Earnings Report for the Six Months Ended September 30, 2017 (Japanese GAAP) (Consolidated)

Today, the Target Company disclosed the "Earnings Report for the Six Months Ended September 30, 2017 (Japanese GAAP) (Consolidated)." The outline of the Target Company's Earnings Report for the Six Months Ended September 30, 2017 based on the disclosure is as stated below. The statements in the following outline have not been reviewed by an auditing firm in accordance with Article 193-2, Paragraph 1 of the Act. The following outline is an excerpt from the disclosed report of the Target Company; for details, please refer to the disclosed report.

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of the Parent	Net Income per Share
Results	Million yen 236,408	Million yen 505	Million yen 516	Million yen (497)	Yen (11.80)
(Reference) Results for the Six Months	214,584	2,896	3,855	(189)	(4.49)

Ended September 20, 2016					
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- b. Announcement of “Notice of the Differences between Consolidated Financial Forecast and Actual Results for the Six Months Ended September 30, 2017, Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018, Dividend from Retained Earnings and Revision of Year-End Dividend for Fiscal Year Ending March 31, 2018”

Today, the Target Company announced “Notice of the Differences between Consolidated Financial Forecast and Actual Results for the Six Months ended September 30, 2017, Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018, Dividend from Retained Earnings and Revision of Year-End Dividend Forecast for Fiscal Year Ending March 31, 2018.” The outline of the “revision of the consolidated financial forecast for the fiscal year ending March 31, 2018 (April 1, 2017 - March 31, 2018)” and the “revision of the dividend forecast” stated in the notice are as stated below. For details, please refer to the notice.

- (a) Revision of the Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018
(April 1, 2017 - March 31, 2018)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Net Income per Share
Previous forecast (A)	Million yen 477,000	Million yen 6,700	Million yen 6,500	Million yen 1,400	Yen 33.20
Revised Forecast (B)	480,000	3,000	2,800	300	7.11
Difference (B) - (A)	3,000	(3,700)	(3,700)	(1,100)	—
Difference (%)	0.6	(55.2)	(56.9)	(78.6)	—
(Reference) Results for Fiscal Year Ended March 31, 2017	439,141	4,224	5,970	(2,511)	(59.54)

- (b) Revision of the Dividend Forecast

Base Date	Dividend per Share (Yen)		
	September 30, 2017	March 31, 2018	Total
Previous Forecast (Announced on April 28, 2017)	8.00 yen	8.00 yen	16.00 yen
Revised Forecast	—	Not yet determined	Not yet determined

Results	7.00 yen	—	—
(Reference) Results for Fiscal Year Ended March 31, 2017	9.00 yen	9.00 yen	18.00 yen

The Target Company revised the forecast of the year-end dividend stated in the notice to “not yet determined”; however, it is planned that, if the Transaction is successfully completed, it will determine not to pay dividends.