

December 18, 2015

To Whom It May Concern:

Company Name: Message Co., Ltd. (the “Company”)

Name of Toshio Sato  
Representative: President and Representative  
Director  
(Stock Code: 2400, TSE JQ)

Name and Title of Keijiro Ishibe  
Contact Person: Director of Business Planning  
Division  
(Telephone Number: 086-242-1551)

**Notice of Expression of Opinion Regarding the Tender Offer for the Company Shares  
by Sompo Japan Nipponkoa Holdings, Inc.**

The Company resolved, at its board of directors’ meeting held today, to issue an opinion in support of a tender offer for its common shares (the “Company Shares”) which will be conducted by Sompo Japan Nipponkoa Holdings, Inc. (“Sompo Holdings” or the “Tender Offeror”) (with December 21, 2015 being the first day of the tender offer period; the “Tender Offer” or “First Tender Offer”), withhold its opinion concerning the appropriateness of the purchase price per Company Share in the First Tender Offer (the “First Tender Offer Price”), and defer to the decision of its shareholders as to whether to apply for the First Tender Offer, as detailed below. In addition, in response to the Tender Offeror’s plan that upon completion of the First Tender Offer, the Tender Offeror will conduct a tender offer at a purchase price (3,500 yen) higher than the First Tender Offer Price (2,500 yen) (the “Second Tender Offer,” and together with the First Tender Offer, the “Dual Tender Offers”; a series of transactions, including the Dual Tender Offers, with the aim of making the Company a consolidated subsidiary (the “Making the Company a Subsidiary”) being the “Transactions”) promptly after the settlement of the First Tender Offer is completed, the Company’s board of directors resolved that, as of December 18, 2015, it would issue an opinion in support of the Second Tender Offer if the Second Tender Offer is to be conducted, and defer to the decision of the Company’s shareholders as to whether to apply for the Second Tender Offer.

The Dual Tender Offers are not intended for the delisting of the Company Shares, and the Company Shares will remain listed on the JASDAQ standard market (“JASDAQ”) of Tokyo Stock Exchange, Inc. (the “TSE”) after the Dual Tender Offers.

Furthermore, the Company resolved, at its board of directors’ meeting held today, to execute a Memorandum of Understanding concerning the Tender Offer, etc. (the “MOU”) with the Tender Offeror as of December 18, 2015, with the main aim of Making the Company a Subsidiary.

1. Overview of the Tender Offeror

(1) Name	Sompo Japan Nipponkoa Holdings, Inc.
(2) Address	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
(3) Name and Title of Representative	Kengo Sakurada Group CEO, Representative Director, President

(4)	Business Activities	Management of P&C insurance companies, life insurance companies, and other companies controlled as subsidiaries pursuant to the Insurance Business Act, and other related operations																					
(5)	Capital	100 billion yen (as of September 30, 2015)																					
(6)	Date of Establishment	April 1, 2010																					
(7)	Major Shareholders and Shareholding Ratio  (as of September 30, 2015)	<table><tr><td>STATE STREET BANK AND TRUST COMPANY</td><td>5.71%</td></tr><tr><td>The Master Trust Bank of Japan, Ltd. (trust account)</td><td>4.54%</td></tr><tr><td>Japan Trustee Services Bank, Ltd. (trust account)</td><td>4.06%</td></tr><tr><td>The Dai-ichi Life Insurance Company, Limited</td><td>2.46%</td></tr><tr><td>NKSJ Holdings Employee Shareholders Association</td><td>2.38%</td></tr><tr><td>Nippon Express Co., Ltd.</td><td>1.93%</td></tr><tr><td>THE BANK OF NEW YORK MELLON SA/NV 10</td><td>1.79%</td></tr><tr><td>STATE STREET BANK AND TRUST COMPANY 505225</td><td>1.43%</td></tr><tr><td>MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION</td><td>1.31%</td></tr><tr><td>BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)</td><td>1.16%</td></tr></table>		STATE STREET BANK AND TRUST COMPANY	5.71%	The Master Trust Bank of Japan, Ltd. (trust account)	4.54%	Japan Trustee Services Bank, Ltd. (trust account)	4.06%	The Dai-ichi Life Insurance Company, Limited	2.46%	NKSJ Holdings Employee Shareholders Association	2.38%	Nippon Express Co., Ltd.	1.93%	THE BANK OF NEW YORK MELLON SA/NV 10	1.79%	STATE STREET BANK AND TRUST COMPANY 505225	1.43%	MELLON BANK, N.A. AS AGENT FOR ITS CLIENT MELLON OMNIBUS US PENSION	1.31%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1.16%
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(8)	Relationship between the Company and the Tender Offeror																						
	Capital Relationship	Sompo Japan Nipponkoa Insurance Inc., which is a subsidiary of the Tender Offeror, holds 703,500 Company Shares (Shareholding Ratio (Note): 3.50%) as of today.																					
	Personnel Relationship	Five (5) employees of Sompo Japan Nipponkoa Insurance Inc., which is a subsidiary of the Tender Offeror, are seconded to the Company.																					
	Business Relationship	There is no particular business relationship between the Company and the Tender Offeror.																					
	Status as a Related Party	The Tender Offeror is not a related party of the Company.																					

(Note) The “Shareholding Ratio” means a ratio (any fraction to be rounded off to two decimal places) to the total number of the issued shares of the Company as of November 12, 2015 (20,080,000 shares), as set forth in the 19th Business Period Second Quarterly Report filed by the Company as of November 12, 2015; the same shall apply hereinafter.

## 2. Purchase Price

- (1) Purchase price in the First Tender Offer  
2,500 yen per common share
- (2) Purchase price in the Second Tender Offer (scheduled)  
3,500 yen per common share

## 3. Details of, and Grounds and Reasons for, the Opinion Concerning the Dual Tender Offers

### (1) Details of the Opinion

The Company resolved, at its board of directors' meeting held on December 18, 2015, to issue an opinion in support of the First Tender Offer which will be conducted as part of the Transactions, withhold its opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of its shareholders as to whether to apply for the First Tender Offer, for the grounds and reasons stated in "(v) Processes of and Reasons for the Company's Decision-making" of "(2) Grounds and Reasons for the Opinion Concerning the Dual Tender Offers" below. In addition, in response to the Tender Offeror's plan that upon completion of the First Tender Offer, the Tender Offeror will conduct the Second Tender Offer at a purchase price (3,500 yen) higher than the First Tender Offer Price (2,500 yen) promptly after the settlement of the First Tender Offer is completed, the Company's board of directors resolved that, as of December 18, 2015, it would support the Second Tender Offer if the Second Tender Offer is to be conducted, and defer to the decision of the Company's shareholders as to whether to apply for the Second Tender Offer.

### (2) Grounds and Reasons for the Opinion Concerning the Dual Tender Offers

#### (i) Overview of the Tender Offer

The Tender Offeror has explained the overview of the Dual Tender Offers to the Company as follows:

The Tender Offeror resolved, at its board of directors' meeting held on December 18, 2015, that it would execute the MOU with the Company as of December 18, 2015, and acquire the Company Shares, which are listed on JASDAQ, through the Transactions, with the main aim of Making the Company a Subsidiary.

As the first step of the Transactions, the Tender Offeror has resolved to conduct the First Tender Offer, with the main aim of acquiring all of 5,800,000 shares of the Company Shares (Shareholding Ratio: 28.88%), which are held by Yugen Kaisha Higashiune Shoji, which is a principal shareholder and the largest shareholder of the Company ("Higashiune Shoji"; Higashiune Shoji is the asset management company for Mr. Toshiaki Hashimoto, who is the founder of, the eighth major shareholder of, and the Representative Director and Chairman of the Company), 600,000 shares of the Company Shares (Shareholding Ratio: 2.99%), which are held by Ms. Toshie Hashimoto, who is the fifth major shareholder of the Company and the spouse of Mr. Toshiaki Hashimoto, and 564,800 shares of the Company Shares (Shareholding Ratio: 2.81%), which are held by Mr. Toshiaki Hashimoto (total of shares held: 6,964,800 shares, total of Shareholding Ratios: 34.69%; these shares shall hereinafter be referred to as "Prospective Tendered Shares", and Higashiune Shoji, Ms. Toshie Hashimoto and Mr. Toshiaki Hashimoto, who hold Prospective Tendered Shares shall hereinafter collectively be referred to as "Prospective Tendering Shareholders").

For the First Tender Offer, the Tender Offeror and Prospective Tendering Shareholders entered into the Tender Offer Agreement Concerning the Application for the First Tender Offer as of December 18, 2015 (the “Tender Offer Agreement”), and Prospective Tendering Shareholders have agreed to tender all of its Prospective Tendered Shares in the First Tender Offer. As to the details of the Tender Offer Agreement, please refer to “(1) Execution of the Tender Offer Agreement between the Tender Offeror and the Prospective Tendering Shareholders” of “4. Matters Concerning Material Agreements between the Tender Offeror and the Company’s Shareholders Related to the Application for Tender Offers.”

Since the Tender Offeror intends to acquire Prospective Tendered Shares in the First Tender Offer, the Tender Offeror has set the minimum number of shares to be purchased at the First Tender Offer as 6,964,800 shares (Shareholding Ratio: 34.69%), which is equivalent to the number of Prospective Tendered Shares held by Prospective Tendering Shareholders. If the total number of tendered shares for the First Tender Offer (which mean shares tendered in the Tender Offer; the same shall apply hereinafter) does not reach the minimum number of shares to be purchased at the First Tender Offer, the Tender Offeror will not purchase any tendered shares through the First Tender Offer. In addition, since the Second Tender Offer will be conducted, in principle, after the First Tender Offer, as described below, the Tender Offeror does not assume that shares other than Prospective Tendered Shares will be tendered in the First Tender Offer. However, from the perspective of leaving the decision of matters, including the above matter, to the judgment of each shareholder of the Company, even if shares, the number of which exceeds the minimum number of shares to be purchased at the First Tender Offer, are tendered in the First Tender Offer, the Tender Offeror will purchase tendered shares. On the other hand, since, if the Tender Offeror acquires a majority of voting rights of the Company, the Tender Offeror is required to make a notification to the Prime Minister of Japan in advance pursuant to Article 271-32, Paragraph 2, Item (iii) of the Insurance Business Act (Act No. 105 of 1995, as amended), and the Tender Offeror will submit such notification when it conducts the Second Tender Offer, and also taking into consideration the fact that Sompo Japan Nipponkoa Insurance Inc. (“SJNK”), which is a subsidiary of the Tender Offeror, holds 703,500 shares (Shareholding Ratio: 3.50%) of the Company Shares, the Tender Offeror has set the maximum number of shares to be purchased at the First Tender Offer as 9,336,400 shares (Shareholding Ratio: 46.50%).

As the second step of the Transactions, if the First Tender Offer is completed, the Tender Offeror will conduct the Second Tender Offer promptly after the settlement of the First Tender Offer, with the main aim of acquiring the Company Shares held by shareholders of the Company other than Prospective Tendering Shareholders and thereby completing Making the Company a Subsidiary. The Tender Offeror and the Company entered into the MOU as of December 18, 2015, and under the MOU, if certain conditions precedent, including the completion of the First Tender Offer (the “Conditions Precedent”) are satisfied, the Tender Offeror is obliged to conduct the Second Tender Offer promptly after the settlement of the First Tender Offer; however, if the Conditions Precedent are not satisfied, there is a possibility that the Tender Offeror will not conduct the Second Tender Offer. As to the details of the MOU and the Conditions Precedent, please refer to “(1) MOU” of “4 Matters Concerning Material Agreement between the Tender Offeror and the Company’s Shareholders Related to the Application for Tender Offers” below. The tender offer price per share of the Company Shares for the Second Tender Offer (the “Second Tender Offer Price”) will be 3,500 yen, which will be 1,000 yen (40,0%) higher than the First Tender Offer Price (i.e., 2,500 yen). As to the details of the Second Tender Offer Price, please refer to “(D) Determination of the Second Tender Offer Price” of “(iv) Matters Concerning the Second Tender Offer” below. Shareholders of the Company other than Prospective Tendering Shareholders will determine whether or not to tender their shares in either tender offer, based on the assumptions that the Dual Tender Offers are one transaction, and, if the First Tender Offer is completed, the Second Tender Offer will be conducted subsequently after the completion of the First Tender Offer. The Transactions are not to be implemented with an intention to delist the Company Shares, and the Tender Offeror and the Company intend to maintain the listing of the Company Shares after the completion of the Dual Tender

Offers as well; however, from the perspective of ensuring the opportunity for shareholders of the Company other than Prospective Tendering Shareholders who wish to sell the Company Shares at the Second Tender Offer Price, no maximum or minimum number would be set on the number of shares intended to be purchased at the Second Tender Offer.

- (ii) Purpose and Background of the Dual Tender Offers and Management Policy after the Completion of the Dual Tender Offers

The Tender Offeror has explained the purpose and background of the Dual Tender Offers and management policy after the completion of the Dual Tender Offers to the Company as follows:

(A) Purpose and Background of the Dual Tender Offers

The Tender Offeror was founded on April 1, 2010 as the joint holding company of SOMPO JAPAN INSURANCE INC. and NIPPONKOA Insurance Company, Limited through the share exchange framework where their respective shares were exchanged for the shares issued by the Tender Offeror, which was then called NKSJ Holdings, Inc, and the shares in the Tender Offeror were listed for trade on the First Sections of both TSE and the Osaka Securities Exchanges (at that time) as of the same day. The Tender Offeror has the status as “insurance holding company” as defined in Article 2, Paragraph 16 of the Insurance Business Act. The Tender Offeror changed its name into Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014.

The Tender Offeror’s group is comprised of the Tender Offeror as the insurance holding company and its affiliates, which include 120 subsidiaries and 12 related companies, and the businesses conducted by the group include domestic P&C insurance business, domestic life insurance business, foreign insurance business, health care business, defined-contribution-pension business, and asset management business.

The Tender Offeror’s group has the brand slogan of “Innovation for Wellbeing”, and the management philosophy of the Tender Offeror’s group is that “We at all times carefully consider the interests of customers when making decisions that shape business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible”. The vision of the Tender Offeror’s group is “to always be the best customer service provider both at home and abroad” through the Tender Offeror’s business activities. At present, the domestic nursing care market is expected to expand rapidly. The future statistics issued by the Cabinet Office in the 2015 publication of the White Paper on the Aging Society foresees that the population aged 75 and above, which comprise the main users of nursing care services, is expected to increase from 15,920 thousands in year 2014 to more than 20 million in year 2025 and that particularly rapid increase of the elderly population will be seen in the Tokyo and other metropolitan areas, which will further increase the demand for nursing care services.

Under the circumstance, the report issued by the National Commission on Social Security Reform in year 2013 has indicated the policy conversion from the hospitalization system into the community-based system, which means that the community residents mutually support and care each other, and proposed a directive towards increasing the marginal living capability in houses for elderly people who require middle-to-heavy nursing care. Targeting year 2025 when the “baby boom generation” will reach 75 years old, the policy envisages to accomplish formation of the “comprehensive community care system” to provide residence, medical and care services, as well as prevention and living support in a comprehensive manner so as to realize “aging in place”, which assures elderly people to continue their life as

they wish in a community familiar to them in living even after they come to require heavy nursing care.

Under these circumstances and given the promising big size of the nursing care and related business market that seems to warrant high growth towards the future, and moreover, because the nursing care business is consistent with said management philosophy of the Tender Offeror's group, which is to provide services that contribute to the "security, health and wellbeing" of its customers, the Tender Offeror's group has been strengthening and accelerating business initiatives in nursing care sector, as illustrated by its 34% capital investment into Cedar Co., Ltd. through an investment limited partnership in September 2012, the capital and business alliance with the Company (the "Alliance"), and the 3.5% acquisition of the shares in the Company by SJNK, a subsidiary of the Tender Offeror, based on the Alliance, in March 2015, and the completion of the acquisition of the whole shares in Watami no Kaigo Co, Ltd., which was renamed as "Sompo Care Next Inc., in December 2015. The Tender Offeror's group intends to place priority on the nursing care business as its "core business" equivalent to the P&C insurance business and the life insurance business and desires to reform the nursing care business, which has a variety of issues in today's society, and thereby contribute to provide solutions to social challenges.

The Company was found in Aoe, Okayama City in May 1997 with the business objectives to manage rental housing for elderly people, to sell nursing care goods and to deliver meals. Starting with the opening of a house for elderly people, which is now called "Amille Ofuku", in Ofuku, South District, Okayama City in the same month, the Company has been engaging mainly in provision of housing for elderly people who require care to some extent, as well as living support and nursing care services, including meal delivery, and thereby support their life. The Company has been committed to "provide high-quality housing and support living of elderly people who need nursing care" with the aim of achieving "normalization(, meaning ordinary living)" of disabled individuals. The Company has been the front runner in the nursing care service sector in respect of provision of lower-cost nursing homes, abolishment of the lump-sum payment for move-in, and provision of nursing care tailored to the customers, rather than facility-based standardized services. The shares in the Company were registered with Japan Securities Dealers Association for over-the-counter trade in April 2004 and listed for trade on the JASDAQ market in December 2004. The shares are now traded on the JASDAQ market of the TSE.

The Company's group is comprised of the Company and its 10 subsidiaries. Among the services offered by the Company's group, the nursing care services fall within the "home care service" under the Long-Term Care Insurance Act (Act No. 123 of 1997, as amended) and the Company is registered as such service providers in each of the municipalities where the Company is providing those certified as qualifying for nursing care or assistance with fee-based nursing homes, group homes, at-home nursing care, homecare support, small-scale multi-purpose senior residence with nursing care service and other similar services. The fee-based nursing homes of the Company's group are branded as "Amille", "Amille Residence" or "S Amille".

The Company also offer rental housing for elderly people with long-term nursing care service under the brand of "C Amille", which meet the facility requirement and provide living support services in accordance with the Law Amending a Part of the Act on Securement of Stable Supply of Elderly Persons' Housing (Act No. 32 of 2011, as amended). Moreover, in anticipation of increasing demand for at-home nursing care services, the Company started offering "Z Amille", which is to provide nursing care services equivalent to fee-based nursing homes at the homes of customers, in February 2015. The Company envisages expanding the area where Z Amille is available to customers primarily in the Tokyo metropolitan area.

The Company mainly operates 183 fee-based nursing homes, 125 serviced rental housing for elderly people throughout Japan, primarily in the Tokyo metropolitan area, by which it provides residence to more than 15,000 elderly people. The Company also provides nursing care services to more than 27,000 elderly people per month from more than 400 stations.

Through research and analysis of the nursing care business, the Company's group noticed that the Company was not only a very competitive service provider in terms of business size but also a corporation with comprehensive nursing care services, including a broad range of both facility-based services and at-home services, available to meet various needs of customers. The Tender Offeror's group hence came to conclude that the Company would be the best business partner for the Tender Offeror's group to fulfill its desire to become a "true service provider" in the nursing care sector. In March 2015, the Tender Offeror executed the capital and business alliance agreement with the Company and acquired 703,500 Company Shares (Shareholding Ratio: 3.5%), from Mr. Toshiaki Hashimoto, the founder and the Representative Director and Chairman of the Company. Under the Alliance, it was agreed that the Tender Offeror's group would cooperate in the expansion of the nursing care business by the Company, utilizing the business and customer base of the Tender Offeror's group, and the Company would cooperate in the development of insurance and financial products to respond to the needs of the aging society by the Tender Offeror's group, utilizing the knowhow in the nursing care sector. Moreover, it was agreed that both parties should jointly explore developing new services to respond to issues to arise in the super-aging society and change of the needs of customers, utilizing their respective management resources. Cooperation in a wide range of business sectors, including development of consulting service to address the leave-for-care issue and new insurance products to better respond to the aging society has been jointly considered and discussed on the basis of the Alliance. Sharing the view that at-home nursing care is the preferred model for the future, both parties have been jointly promote and expand the "Z Amille", which is the full-package at-home nursing care service offered by the Company.

The Tender Offeror has been accumulating experience in the nursing care business, utilizing the management resource and knowhow of its group. The Tender Offeror came to believe that it would be important to strengthen business initiatives in the promising nursing care service market and acquire a top class position in the nursing care sector promptly through expansion of business size, enhanced operational efficiency and improved service quality. The Company also believes that its immediate task is to improve service quality in its facilities, enhance management efficiency and productivity and strengthen its corporate governance, in particular, the risk management system. Both parties concluded that further collaboration in concert would enable sustainable provision of valuable services in the nursing care sector.

In late September, 2015, the Tender Offeror sounded the views of Mr. Hashimoto, the founder of the Company and one of Prospective Tendering Shareholders, as to the possibility of the Transactions towards making the Company a consolidated subsidiary of the Tender Offeror. Through discussion, Mr. Hashimoto and the Tender Offeror came to share the vision towards achieving the greatest and the highest-quality of nursing care business in Japan and reforming the nursing care business in Japan and agreed that the Company should become a subsidiary of the Tender Offeror because once the Company became a subsidiary of the Tender Offeror, it would further enhance the cooperation between the Tender Offeror and the Company and the implementation of the measures as set forth below would increase the corporate value of both parties. Then, in early October, Prospective Tendering Shareholders, including Mr. Hashimoto, offered to the Tender Offeror to sell their shares at a price per share lower than a price to be offered by the Tender Offeror to shareholders of the Company in general as indication of their cooperation as major shareholders to secure making the Company a consolidated subsidiary of the Tender Offeror, and the Tender Offeror started making a concrete plan to implement the Transactions.

In late October 2015, the Tender Offeror explained to the Company about making the Company a consolidated subsidiary of the Tender Offeror with a view to implanting a management system to run the business as a member company of the Tender Offeror's group and promoting further alliance and increasing the corporate value of both parties through further collaboration in concert. Through discussion with the Company, the Tender Offeror and the Company came to agree on the framework of the Transactions under which the Company would become a consolidated subsidiary of the Tender Offeror through the acquisition by the Tender Offeror of the whole shares owned by Prospective Tendering Shareholders in the First Tender Offer followed by the additional share acquisition in the Second Tender Offer. Prospective Tendering Shareholders also agreed to the framework of the Transactions.

The Tender Offeror's group and the Company's group have the business base in "insurance" and "nursing care" respectively, and both parties have been promoting the nursing care and related businesses, utilizing each other the management resource and knowhow, which was not available in its own group. Both parties believe that making the Company a consolidated subsidiary of the Tender Offeror through the Transactions would make it possible to directly invest the management resource and knowhow of the Tender Offeror, which is accumulated through the wide network and various group activities of the Tender Offeror's group, into the Company's business operations and thereby promoting the business in the nursing care market as one group.

The Tender Offeror and the Company consider implementation of the following measures with a view to further increasing the corporate value of both parties:

(a) Establishment of Internal Controls aimed at Improvement of Quality of Nursing Care Service

By properly introducing the governance, compliance and risk control management knowhow of the Tender Offeror's group to the Company, the Company will establish effective governance and internal control system, which will enable it to provide high-quality nursing care service to contribute to the security, health and wellbeing of customers in a sustainable fashion.

(b) Utilization of Information and Communication Technology and Digital Technology

The Company will achieve sophistication in its nursing care business through adoption or utilization of such information and communication technology as the information management system, digital devices and sensor technology in such areas as operational record keeping, help staff labor management, operational information sharing and security management with a view to reducing stress of the help staff and enabling provision of safe and secured services in a sustainable fashion.

(c) Enhanced Productivity by Unification and Integration of Business

Integrating the nursing care business of the Tender Offeror and the business of the Company on a step-by-step basis in terms of the utilization of shared business systems and the consolidation of both of their respective middle-to-back office functions, the Tender Offeror and the Company would improve productivity in the nursing care business as one group.

(d) Improvement of Working Conditions of the Help Staff and Promotion of Their Recruiting and Training



The Company will improve the working conditions of the help staff of the nursing care business of both groups by enhancing productivity through the utilization of information and communication technology and digital technology. The Company will establish a system enabling it to systematically recruit and train help staff suitable for the provision of nursing care services, utilizing the human resource management knowhow accumulated in the Company's group.

(e) Collaboration with the Nursing Care Business Committee of the Tender Offeror's group

The Tender Offeror will set-up an internal consulting committee in charge of the nursing care business. The discussions and advice of the committee will be provided to the Company to be reflected in its business activities with a view to developing and implementing progressive nursing care services. The committee members will be appointed from among people with a suitable background and knowledge from both the academic and business worlds. The committee will verify and analyze various challenges facing the nursing care business in Japan, hold discussions for resolution of such challenges, and give advice concerning the nursing care business strategy of the Tender Offeror's Group and the direction in which the Tender Offeror's group is to steer its nursing care business.

(f) Collaboration in New Business Generation

Through consolidated utilization of the management resources and knowhow, including human resource, technology and information, of the Tender Offeror's group and the Company's group, we will aim to generate and grow innovative services addressing a variety of needs of our customers in the nursing care market.

As described in detail in the foregoing, the Tender Offeror's group and the Company's group came to conclude that it would be desirable for the Company to become a consolidated subsidiary of the Tender Offeror for the purpose of realizing increase in the corporate value of both parties and generation of innovative business models welcomed by many elderly people and their family in the nursing care sector, utilizing their respective management resources and knowhow each other in closer communication. The board of directors of the Tender Offeror approved the implementation of the First Tender Offer as the first phase of the Transactions on December 18, 2015.

(B) Management Policy After the Completion of the Dual Tender Offers

As publicized in the Company's press release dated December 7, 2015 regarding "Notice of the Results of the Examination by the Independent Third-Party Examination Committee and the Measures to Be Taken by the Company" and its press release dated December 18, 2015 regarding "Notice of Actions Taken Against Officers of the Company and the New Organizational Structure", in connection with the maltreat of customers and other unlawful conducts by the help staff of the facilities run by the Company, the Company received a report (the "Committee Report") of a third-party committee comprised of independent persons that examined these cases. The report included fact-finding and analysis of the irregularities and their causes, identified the responsible persons, recommended preventive and remedial measures. The Company determined that it reduces officer's compensations in order to clarify where the responsibility lies and that its current officers will continue to fulfill their respective responsibilities for the time being to press forward remedial measures and reconstruction measures. The Company also determined to introduce a new organization structure, and already started actions to reform the facility management system and corporate governance system.

The Tender Offeror supports such actions by the Company in anticipation that the current management of the Company, with their deep knowledge and experience in the nursing care business, will discharge their responsibilities in improving the facility management. However, the Committee Report indicates that the Company's group is facing challenges in its internal control. After the Dual Tender Offers, the Tender Offeror will exercise the shareholders' rights appropriately in order to establish effective management system in the Company.

Given the foregoing, the Tender Offeror and the Company agreed in the MOU to implement the following measures in respect of the management structure after Making the Company a Subsidiary upon completion of the Dual Tender Offers, which measures would be effectuated on and after the ordinary shareholders meeting of the Company scheduled for June 2016 (the "Ordinary Shareholders Meetings"). It has not been determined who will be nominated as officer candidates in the Ordinary Shareholders Meeting.

- Three individuals designated by the Tender Offeror shall be presented to the Ordinary Shareholders Meeting as the nominees to be appointed as the members of the board of directors of the Company;
- The total number of directors of the Company after the Ordinary Shareholders Meeting shall be 10, in principle;
- One individual designated by the Tender Offeror shall be presented to the Ordinary Shareholders Meeting as the nominee to be appointed as a corporate auditor of the Company;
- The total number of corporate auditors of the Company after the Ordinary Shareholders Meeting shall be 4, in principle;
- One representative director of the Company shall be appointed from among the directors as designated by the Tender Offeror;
- The corporate name of the Company shall be changed at the Ordinary Shareholders Meeting to "Sompo Care Message, Inc."; and
- The branding of the nursing care businesses of the Company shall be determined through mutual discussion between the Tender Offeror and the Company.

In addition, the Tender Offeror and the Company agreed in the MOU that they will discuss and determine the arrangements for the Company's business management after Making the Company a Subsidiary.

(iii) Determination of the First Tender Offer Price

The Tender Offeror has explained the determination of the First Tender Offer Price to the Company as follows:

Since it is assumed that only Prospective Tendering Shareholders will apply to the First Tender Offer, when determining the First Tender Offer Price, the Tender Offeror conducted arm's length negotiations with Prospective Tendering Shareholders for multiple times in and after late October 2015 and, in the Tender Offer Agreement dated December 18, 2015, the Tender Offeror reached an agreement to acquire Prospective Tendered Shares (6,964,800 shares; the Shareholding Ratio is 34.69%) at the price of 2,500 yen per share. Consequently, the Tender Offeror determined the First Tender Offer Price to be 2,500 yen per share.

The First Tender Offer Price, (2,500 yen) per Company Share, is the price that can be obtained by adding (i) 6.20% (rounded to two decimal places; the same applies to the calculation of a premium and a discount) premium to the closing price of the Company Shares on JASDAQ on December 17, 2015, which is the immediately preceding business day of the announcement date of the First Tender Offer (2,354 yen), (ii) 8.93% discount from the simple average closing price for the one (1)-month period ending on December 17, 2015 (2,745 yen) (rounded off to the nearest whole number; the same applies to the calculation of the simple average closing price), (iii) 9.81% discount from the simple average closing price for the three (3)-month period ending on December 17, 2015 (2,772 yen) and (iv) 21.92% discount from the simple average closing price for the six (6)-month period ending on December 17, 2015 (3,202 yen), respectively.

(iv) Matters Concerning the Second Tender Offer

The Tender Offeror has explained the matters concerning the Second Tender Offer to the Company as follows:

(A) Overview of the Second Tender Offer

As stated in “(1) Overview of the Tender Offer” above, after the completion of the First Tender Offer, the Tender Offeror intends to launch the Second Tender Offer with respect to all of the Company Shares, with the main aim of acquiring the Company Shares held by shareholders of the Company other than Prospective Tendering Shareholders and thereby completing Making the Company a Subsidiary. The Tender Offeror and the Company entered into the MOU as of December 18, 2015, and under the MOU, if the Conditions Precedent are satisfied, the Tender Offeror is obliged to conduct the Second Tender Offer promptly after the settlement of the First Tender Offer; however, if the Conditions Precedent are not satisfied, the Tender Offeror may not conduct the Second Tender Offer. As to the details of the MOU and the Conditions Precedent, please refer to “(1) MOU” of “4. Matters Concerning Material Agreements between the Tender Offeror and the Company’s Shareholders Related to Application for Tender Offers” below. The Second Tender Offer provides an opportunity for shareholders of the Company other than Prospective Tendering Shareholders to sell the Company Shares at the price (i) that is 1,000 yen (40.0%) higher than the First Tender Offer Price (2,500 yen) and (ii) that can be obtained by adding 48.68% premium to the closing price of the Company Shares on JASDAQ on December 17, 2015, which is the immediately preceding business day of the announcement date of the First Tender Offer (2,354 yen). The Transactions are not to be implemented with an intention to delist the Company Shares, and the Tender Offeror and the Company intend to maintain the listing of the Company Shares after the completion of the Dual Tender Offers as well; however, from the perspective of ensuring the opportunity for shareholders of the Company other than Prospective Tendering Shareholders who wish to sell the Company Shares at the Second Tender Offer Price, no maximum or minimum number would be set on the number of shares intended to be purchased at the Second Tender Offer.

The tender offer period for the Second Tender Offer (the “Second Tender Offer Period”) will be from January 29, 2016 to February 29, 2016 (i.e., 21 business days). The commencement date of the Second Tender Offer Period may be delayed or the Second Tender Offer Period may be changed if the Tender Offeror extends the tender offer period for the First Tender Offer (the “First Tender Offer Period” or the “Tender Offer Period”) for any compelling reason or there is any other compelling equivalent reason for such extension of the Tender Offer Period. In such cases, the Tender Offeror will commence the Second Tender Offer as soon as practically possible.

If the First Tender Offer fails to complete, the Tender Offeror will not conduct the Second Tender Offer.

(B) Reasons for Conducting Staggered Tender Offers

As stated in “(C) Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price” below, as for the Transactions, Prospective Tendering Shareholders have agreed that they would receive a lower price per share of the Company Shares than what would be received by other shareholders of the Company. However, under the Act, it is not allowed to offer different prices in one tender offer with respect to the identical class of shares. It is also pointed out that it is not allowed in practice under the Act that a single tender offeror simultaneously conducts multiple tender offers with different prices.

Therefore, the Tender Offeror will conduct staggered tender offers: i.e., (a) the First Tender Offer that aims to acquire Prospective Tendered Shares at the price lower than the Second Tender Offer Price and (b) the subsequent Second Tender Offer that aims to acquire shares from shareholders of the Company other than Prospective Tendering Shareholders at the price higher than the First Tender Offer Price.

Since the Tender Offeror is planning to conduct the Transactions on the assumption that the Tender Offeror is able to acquire Prospective Tendered Shares from Prospective Tendering Shareholders at the First Tender Offer Price that is lower than the Second Tender Offer Price, in order to ensure the certainty of the acquisition of Prospective Tendered Shares at the First Tender Offer Price from Prospective Tendering Shareholders, the Tender Offeror will first conduct the First Tender Offer with the aim to acquire Prospective Tendered Shares, and subsequently, the Tender Offeror will conduct the Second Tender Offer with the aim to acquire the Company Shares held by shareholders of the Company other than Prospective Tendering Shareholders at the price higher than the First Tender Offer Price.

(C) Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price

The Tender Offeror conducted arm’s length negotiations with Prospective Tendering Shareholders and reached an agreement to acquire Prospective Tendered Shares at the First Tender Offer Price (2,500 yen per share). In parallel with such negotiation with Prospective Tendering Shareholders, for the purpose of providing shareholders of the Company other than Prospective Tendering Shareholders with opportunities to sell the Company Shares at the price with a premium to the current market price, the Tender Offeror consulted and negotiated with the Company about acquisition of the Company Shares held by such shareholders at the price higher than the First Tender Offer Price.

On that basis, as stated in “(D) Determination of Second Tender Office Price” below, the Tender Offeror finally determined on December 18, 2015 to set the Second Tender Offer Price to be 3,500 yen, by taking into consideration the share valuation results stated in the share valuation report concerning valuation of the Company’s shares (the “Share Valuation Report”) received as of December 17, 2015 from Mizuho Securities Co., Ltd. (“Mizuho Securities”) and comprehensively taking into account such factors as (i) the result of due diligence of the Company conducted by the Tender Offeror, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Company Shares for past three (3) months, (iv) results of consultations and negotiations with the Company, (v) whether the Company’s board of directors would support the Second Tender Offer and (vi) prospects of the shareholders’ applications for the Second Tender Offer.

As stated above, the difference between the First Tender Offer Price and the Second Tender Offer Price was caused for the following reasons: (a) they are the prices determined as a result of negotiations by the Tender Offeror with different parties with different aims; (b) Prospective Tendering Shareholders intend to sell the Company Shares held by them at a price lower than the purchase price offered by the Tender Offeror to other shareholders of the Company from the perspective of giving support to the attainment of Making the Company a Subsidiary, because, if it is attained, it enhances collaborative relationship between the Tender Offeror and the Company after the completion of the Transactions and thereby facilitates proactive implementation of measures for improvement of corporate value of the Company and, as a result, contributes to the improvement of corporate value of the Company; and (c) Prospective Tendering Shareholders have agreed that they would receive a lower price per share of the Company Shares than what would be received by other shareholders of the Company.

(D) Determination of Second Tender Offer Price

In determining the Second Tender Offer Price, the Tender Offeror requested Mizuho Securities, which is a third-party appraiser independent of the Tender Offeror and the Company, to conduct a valuation of the shares of the Company, and referred to the Share Valuation Report received as of December 17, 2015. The Tender Offeror has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from Mizuho Securities.

Mizuho Securities calculated the value of the Company Shares by using the average market price method and the Discounted Cash Flow method (the fairness opinion). The ranges of the per-share value of the Company Shares, as calculated under each of the above methods, are as follows:

Average market price method: 2,352 yen to 3,202 yen

DCF Method: 3,240 yen to 4,269 yen

Under the average market price method, by setting the base date for the valuation as December 17, 2015, the range of the per share value of the Company's shares was calculated to be 2,352 yen to 3,202 yen per share, based upon the closing price on the base date of the Company Shares on JASDAQ (2,354 yen), and the simple average closing price for the one (1) week (2,352 yen), the one (1) month (2,745 yen), the three (3) months (2,772 yen) and the six (6) months (3,202 yen) immediately prior to the base date of the Company Shares on the JASDAQ.

Under the DCF method, Mizuho Securities calculated the value of the Company's shares by discounting the cash flows that the Company is expected to generate in or after the fiscal year ending March 2016 to present value, using certain discount rates, and determined the range of the per-share value to be 3,240 yen to 4,269 yen. It was based on assumptions derived from multiple sources, including the Company's business plans from the fiscal year ending March 2016 to the fiscal year ending March 2025, the trends of business achievement of the Company in the previous fiscal year, and publicly available information. As for the financial forecasts concerning the Company that constitute the assumption on which the DCF method is based, there is no business year for which a substantial increase or decrease of profits is anticipated.

The Tender Offeror finally determined on December 18, 2015 to set the Second Tender Offer Price to be 3,500 yen, by taking into consideration the share valuation results of the Company

stated in the Share Valuation Report received from Mizuho Securities and comprehensively taking into account such factors as (i) the result of due diligence of the Company conducted by the Tender Offeror, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Company Shares for past three (3) months, (iv) results of consultations and negotiations with the Company, (v) whether the Company's board of directors would support the Second Tender Offer and (vi) prospects of the shareholders' tenders for the Second Tender Offer.

The Second Tender Offer Price (3,500 yen) is the price that can be obtained by adding (i) 48.68% premium to the closing price of the Company Shares on JASDAQ on December 17, 2015 (2,354 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer, (ii) 27.50% premium to the simple average closing price for the one (1)-month period ending on the said date (2,745 yen), (iii) 26.26% premium to the simple average closing price for the three (3)-month period ending on the said date (2,772 yen) and (iv) 9.31% premium to the simple average closing price for the six (6)-month period ending on the said date (3,202 yen), respectively.

(v) Processes of and Reasons for the Company's Decision-making

As stated in "(ii) Purposes and Background of the Dual Tender Offers and Management Policy after the Completion of the Dual Tender Offers" above, in late October 2015, the Company received a formal proposal from the Tender Offeror whereby the Tender Offeror will make the Company its consolidated subsidiary. Following this proposal, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as its financial advisor and third-party appraiser independent of the Company, and Anderson Mori & Tomotsune as its legal advisor.

With advice from Nomura Securities and Anderson Mori & Tomotsune, the Company carefully considered the appropriateness of the terms and conditions for purchases in the Dual Tender Offers and the fairness of a series of procedures in the Dual Tender Offers from the standpoint of the Company's corporate value and the common interests of its shareholders, and discussed and negotiated with the Tender Offeror such matters as the purposes of the Dual Tender Offers, management policy after the completion of the Dual Tender Offers, and terms and conditions for the Dual Tender Offers. Then, obtaining advice from their financial advisors and legal advisors, the Company and the Tender Offeror discussed and negotiated whether or not to conduct the Dual Tender Offers, terms and conditions for the Dual Tender Offers, and other matters, including the significance and purposes of the Dual Tender Offers and the management policy after the completion of the Dual Tender Offers, on numerous occasions.

Next, as stated in "(ii) Obtaining Share Valuation Reports from Independent Third-party Appraiser" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below, the Company requested Nomura Securities, an independent third-party appraiser which is not a related party of the Tender Offeror and the Company, to calculate the Company's share value, and obtained a share valuation report dated December 17, 2015 from Nomura Securities in relation to the value of the Company Shares (the "Share Valuation Report"). (The Company has not obtained any opinion regarding the fairness of the purchase price per Company Share in the First Tender Offer and the Second Tender Offer (a fairness opinion) from Nomura Securities.)

Then, after carefully considering such matters as the terms and conditions for the Transactions, including the Dual Tender Offers, and the content of the Share Valuation Report, the Company made the following decisions at its board of directors' meeting held on December 18, 2015:

The Company entered into a capital and business alliance with the Tender Offeror in March 2015, and since then, it has made efforts to develop and disseminate valuable new services for elderly people and their families by merging its knowhow of comprehensive nursing care services with the broad network held by the Tender Offeror. In the nursing service industry, although a demand increase is anticipated and the social significance of the industry is increasing year by year, the business environment is becoming severer due to various factors, including the need to respond to social demand (e.g., changes in the fees for nursing care under the nursing care insurance system) and entry into the market by competitors from other industries. The present challenge of the Company is the enhancement of its competitiveness through strengthening of its administration system (including securing and training human resources), improvement of business efficiency and sophistication of provided services. Under this business environment, the Company believes that deepening its alliance with the Tender Offeror's group, which is enhancing its efforts in the nursing care market, and with which the Company has already formed an alliance, would greatly contribute to increase the corporate value of the Company. Specifically, as stated in "(A) Purpose and Background of the Dual Tender Offers" of "(ii) Purpose and Background of the Dual Tender Offers and Management Policy After the Completion of the Dual Tender Offers" above, the Company determined that it can further increase its corporate value through (a) improvement of quality of nursing care service and establishment of internal control, (b) utilization of information and communication technology and digital technology, (c) enhanced productivity by unification and integration of business, (d) improvement of the working conditions of the help staff and promotion of their recruiting and training, (e) collaboration with the nursing care business committee of the Tender Offeror's group and (f) collaboration in new business generation. The Company reached the conclusion that, in order to continue to flexibly enhance its management amid a drastically changing market environment, it would be desirable to build a management structure under which the Company and the Tender Offeror can mutually provide and utilize the business infrastructure, business knowhow and management resources of the other party while the Company maintains a certain degree of autonomy and independence, and therefore, Making the Company a Subsidiary is the best measure to take in order to increase corporate value of the Company. The Company believes that this measure will enable the Company (i) to strengthen its management base, and compliance and administration system by further utilizing management resources of the Tender Offeror, (ii) to maintain flexible fund-raising ability and social credibility because the Company's shares would continue to be listed, and (iii) to allow its stakeholders enjoy the benefit of the Company's increased corporate value.

Further, the Company withheld the decision of the appropriateness regarding the First Tender Offer Price and determined that it is appropriate to defer to the decision of each shareholder of the Company as to whether to apply for the First Tender Offer, given that (i) the First Tender Offer Price is agreed between Prospective Tendering Shareholders and the Tender Offeror upon their negotiation, and it is assumed that only Prospective Tendering Shareholders will apply for the First Tender Offer, and on the other hand, it is not assumed that general shareholders will apply therefor, and (ii) for general shareholders, the Tender Offeror will conduct the Second Tender Offer, the tender offer price for which is a higher price than the First Tender Offer Price, promptly after the settlement of the First Tender Offer. With respect to the Second Tender Offer Price, the Company determined that it will defer to the decision of each shareholder of the Company as to whether to apply for the Second Tender Offer, given that the Second Tender Offer Price can be considered reasonable based on the fact that the Second Tender Offer Price is based on the Company's Share Valuation Report obtained from Nomura Securities, and that the Transactions are not to be implemented with an intention to delist the Company Shares, and the Tender Offeror and the Company intend to maintain the listing of the Company Shares after the completion of the Dual Tender Offers.

The Company resolved, at its board of directors' meeting held on December 18, 2015, that the Company would issue an opinion in support of the First Tender Offer, withhold its

opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of each shareholder of the Company as to whether to apply for the First Tender Offer. Furthermore, with respect to the Second Tender Offer, as of December 18, 2015, the board of directors of the Company resolved, at its meeting, that the Company is in support of the Second Tender Offer if the Second Tender Offer is to be conducted and defer to the decision of each shareholder of the Company as to whether to apply for the Second Tender Offer.

(3) Matters Concerning Calculation

In considering the Second Tender Offer Price presented by the Tender Offeror and determining its opinion on the Second Tender Offer, the Company requested Nomura Securities, which is a third-party appraiser independent of the Company and the Tender Offeror, to conduct a valuation of the Company Shares. Nomura Securities is not a related party of the Company or the Tender Offeror, and does not have any material interest regarding the Dual Tender Offers.

After considering the analysis methods appropriate for the valuation of the Company Shares from a number of share valuation methods, and based on the assumption that the Company is a going concern and the idea that it is appropriate to value the Company Shares from various perspectives, Nomura Securities conducted the valuation of shares of the Company by using the (a) average market price method taking into consideration the trends of the market share price of the Company, (b) comparable company method and (c) DCF Method taking into consideration the details or forecasts of financial results of the Company, and the Company obtained the Company's Share Valuation Report from Nomura Securities on December 17, 2015. The Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from Nomura Securities.

According to the Company's Share Valuation Report, the adopted methods and the range of the per-share value of the Company Shares, as calculated under the relevant methods, are as follows:

Average market price method:	2,352 yen to 2,772 yen
DCF Method:	3,005 yen to 4,759 yen

Under the average market price method, by setting the base date for the valuation as December 17, 2015, the range of the per-share value of the Company Shares was analyzed to be 2,352 yen to 2,772 yen per share, based upon the closing price on the base date of the Company Shares on JASDAQ (2,354 yen), and the simple average closing price for the past five (5) business days (2,352 yen), the past one (1) month (2,745 yen) and the past three (3) months (2,772 yen) immediately prior to the base date of the Company Shares on the JASDAQ.

Under the DCF method, Nomura Securities analyzed the corporate value or share value of the Company by discounting the free cash flows that the Company is expected to generate in or after the third quarter of fiscal year ending March 2016, to present value using certain discount rates and analyzed the range of per-share value of the Company Shares to be 3,005 yen to 4,759 yen. It was based on assumptions derived from multiple sources, including profit and investment projects in the Company's business plans from the fiscal year ending March 2016 to the fiscal year ending March 2021, and publicly available information.

In addition, no significant increases or decreases in profit are anticipated in the forecast of the Company's financial results used for analysis of the DCF Method. Business plans, on which the DCF Method was based, were not based on the assumption of implementing the Dual Tender Offers, and thus, effects of various measures after the Dual Tender Offers are not taken into consideration.



(4) Prospects of Delisting and Reasons therefor

As of this date, the Company Shares are listed on JASDAQ. The Transactions are not intended to delist the Company Shares and the Tender Offeror and the Company plan to maintain the listing of the Company Shares after the completion of the Dual Tender Offers. The Tender Offeror is launching the First Tender Offer subject to a maximum number of shares to be purchased of 9,336,400 shares (Shareholding Ratio: 46.50%), and therefore, listing of the Company Shares is expected to be maintained after the completion of the First Tender Offer. On the other hand, the Tender Offeror plans to launch the Second Tender Offer for Company Shares held by shareholders of the Company other than Prospective Tendering Shareholders. The Tender Offeror plans not to set a maximum and minimum number of shares to be purchased for the Second Tender Offer from the perspective that the Tender Offeror certainly provides an opportunity to sell shares to shareholders of the Company who desire to sell shares at the Second Tender Offer Price.

For this purpose, depending on the result of the Second Tender Offer, the Company Shares may be delisted through the prescribed procedures when the Company Shares fall within the following cases out of the JASDAQ delisting criteria and other delisting criteria: (a) in the case where the number of shareholders becomes less than 150 as of the end of the fiscal year, when the number of shareholders does not become more than 150 in one (1) year, (b) in the case where the number of tradable shares (the number of shares deducting (i) number of shares held by officers (directors, accounting advisors, corporate auditors and executive officer), (ii) number of shares held by shareholders holding at least 10% of the number of issued shares (excluding shares apparently recognized as not fixed holding) and (iii) treasury shares from the number of listed shares) becomes less than 500 units as of the end of the fiscal year, when the number of tradable shares does not become more than 500 units in one (1) year, and (c) in the case where the market capitalization of tradable shares becomes less than JPY 250 million, when the market capitalization of tradable shares does not become more than JPY 250 million in one (1) year.

As a result of the Second Tender Offer, if the Company Shares fall within the delisting criteria for any reason, the Tender Offeror will, upon discussion and consideration with the Company in good faith with respect to measures to avoid delisting such as off-auction distribution or offering, implement measures agreed to continuously maintain listing of the Company Shares within one (1) year, which is the grace period for delisting. No matters are determined at present with respect to the specific response, details of implementation and terms and conditions of the above measures.

(5) Matters Concerning “Two-stage Purchase”

After the completion of the Dual Tender Offers, the Tender Offeror plans to acquire the Company Shares that are held by SJNK, a wholly-owned subsidiary of the Tender Offeror, through dividend of surplus or other methods.

Since the Tender Offeror aims at making the Company a consolidated subsidiary through the Transactions, in the case where the Tender Offeror is able to acquire a majority of the voting rights of the Company Shares (10,060,100 shares, Shareholding Ratio: 50.10%) through the Dual Tender Offers, at present, the Tender Offeror does not plan to acquire additional Company Shares, other than the acquisition from SJNK above. On the other hand, in the case where the Tender Offeror is unable to acquire a majority of the voting rights of the Company Shares through the Dual Tender Offers, the Tender Offeror plans to discuss a policy with the Company, and at present, a specific policy has not been determined; however, the Tender Offeror plans to consider a response, including the possibility of acquiring additional Company Shares, taking into consideration the situation after the Dual Tender Offers. If the First Tender Offer has not been completed, the Tender Offeror will not implement the Second

## Tender Offer.

- (6) Measures to Ensure the Fairness of the Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest

Upon the resolution by the Company with respect to the issuance of its opinion on the Dual Tender Offers and the execution of the MOU, the Company took the following measures to deliberately consider the Dual Tender Offer and to ensure the fairness and appropriateness of the Dual Tender Offer, considering the facts that the Tender Offeror and Prospective Tendering Shareholders, who are principal shareholders including a major and the largest shareholder, entered into the Tender Offer Agreement and that it is possible that the interests of the Company's general shareholders and that of Prospective Tendering Shareholders do not necessarily match.

- (i) Advice from Independent Law Firm by the Company

The Company received legal advice regarding the decision-making process, methods to make decisions when expressing its opinion regarding the Dual Tender Offers and other matters upon implementing the Transactions from Anderson Mori & Tomotsune, a legal advisor independent of the Company and the Tender Offeror, in order to ensure the fairness and appropriateness of the decision-making by the board of directors of the Company concerning the Transactions including the Dual Tender Offers.

- (ii) Obtaining Share Valuation Reports from Independent Third-party Appraiser of the Company

In considering the Second Tender Offer Price presented by the Tender Offeror and determining its opinion on the Second Tender Offer, the Company requested Nomura Securities, which is a third-party appraiser independent of the Company and the Tender Offeror, to conduct a valuation of the Company Shares, and obtained the Company's Share Valuation Report dated December 17, 2015. As to the overview of the Share Valuation Report, please refer to "(3) Matters Concerning Calculation" above. Nomura Securities is not a related party of the Company or the Tender Offeror, and does not have any material interest regarding the Dual Tender Offers. In addition, the Company has not obtained any opinion regarding the fairness of the Second Tender Offer Price (a fairness opinion) from Nomura Securities.

- (iii) Approval by the All Non-Interested Directors and No Objection from Corporate Auditors of the Company

After carefully considering such matters as the terms and conditions for the Transaction, including the Dual Tender Offers, and the content of the Company's Share Valuation Report, based on the legal advice from Anderson Mori & Tomotsune and the contents of the Company's Share Valuation Report obtained from Nomura Securities, the Company resolved, at its board of directors' meeting held on December 18, 2015, that it would issue an opinion in support of the First Tender Offer, withhold its opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of its shareholders as to whether to apply for the First Tender Offer. Furthermore, with respect to the Second Tender Offer, as of December 18, 2015, the board of directors of the Company resolved, at its meeting, that the Company is in support of the Second Tender Offer if the Second Tender Offer is to be conducted, and defer to the decision of its shareholders as to whether to apply for the Second Tender Offer.

Of the seven (7) directors of the Company, all of the directors excluding Mr. Toshiaki Hashimoto, six (6) directors, participated in the above board of directors' meeting of the Company. All of the above resolutions of the Company's board of directors' meeting were adopted by a unanimous vote of all directors present. Regarding the decision-making on the Dual Tender Offers and the MOU at the board of the directors of the Company, since Mr.

Toshiaki Hashimoto has entered into the Tender Offer Agreement with the Tender Offeror, he did not participate in the discussion or resolution, and did not attend the above board of directors' meeting, in order to enhance the fairness and the objectivity in the process of decision-making at the Company's board of directors' meeting regarding the Dual Tender Offers, and to avoid conflicts of interest.

Further, all three (3) corporate auditors of the Company attended the above board of directors' meeting of the Company, and stated that they had no objections to the above resolutions.

4. Matters relating to Material Agreements between the Tender Offeror and the Company's Shareholders regarding Application for Tender Offers

(1) MOU

With regards to the Dual Tender Offers, the Tender Offeror and the Company executed the MOU as of December 18, 2015. The MOU provides for the purpose and background, etc. of Making the Company a Subsidiary stated in "(i) Overview of the Tender Offer" of "(2) Grounds and Reasons for the Opinion Concerning the Dual Tender Offers" of "3. Details of, and Grounds and Reasons for, the Opinion Concerning the Dual Tender Offers" above and management policy, etc. stated in "(B) Management Policy after the Completion of the Dual Tender Offers" of "(ii) Purpose and Background of the Dual Tender Offers, and Management Policy after the Completion of the Dual Tender Offers", above. Under the MOU, the Company agrees that (i) if the Tender Offeror determines to commence the Second Tender Offer, the Company will, at its board of directors' meeting, legally and validly resolve to issue an opinion in support of the Second Tender Offer, announce such resolution, and defer to the decision of its shareholders as to whether to apply for the Second Tender Offer (the "Second Tender Offer Resolution Expressing Support"), given that the Second Tender Offer Price can be considered reasonable, (ii) the Company will not change or revoke a resolution expressing support for the Tender Offer (the "Resolution Expressing Support") and the Second Tender Offer Resolution Expressing Support, (iii) the Company will not directly or indirectly induce or solicit a third party to make an offer for a transaction that conflicts or is likely to conflict with the Dual Tender Offers or Making the Company a Subsidiary or provide a third party with information regarding such transaction, (iv) the Company will execute its business or cause its subsidiaries and affiliates to execute their business within the ordinary scope of business until the management structure of the Company is established after Making the Company a Subsidiary (the "MOU Covenants"). However, with respect to the obligations under (i) and (ii), it is stipulated that the Company will not assume these obligations if it is reasonably deemed that the performance of these obligations by the Company's board of directors is likely to cause the Company's respective directors or corporate auditors to be in violation of their duty to exercise the due care of a prudent manager. In addition, as for the obligation under (iii) above, it is stipulated that if the Company gives the Tender Offeror any reasonable reason that the performance of such obligation may cause the Company's respective directors or corporate auditors to be in violation of their duty to exercise the due care of a prudent manager in connection with the consideration of the counterproposal from a third party, the Tender Offer will provide reasonable cooperation so as not to cause the violation of such duty to exercise the due care of a prudent manager.

The details of the Conditions Precedent set forth in the MOU, which are the conditions precedent for the Tender Offeror's obligation to launch the Second Tender Offer after the consummation of the First Tender Offer, are as stated below. The Tender Offeror may, at its discretion, launch the Second Tender Offer after waving all or part of the Conditions Precedent.

(a) No new event that falls within any of the events of cancellation of the application for the Second Tender Offer as set forth in laws and regulations has occurred or has been discovered;

(b) The Company's board of directors, the Second Tender Offer Resolution Expressing Support has been legally and validly made and has been announced and such resolution has not be changed or revoked;

(c) There is no prospect that the purpose of the MOU will not be achieved because the obligations (Note 1) to be performed or complied with by the Company under the MOU have not been performed or complied with in any material respect;

(d) The matters (Note 2) that the Company represents and warrants to the Tender Offeror as of the execution date of the MOU and the commencement date of the Second Tender Offer are true and correct in all material respect, or the breach of any of the Company's representations and warranties will not have any material adverse impact on the completion of the Second Tender Offer;

(e) Except for matters which the Tender Offeror knows or may know by the execution date of the MOU, no event or matter (including an accident and incident) that has a material adverse effect on the businesses, assets, liabilities, financial conditions, operating results, cash flow status, or future earnings plans of the Company's group has occurred or been discovered or is likely to occur or be discovered;

(f) There is no law or regulation, and no order, disposition or judgment by a court or other judicial, administrative or self-regulatory agency that places restrictions on or prohibits the launch of or the application for the Second Tender Offer, and there is no pending petition, litigation or procedure that may materially adversely affect the launch of the Second Tender Offer;

(g) There is no material fact, as defined in Article 166, Paragraph 2 of the Act, that has not yet been announced regarding the Company and there is no fact regarding the launch or suspension of a tender offer, etc., as defined in Article 167, Paragraph 2 of the Act that has not yet been announced (collectively, the "Company's Material Fact") (except for cases where the Second Tender Offer falls under the case set forth in each item of Article 166, Paragraph 6 of the Act or each item of Article 167, Paragraph 5 of the Act);

(h) (x) The notification of the plan for the acquisition of shares required for the Second Tender Offer (as set forth in Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Act No. 54 of 1947, as amended; the "Anti-Monopoly Act") has been accepted by the Japan Fair Trade Commission (the "JFTC") and (y) the Tender Offeror has not been requested by the JFTC to submit reports, etc. pursuant to Article 10, Paragraph 9 of the Anti-Monopoly Act and has not received no notice from the JFTC pursuant to Article 50 of the Anti-Monopoly Act; and

(i) At the time of Making the Company a Subsidiary, the notification regarding the acquisition of shares that the Tender Offeror is required to make (pursuant to the provisions of Article 271-32, Paragraph 2, Item 3 of the Insurance Business Act ) has been or will certainly be, completed without adversely affecting the execution of Making the Company a Subsidiary.

However, with respect to the above-listed items (d) and (e), it is considered that the terms and conditions of each of such items have been satisfied unless it is reasonably deemed that the Tender Offeror's launch of the Second Tender Offer is likely to cause the Tender Offeror's respective directors or corporate auditors to be in violation of their duty to exercise the due care of a prudent manager in a situation where any fact that is inconsistent with the terms and conditions set forth in each of such items has arisen.

(Note 1) Under the MOU, the Company assumes, in addition to an obligation regarding the

MOU Covenants and a confidentiality obligation, (i) an obligation that if, on and after the execution date of the MOU, any matter having a material adverse effect on the property conditions or business operation of the Company's group arises or the Company becomes aware that such matter is threatened to arise or if, on and after the execution date of the MOU, the Company becomes aware of any actual or threatened breach of its representations and warranties, the Company will give written notice of such matter or breach to the Tender Offeror and (ii) an obligation to indemnify the Tender Offeror for any damage, loss or expense incurred by the Tender Offeror arising out of or in relation to any breach of the Company's representations and warranties set forth in (i) through (viii) of (Note 2) below and/or any breach of its obligations under the MOU.

- (Note 2) Under the MOU, the Company represents and warrants that as of the execution date of the MOU and the respective dates of the commencement and settlement of the First Tender Offer and the Second Tender Offer (i) the Company is a corporation duly organized and validly existing, (ii) the Company has corporate power and authority necessary to execute and perform the MOU and has completed corporate procedures required for the execution and performance of the MOU, (iii) the execution of the MOU is lawful and valid, and the MOU is enforceable against the relevant parties, (iv) the permit, approval or license that is required to be obtained in connection with the execution and performance of the MOU has been obtained and completed, (v) the execution and performance of the MOU are not in violation of any of the laws or regulations, internal rules, contracts, judgments by a judicial or administrative institution that are applicable to the Company, (vi) no petition for commencement of legal insolvency proceedings has been filed with respect to the Company, (vii) the total number of issued shares of the Company's common stock is 20,080,000 shares on the execution date of the MOU, which have been legally and validly issued in their entirety, and there are no agreements or other arrangements that may require the issuance or disposition of the shares of the Company's group or the purchase or cancellation of such shares in whole or in part, (viii) the Company's group or its officers and employees have and are expected to have no direct or indirect relationship with antisocial forces, and (ix) the matters regarding the scope of subsidiaries and related companies, material agreements, assets (including real estate, systems and intellectual property rights), litigation and disputes, permits, approvals or licenses, accuracy of securities reports and financial statements, taxes, nursing care insurance payments, accidents, compliance of laws and regulations, accuracy of disclosed information and non-existence of undisclosed material facts of the Company's group.

In addition, the MOU provides that if, upon completion of the Tender Offer, the Second Tender Offer does not commence no later than January 29, 2016, the Tender Offeror and the Company will sincerely discuss the subsequent response (if it does not commence for a reason attributable to the Tender Offeror (limited to the case where the Tender Offeror has breached any of its obligations under the MOU), including the treatment of the Company Shares tendered by Prospective Tendering Shareholders in the First Tender Offer).

## (2) Tender Offer Agreement

In preparation for the First Tender Offer, the Tender Offeror has entered into the Tender Offer Agreement with Prospective Tendering Shareholders, which include Mr. Toshiaki Hashimoto, the representative director and chairman of the Company, as of December 18, 2015 to the effect that Prospective Tendering Shareholders shall tender all Company Shares held by them as of the filing date of the Registration Statement (the number of the Company Shares held by Higashiune Shoji is 5,800,000 (Shareholding Ratio: 28.88%); the number of the Company Shares held by Ms. Toshie Hashimoto is 600,000 (Shareholding Ratio: 2.99%); and the number of the Company Shares held by Mr. Toshiaki Hashimoto is 564,800 (Shareholding

Ratio: 2.81%). The total number of shares held by Prospective Tendering Shareholders is 6,964,800; and the total Shareholding Ratio is 34.69%).

The Tender Offer Agreement sets forth the following conditions precedent for application by Prospective Tendering Shareholders. Prospective Tendering Shareholders may, at their discretion, apply for the First Tender Offer after waiving all or part of these conditions precedent.

- (a) The First Tender Offer has commenced legally and validly, and has not been withdrawn;
- (b) At a meeting of the Company's board of directors, a resolution to express the opinion to the effect that the Company supports the First Tender Offer has been legally and validly made with unanimous approval of all directors that participated in the resolution, such resolution has been announced, such opinion has not be changed or withdrawn, and it is surely anticipated that the Second Tender Offer Support Expressing Resolution will be legally and validly made with respect to the Second Tender Offer;
- (c) Representations and warranties of the Tender Offeror set forth in the Tender Offer Agreement (Note 1) are true and correct in any material respect;
- (d) The Tender Offeror does not breach the obligations set forth in the Tender Offer Agreement (Note 2) in any material respect;
- (e) There is no law or regulation, or order, disposition or judgment by a judicial or administrative agency or other authorized organization that place restrictions on or prohibits the launch of the First Tender Offer or the application for the First Tender Offer by Prospective Tendering Shareholders;
- (f) Any specific event that precludes the launch of the Second Tender Offer has occurred; and
- (g) There is no Company's Material Fact as defined in Article 166, Paragraph 2 of the Act that has not yet been announced regarding the Company and there is no fact that a tender offer, etc. will be launched or that a tender offer, etc. will be suspended, as defined in Article 167, Paragraph 2 of the Act that has not yet been announced, which will become known to Prospective Tendering Shareholders only after the commencement of the First Tender Offer (except for cases where the sale of Prospective Tendered Shares by Prospective Tendering Shareholders through application to the Tender Offer does not breach Article 166 or Article 167 of the Act).

(Note 1) The Tender Offeror represents and warrants, in the Tender Offer Agreement, as of the execution date of the Tender Offer Agreement and each of the commencement and settlement dates of the First Tender Offer that (i) the Tender Offeror is a corporation duly organized and validly existing, (ii) the Tender Offeror has corporate power and authority necessary to execute and perform the Tender Offer Agreement and has completed corporate procedures required for the execution and performance of the Tender Offer Agreement, (iii) the execution of the Tender Offer Agreement is lawful and valid, and the Tender Offer Agreement is enforceable against the relevant parties, (iv) permits, approvals or licenses necessary for the execution and performance of the Tender Offer Agreement have been obtained and completed, (v) the execution and performance of the Tender Offer Agreement are not in violation of any of the laws or regulations, internal rules, contracts, judgments by a judicial or administrative institution that are applicable to the Tender Offeror applicable to the Tender Offeror, and (vi) there does not exist any of relationship with antisocial forces and/or claims made using forceful behavior or acts of violence.

- (Note 2) The Tender Offeror assumes, in addition to an obligation to commence the First Tender Offer and a confidentiality obligation, an obligation (i) to make the utmost effort to ensure satisfaction of the conditions precedent for the obligations of Prospective Tendering Shareholders (except for (b) and (g) above), (ii) to immediately give Prospective Tendering Shareholders a written notice if, by the settlement date of the First Tender Offer, (A) there is any breach of the Tender Offeror's representations and warranties stated in (Note 1) above or any breach of obligation under the Tender Offer Agreement, (B) it becomes impossible to satisfy the conditions precedent for performance of obligation by Prospective Tendering Shareholders, or (C) any specific event that may reasonably trigger any of such situations occurs, and (iii) to indemnify the damage, loss or expense incurred by Prospective Tendering Shareholders arising out of or in relation to any breach of the Tender Offeror's representations and warranties stated in (Note 1) above and/or breach of its obligations under the Tender Offer Agreement by the Tender Offeror.

5. Details of the Provision of Benefits by the Tender Offeror or its Specially-related Persons

Not applicable.

6. Response Policies in Terms of Basic Policies on the Control of the Company

Not applicable.

7. Questions to the Tender Offeror

Not applicable.

8. Request for an Extension of the Tender Offer Period

Not applicable.

9. Future Outlook

For policies and plans after the Tender Offer, please refer to (I) “(A) Management Policy after the Completion of the Dual Tender Offers” of “(ii) Purposes and Background of the Dual Tender Offers and Management Policy after the Completion of the Dual Tender Offers” and (II) “(v) Processes of and Reasons for the Company's Decision-making” of “(2) Grounds and Reasons for the Opinion Concerning the Dual Tender Offers” of “3. Details of, and Grounds and Reasons for, the Opinion Concerning the Dual Tender Offers” above.

Regarding the impact of the First Tender Offer on the Company's financial results, the Company will promptly disclose any matter which should be disclosed upon the occurrence thereof.

(End of Document)

(Attachment) “Announcement Concerning Commencement of Tender Offer for Shares of Message Co., Ltd. (Stock Code: 2400)” dated December 18, 2015, by Tender Offeror

[Soliciting Regulations]

This press release is intended for the announcement of the Tender Offer to the general public and has not been prepared for the purpose of soliciting an offer to sell the shares. If a shareholder wishes to make an offer to sell his or her shares, the shareholder should first read the Tender Offer Explanatory Statement for the Dual Tender Offers and offer his or her shares for sale at his or her own discretion.

This press release shall neither be, nor constitute a part of, an offer or a solicitation to sell, or a solicitation of an offer to purchase, any securities, and neither this press release (or a part thereof) nor the fact of its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.

[U.S. Regulations]

- The Dual Tender Offers are to be conducted by the Tender Offeror, for securities of the Company, a company incorporated in Japan. As these companies are located in Japan and most officers of these companies reside in Japan, it may be difficult to exercise rights and make claims under the securities-related laws of the U.S. in connection with the Dual Tender Offers. It may not be possible to initiate legal proceedings against these companies or their officers in courts outside of the U.S. on the ground of a violation of the securities-related laws of the U.S. Moreover, there is no guarantee that these companies or their officers or any other affiliates of these companies could be forced to submit to the jurisdiction of U.S. courts. In addition, the Dual Tender Offers are to be conducted in accordance with the procedures and information disclosure standards prescribed in the Act. However, these procedures and standards are not necessarily identical to the corresponding procedures and standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Securities Exchange Act of 1934”), and the rules prescribed thereunder do not apply to the Dual Tender Offers, and the Dual Tender Offers do not conform to those procedures and standards. All financial information contained in this press release is created based on the Japanese accounting standards and is not based on the U.S. accounting standards. Therefore, the contents of such information are not necessarily equivalent to those created based on the U.S. accounting standards.
- Unless otherwise provided, all procedures for the Dual Tender Offers shall be conducted in the Japanese language. All or some portion of the documents relating to the Dual Tender Offers may be prepared in the English language. However, should there be any inconsistency between a document in English and that in Japanese, the Japanese document shall prevail.
- This press release contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainty, or other factors, it is possible that actual results may differ greatly from the projections expressly or implicitly indicated as “forward-looking statements”. The Company or its affiliated companies do not guarantee that the projections expressly or implicitly indicated as “forward-looking statements” will result in being correct. The “forward-looking statements” in this press release were prepared based on the information held by the Company as of the date of this press release, and unless required by laws to do so, the Company or its affiliated companies are not obliged to update or modify such statements in order to reflect any future event or condition.



December 18, 2015

To Whom It May Concern:

Company Name:	Sompo Japan Nipponkoa Holdings, Inc.
Name of Representative:	Kengo Sakurada, Group CEO Representative Director, President and Executive Officer (Stock Code: 8630, the first section of Tokyo Stock Exchange, Inc.)
Name and Title of Contact Person:	Akitaka Yasukawa, Manager of the Public Relations Department Telephone Number: 03-5349-3723

Announcement Concerning Commencement of Tender Offer  
for Shares of Message Co., Ltd. (Stock Code: 2400)

Sompo Japan Nipponkoa Holdings, Inc. (the “Company” or the “Tender Offeror”) hereby announces that it resolved, at its board of directors’ meeting held on December 18, 2015, that it would acquire the shares of common stock of Message Co., Ltd. (Stock Code: 2400, Tokyo Stock Exchange, Inc. (“TSE”) JASDAQ (Standard) market (“JASDAQ”); the “Target Company”) (the “Target Company Shares”), through the tender offer (the “First Tender Offer” or the “Tender Offer”) in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”) as stated below.

1. Purpose of the Tender Offer

(1) Overview of the Tender Offer

The Company resolved, at its board of directors’ meeting held on December 18, 2015, that it would acquire the Target Company Shares, which are listed on JASDAQ, through multiple transactions (the “Transactions”), with the primary aim of making the Target Company a consolidated subsidiary of the Company (“Making the Target Company a Subsidiary”).

As the first step of the Transactions, the Company has resolved to conduct the First Tender Offer, with the main aim of acquiring (i) the 5,800,000 shares of the Target Company (Shareholding Ratio (Note): 28.88%) that are held by Yugen Kaisha Higashiune Shoji, which is a principal shareholder and the largest shareholder of the Target Company (“Higashiune Shoji”; Higashiune Shoji is the asset management company for Mr. Toshiaki Hashimoto, who is the founder of, the eighth largest shareholder of, and the Representative Director and Chairman of the Target Company), (ii) the 600,000 shares of the Target Company (Shareholding Ratio: 2.99%) that are held by Ms. Takae Hashimoto, who is the fifth largest shareholder of the Target Company and the spouse of Mr. Toshiaki Hashimoto, and (iii) the 564,800 shares of the Target Company (Shareholding Ratio: 2.81%) that are held by Mr. Toshiaki Hashimoto. The total number of the Target Company Shares that the Company aims to acquire in the First Tender Offer is 6,964,800 shares, which represent a Shareholding Ratio of 34.69%. These shares shall hereinafter be referred to as the “Prospective Tendered Shares”, and Higashiune Shoji, Ms. Takae Hashimoto and Mr. Toshiaki Hashimoto, who hold such Prospective Tendered Shares shall hereinafter collectively be referred to as the “Prospective Tendering Shareholders”).

(Note) “Shareholding Ratio” means a holding ratio to the total issued shares of the Target Company as of September 30, 2015 (i.e., 20,080,000 shares), as set forth in the 19th Business Period Second Quarterly Report filed by the Target Company as of November 12, 2015 (the “Target Company’s 19th Business Period Second Quarterly Report”), which percentage is rounded to the nearest hundredth upon the calculation thereof.

For the First Tender Offer, the Company and the Prospective Tendering Shareholders entered into the Tender Offer Agreement Concerning the Application for the First Tender Offer as of

December 18, 2015 (the “Tender Offer Agreement”), and the Prospective Tendering Shareholders have agreed to tender all of its Prospective Tendered Shares in the First Tender Offer. As to the details of the Tender Offer Agreement, please refer to “b. Tender Offer Agreement” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” below.

Since the Company intends to acquire the Prospective Tendered Shares in the First Tender Offer, the Company has set the minimum number of shares to be purchased at the First Tender Offer as 6,964,800 shares (Shareholding Ratio: 34.69%), which is equivalent to the number of the Prospective Tendered Shares held by the Prospective Tendering Shareholders. If the total number of tendered shares for the First Tender Offer (which means shares tendered in the Tender Offer; the same shall apply hereinafter) does not reach the minimum number of shares to be purchased at the First Tender Offer, the Company will not purchase any tendered shares through the First Tender Offer. In addition, since the tender offer that the Company intends to conduct after the completion of the First Tender Offer (the “Second Tender Offer” and together with the First Tender Offer, the “Dual Tender Offers”) will be conducted, in principle, after the First Tender Offer, as described below, the Company assumes that no shares other than the Prospective Tendered Shares will be tendered in the First Tender Offer. However, from the perspective of leaving the decision of matters, including the above matter, to the judgment of each shareholder of the Target Company, even if shares, the number of which exceeds the minimum number of shares to be purchased at the First Tender Offer, are tendered in the First Tender Offer, the Company will purchase tendered shares. On the other hand, since, if the Company acquires a majority of voting rights of the Target Company, the Company is required to make a notification to the Prime Minister of Japan in advance of such acquisition pursuant to Article 271-32, Paragraph 2, Item (iii) of the Insurance Business Act (Act No. 105 of 1995, as amended), and the Company will submit such notification when it conducts the Second Tender Offer, and also taking into consideration the fact that Sompo Japan Nipponkoa Insurance Inc. (“Sompo Japan Nipponkoa”), which is a subsidiary of the Company, holds 703,500 shares (Shareholding Ratio: 3.50%) of the Target Company Shares, the Company has set the maximum number of shares to be purchased at the First Tender Offer as 9,336,400 shares (Shareholding Ratio: 46.50%).

As the second step of the Transactions, if the First Tender Offer is completed, the Company will conduct the Second Tender Offer promptly after the settlement of the First Tender Offer, with the main aim of acquiring the Target Company Shares held by shareholders of the Target Company other than the Prospective Tendering Shareholders, thereby completing Making the Target Company a Subsidiary. The Company and the Target Company entered into the Memorandum of Understanding Concerning the Tender Offer, etc. (the “MOU”) as of December 18, 2015. Under the MOU, if certain conditions precedent, including the completion of the First Tender Offer (the “Conditions Precedent”) are satisfied, the Company is obliged to conduct the Second Tender Offer promptly after the settlement of the First Tender Offer; however, if the Conditions Precedent are not satisfied, there is a possibility that the Company will not conduct the Second Tender Offer. As to the details of the MOU and the Conditions Precedent, please refer to “a. MOU” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” below. The tender offer price per share of the Target Company Shares for the Second Tender Offer (the “Second Tender Offer Price”) will be 3,500 yen, which will be 1,000 yen (40%) higher than the tender offer price per share of the Target Company Shares for the First Tender Offer (the “First Tender Offer Price”) (i.e., 2,500 yen). As to the details of the Second Tender Offer Price, please refer to “d. Determination of the Second Tender Offer Price” of “(5) Matters Concerning the Second Tender Offer” below. Shareholders of the Target Company other than the Prospective Tendering Shareholders will determine whether or not to tender their shares in either tender offer, based on the assumptions that the Dual Tender Offers are one transaction, and, if the First Tender Offer is completed, the Second Tender Offer will be conducted subsequently after the completion of the First Tender Offer. The Transactions are not to be implemented with the intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers as well; however, from the perspective of ensuring the opportunity for shareholders of the Target Company other than the Prospective Tendering Shareholders who wish to sell the Target Company Shares at the Second Tender Offer Price, no maximum or minimum number would be set on the number of shares intended to be purchased at the Second Tender Offer.

According to the Target Company's press release, "Notice of Expression of Opinion regarding the Tender Offer for the Company Shares by Sompo Japan Nipponkoa Holdings, Inc." dated December 18, 2015 (the "Notice by the Target Company"), the Target Company resolved, at its board of directors' meeting held on December 18, 2015, that the Target Company would issue an opinion in support of the First Tender Offer which will be conducted as a part of the Transactions, withhold its opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer. Furthermore, if the First Tender Offer is completed, the Company will conduct the Second Tender Offer, the tender offer price for which is a higher price (i.e., 3,500 yen) than the First Tender Offer Price (i.e., 2,500 yen), promptly after the settlement of the First Tender Offer. As of December 18, 2015, the board of directors of the Target Company resolved, at its meeting, that the Target Company would support the Second Tender Offer if the Second Tender Offer is to be conducted, and also resolved that it would defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer, given that the Second Tender Offer Price has a certain degree of reasonableness based on the share valuation report for the Target Company Shares obtained from Nomura Securities Co., Ltd. ("Nomura Securities"), and that the Transactions are not to be implemented with an intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers.

As to the details of the above-mentioned resolution of the board of directors' meeting of the Target Company, please refer to the Notice by the Target Company and "c. Unanimous Approval by the Non-Interested Directors and No Objection from Corporate Auditors of the Target Company" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" below.

## **(2) Purpose and Background of Decision to Conduct the Dual Tender Offers and Management Policy After the Dual Tender Offers**

### **a. Purpose and Background of Decision to Conduct the Dual Tender Offers**

The Company was founded on April 1, 2010 as the joint holding company of SOMPO JAPAN INSURANCE INC. and NIPPONKOA Insurance Company, Limited through the share exchange framework where their respective shares were exchanged for the shares issued by the Company, which was then called NKSJ Holdings, Inc., and the shares in the Company were listed for trade on the First Sections of both the TSE and the Osaka Securities Exchange (as it was known at the time) as of the same day. The Company has the status as "insurance holding company" as defined in Article 2, Paragraph 16 of the Insurance Business Act. The Company changed its name to Sompo Japan Nipponkoa Holdings, Inc. on September 1, 2014.

The Company's group is comprised of the Company as the insurance holding company and its affiliates, which include 120 subsidiaries and 12 related companies, and the businesses conducted by the group include the domestic P&C insurance business, domestic life insurance business, foreign insurance business, health care business, defined-contribution-pension business, and asset management business.

The Company's group has the brand slogan of "Innovation for Wellbeing", and the management philosophy of the Company's group is that "We will at all times carefully consider the interests of our customers when making decisions that shape our business. We will strive to contribute to the security, health, and wellbeing of our customers and society as a whole by providing insurance and related services of the highest quality possible". The vision of the Company's group is "to always be the best customer service provider both at home and abroad" through the Company's

business activities. At present, the domestic nursing care market is expected to expand rapidly. The future statistics issued by the Cabinet Office in the 2015 publication of the White Paper on the Aging Society foresees that the population aged 75 and above, which comprise the main users of nursing care services, is expected to increase from 15,920 thousands in 2014 to more than 20 million in 2025, and that a particularly rapid increase in the elderly population will be seen in the Tokyo and other metropolitan areas, which will further increase the demand for nursing care services.

Under these circumstances, the report issued by the National Commission on Social Security Reform in 2013 has indicated a policy that will move Japan from a hospitalization-based system to a community-based system, which means that community residents will support and care for each other. The report also proposed increasing the ability of elderly people who require middle-to-heavy nursing care to remain in their homes. Targeting the year 2025 when the “baby boom generation” will reach 75 years old, the policy envisions forming a “comprehensive community care system” to provide residential, medical and care services, as well as prevention and living support in a comprehensive manner so as to realize the concept of “aging in place”, which assures elderly people the ability to continue their lives as they wish in a community familiar to them even after they begin to require heavy nursing care.

Under these circumstances and given the promising large size of the nursing care and related business markets that seem to warrant projections of high growth, and moreover, because the nursing care business is consistent with the above-mentioned management philosophy of the Company’s group, which is to provide services that contribute to the “security, health and wellbeing” of its customers, the Company has been strengthening and accelerating business initiatives in the nursing care sector, as illustrated by its 34.00% capital investment in Cedar Co., Ltd. through an investment limited partnership in September 2012, the capital and business alliance with the Target Company (the “Alliance”), and the 3.50% acquisition of the shares in the Target Company by Sompo Japan Nipponkoa based on the Alliance, in March 2015, and the completion of the acquisition of all of the shares in Watami no Kaigo Co, Ltd., which was renamed Sompo Care Next Inc., in December 2015. The Company’s group intends to prioritize the nursing care business as its “core business”, equivalent to the P&C insurance business and the life insurance business and desires to reform the nursing care business, which has a variety of issues in today’s society, and thereby contribute to provide solutions to social challenges.

The Target Company was found in Aoe, Okayama City in May 1997 with the business objectives to manage rental housing for elderly people, to sell nursing care goods and to deliver meals. Starting with the opening of a house for elderly people, which is now called “Amille Ofuku”, in Ofuku, South District, Okayama City in the same month, the Target Company has been engaging mainly in the provision of housing for elderly people who require some level of care, as well as living support and nursing care services, including meal delivery. The Target Company has been committed to providing “high-quality housing and support living of elderly people who need nursing care” with the aim of achieving “normalization (meaning ordinary living)” of disabled individuals. The Target Company has been a pioneer in the nursing care service sector with respect to providing lower-cost nursing homes, abolishing the lump-sum payment requirement for moving-in, and providing nursing care tailored to customers, rather than facility-based standardized services. The shares in the Target Company were registered with Japan Securities Dealers Association for over-the-counter trade in April 2004 and listed for trade on the JASDAQ market in December 2004. The shares are now traded on the JASDAQ market of the TSE.

The Target Company Group comprises the Target Company and 10 subsidiaries. Among the services offered by the Target Company Group, nursing care services fall within the “home care service” under the Long-Term Care Insurance Act (Act No. 123 of 1997, as amended) and the

Target Company Group is registered as such a service provider in each of the municipalities where the Target Company Group is providing fee-based nursing homes, group homes, at-home nursing care, homecare support, small-scale multi-purpose senior residence with nursing care service and other similar services to persons that were issued Certifications of Needed Long-Term Care and persons that were issued Certifications of Needed Support. The fee-based nursing homes are branded as “Amille”, “Amille Residence” or “S Amille”.

The Target Company Group offers fee-based nursing homes under the brand name of “Amille,” “Amille Residence” and “S Amille.” The Target Company also offers rental housing for elderly people with long-term nursing care services under the brand of “C Amille”, which meet the facility requirements and provide living support services in accordance with the Law Amending a Part of the Act on Securement of Stable Supply of Elderly Persons' Housing (Act No. 26 of 2001, as amended). Moreover, in anticipation of increasing demand for at-home services, the Target Company started offering “Z Amille”, which is to provide nursing care services like fee-based nursing homes at the homes of customers, in February 2015. The Target Company envisions expanding the area where Z Amille is available to customers primarily in the Tokyo metropolitan area.

The Target Company operates 183 fee-based nursing homes and 125 serviced rental housing for elderly people, etc. throughout Japan, primarily in the Tokyo metropolitan area, by which it provides residence to more than 15,000 elderly people. The Target Company also provides nursing care services to more than 27,000 elderly people per month from more than 400 stations.

Through research and analysis of the nursing care business, the Company's group noticed that the Target Company was not only a very competitive service provider in terms of business size but also a corporation with comprehensive nursing care services, including a broad range of both facility-based services and at-home services, available to meet various needs of customers. The Company's group hence came to conclude that the Target Company would be the best business partner for the Company's group to fulfill its desire to become a “true service provider” in the nursing care sector. In March 2015, the Company executed the capital and business alliance agreement with the Target Company and acquired 703,500 stock shares, representing 3.50% of the outstanding shares in the Target Company, from Mr. Toshiaki Hashimoto, the founder and the Representative Director and Chairman of the Target Company. Under the Alliance, it was agreed that the Company's group would cooperate in the expansion of the nursing care business by the Target Company, utilizing the business and customer base of the Company's group, and the Target Company would cooperate in the development of insurance and financial products to respond to the needs of the aging society by the Company's group, utilizing the Target Company's knowhow in the nursing care sector. Moreover, it was agreed that both parties should jointly explore developing new services to respond to issues that arise in the super-aged society and the change of the needs of customers, utilizing their respective management resources. Cooperation in a wide range of business sectors, including development of consulting service to address the leave-for-care issue and new insurance products to better respond to an aging society have been jointly considered and discussed through the Alliance. Sharing the view that at-home nursing care is the preferred model for the future, both parties have been jointly promoting and expanding the “Z Amille”, which is the full-package at-home nursing care service offered by the Target Company.

The Company has been accumulating experience in the nursing care business, utilizing the management resources and knowhow of the Company's group. The Company came to believe that it would be important to strengthen business initiatives in the promising nursing care service market and acquire a top class position in the nursing care sector promptly through expansion of business size, enhanced operational efficiency and improved service quality. The Target

Company also believes that its immediate task is to improve service quality in its facilities, enhance management efficiency and productivity and strengthen its corporate governance, in particular, the risk management system. Both parties concluded that further collaboration in concert would enable sustainable provision of valuable services in the nursing care sector.

In late September, 2015, the Company solicited the views of Mr. Hashimoto, the founder and one of the Prospective Tendering Shareholders, as to the possibility of the Transactions towards making the Target Company a consolidated subsidiary of the Company. Through discussion, Mr. Hashimoto and the Company came to share the vision towards achieving the greatest and highest-quality nursing care business in Japan and reforming the country's nursing care business, and agreed that the Target Company should become a subsidiary of the Company in order to further enhance cooperation between the Company and the Target Company and improve the implementation of the measures set forth below to increase the corporate value of both parties. Afterwards, in early October, the Prospective Tendering Shareholders, including Mr. Hashimoto, offered that the Prospective Tendering Shareholders would be willing to sell their shares at a price per share lower than a price to be offered by the Company to shareholders of the Target Company other than the Prospective Tendering Shareholders as an indication of their commitment as major shareholders to secure making the Target Company a consolidated subsidiary of the Company. Accordingly, the Company began making a concrete plan to implement the Transactions.

In late October 2015, the Company explained to the Target Company about making the Target Company a consolidated subsidiary of the Company with a view to constructing in the Target Company a management system to run the business as a member company of the Company's group and promote further cooperation and increase the corporate value of both parties. Through discussion, the Company and the Target Company came to agree on a framework of the Transactions under which the Target Company would become a consolidated subsidiary of the Company through the acquisition by the Company of all of the shares owned by the Prospective Tendering Shareholders in the First Tender Offer, followed by the additional acquisition of shares in the Second Tender Offer. The Prospective Tendering Shareholders also agreed to the framework of the Transactions.

The Company's group and the Target Company's group have a business base in "insurance" and "nursing care" respectively, and both parties have been promoting the nursing care and related businesses, sharing management resources and knowhow that each group did not have on its own. Both parties believe that making the Target Company a consolidated subsidiary of the Company through the Transactions would make it possible to directly invest the management resource and knowhow of the Company, which is accumulated through the wide network and various group activities of the Company's group, into the Target Company and thereby promoting business in the nursing care market as one group.

The Company and the Target Company is considering the implementation of the following measures with a view to further increasing the corporate value of both parties:

(a) Establishment of Internal Controls aimed at Improvement of Quality of Nursing Care Service

Properly drawing on the governance, compliance and risk control management knowhow of the Company, the Target Company Group will establish an effective governance and internal control systems, which will enable it to provide high-quality nursing care service to contribute to the security, health and wellbeing of customers in a sustainable fashion.

(b) Utilization of Information and Communication Technology and Digital Technology

The Target Company will achieve sophistication in the nursing care business of the Company's group and the Target Company Group through adoption or utilization of information and communication technology such as information management systems, digital devices and sensor technology in such areas as operational record keeping, help staff labor management, operational information sharing and security management with a view to reducing burdens on help staff and enabling the provision of safe and secure services in a sustainable fashion.

(c) Enhanced Productivity by Unification and Integration of Business

Integrating the nursing care business of the Company and the business of the Target Company on a step-by-step basis in terms of the utilization of shared business systems and the consolidation of both of their respective middle-to-back office functions, the Company and the Target Company would improve productivity in the nursing care business as one group.

(d) Improvement of Working Conditions of the Help Staff and Promotion of Their Recruiting and Training

The Target Company will improve the working conditions of the help staff of the nursing care business of both groups by enhancing productivity through the utilization of information and communication technology and digital technology. The Target Company will establish a system enabling it to systematically recruit and train help staff suitable for the provision of nursing care services, utilizing the human resource management knowhow accumulated in the Company's group.

(e) Collaboration with the Nursing Care Business Committee of the Company's group

The Company will set-up an internal consulting committee in charge of the nursing care business. The discussions and advice of the committee will be provided to the Target Company to be reflected in its business activities with a view to developing and implementing progressive nursing care services. The committee members will be appointed from among people with a suitable background and knowledge from both the academic and business worlds. The committee will verify and analyze various challenges facing the nursing care business in Japan, hold discussions for resolution of such challenges, and give advice concerning the nursing care business strategy of the Company's Group and the direction in which the Company's group is to steer its nursing care business.

(f) Collaboration in New Business Generation

Through consolidated utilization of the management resources and knowhow, including human resource, technology and information, of the Company's group and the Target Company Group, we will aim to generate and grow innovative services in the nursing care market and address a variety of needs of our customers.

As described in detail in the foregoing, the Company's group and the Target Company's group came to conclude that it would be desirable for the Target Company to become a consolidated subsidiary of the Company for the purpose of realizing an increase in the corporate value of both parties and generating innovative business models welcomed by many elderly people and their families in the nursing care sector, utilizing their respective management resources and knowhow. The Board of Directors of the Company approved the implementation of the First Tender Offer as the first phase of the Transactions on December 18, 2015.

b. Management Policy After the Completion of the Dual Tender Offers

As publicized in the Target Company's press release dated December 7, 2015 regarding "Notice of the Results of the Examination by the Independent Third-Party Examination Committee and the Measures to Be Taken by the Target Company" and "Notice Concerning Disciplinary Action against Officers of the Company and New Organizational Structure" dated December 18, 2015, in connection with the maltreatment of customers and other unlawful conducts by the help staff of the facilities run by the Target Company, the Target Company received a report (the "Committee Report") of a third-party committee comprised of independent persons that examined these cases. The report included fact-finding and analysis of the irregularities and their causes, identified the responsible persons, recommended preventive and remedial measures. The Target Company determined that the officers' compensations should be reduced in order to clarify where the responsibility lies but that its current officers should continue to fulfill their respective responsibilities for the time being to press forward remedial measures and reconstruction measures. The Target Company also determined to introduce a new organization structure, and already started actions to reform the facility management system and corporate governance system.

The Company supports such actions by the Target Company in anticipation that the current management of the Target Company, with their deep knowledge and experience in the nursing care business, will discharge their responsibilities in improving the facility management. However, the Committee Report indicates that the Target Company group is facing challenges in its internal control. After the completion of the Dual Tender Offers, the Company will exercise the shareholders' rights appropriately in order to establish effective management system in the Target Company.

Given the foregoing, the Company and the Target Company agreed in the MOU to implement the following measures in respect of the management structure of the Target Company after the completion of the Dual Tender Offers, which measures would be effectuated on and after the ordinary shareholders meeting of the Target Company scheduled for June 2016. For your information, no specific officer candidates whose names are to be submitted to the said shareholders meeting have yet been determined:

- Three individuals designated by the Company shall be presented to said shareholders meeting as the nominees to be appointed as the members of the board of directors of the Target Company;
- The total number of directors after said shareholders meeting shall be ten, in principle.
- One individual designated by the Company shall be presented to said shareholders meeting as the nominee to be appointed as a corporate auditor of the Target Company;
- The total number of corporate auditors after said shareholders meeting shall be four, in principle.
- One representative director of the Target Company shall be appointed from among the directors as designated by the Company;
- The corporate name of the Target Company shall be changed to "Sompo Care Message, Inc."; and



- The branding of the nursing care businesses of the Target Company shall be determined through mutual discussion between the Company and the Target Company.

The Company and the Target Company agreed in the MOU that, after making the Target Company a Subsidiary, they would determine the arrangements concerning management of the Target Company.

### **(3) Determination of the First Tender Offer Price**

Since it is assumed that only the Prospective Tendering Shareholders will apply to the First Tender Offer, when determining the First Tender Offer Price, the Company conducted arm's length negotiations with the Prospective Tendering Shareholders multiple times during and after late October 2015 and, in the Tender Offer Agreement dated December 18, 2015, the Company reached an agreement to acquire the Prospective Tendered Shares (6,964,800 shares; Shareholding Ratio: 34.69%) at the price of 2,500 yen per share. Consequently, the Company determined the First Tender Offer Price to be 2,500 yen per share. As to the details of the determination of the First Tender Offer Price, please refer to "(i) Basis of Calculation" and "(ii) Background of Calculation" of "(4) Basis of Calculation for Tender Offer Price" of "2. Overview of the Tender Offer" below.

### **(4) Matters Concerning Material Agreements Related to the Dual Tender Offers**

#### **a. MOU**

With regards to the Dual Tender Offers, the Company and the Target Company executed the MOU as of December 18, 2015. The MOU provides for the purpose and background, etc. of Making the Target Company a Subsidiary stated in "(1) Overview of the Tender Offer" above and management policy, etc. stated in "(ii) Management Policy after the Dual Tender Offers" of "(2) Purpose and Background of the Dual Tender Offers, and Management Policy after the Dual Tender Offers", above. Under the MOU, the Target Company agrees that (i) if the Company determines to commence the Second Tender Offer, the Target Company will legally and validly make, at a meeting of the Target Company's board of directors, a resolution to express an opinion to the effect that the Target Company will support the Second Tender Offer and that, although it is considered that the Second Tender Offer Price has a certain degree of reasonableness, the decision as to whether to apply for the Second Tender Offer will be deferred to each of its shareholders (the "Resolution Expressing Support for the Second Tender Offer") and will thereafter announce such resolution, (ii) the Target Company will change or revoke neither the resolution to express an opinion in support of the First Tender Offer (the "Resolution Expressing Support") nor the Resolution Expressing Support for the Second Tender Offer, (iii) the Target Company will not directly or indirectly induce or solicit a third party to make an offer for a transaction that conflicts or is likely to conflict with the Dual Tender Offers or Making the Target Company a Subsidiary or provide a third party with information regarding such transaction, and (iv) the Target Company will execute its business or cause its subsidiaries and affiliates to execute their business within the ordinary scope of business until the management structure of the Target Company is established after Making the Target Company a Subsidiary (the matters set forth in (i) through (iv) above are hereinafter referred to as the "MOU Covenants"); provided, however, that if it is reasonably considered that the performance of the obligations of (i) and (ii) above by the Target Company's board of directors is likely to cause each director and corporate auditor of the Target Company to be in violation of their duty to exercise the due care of a prudent manager, the Target Company will not be obliged to perform such obligations. In addition, if the Target Company presents to the Company a reasonable reason that the performance of the obligation of (iii) above by the Target Company's board of directors is likely to cause each director and corporate auditor of the Target Company to be in violation of their duty to exercise the due care of a prudent manager in relation to the examination of a competing proposal from a third party, the Company will provide

reasonable cooperation not to cause each director and corporate auditor of the Target Company to be in violation of such duty to exercise the due care of a prudent manager.

The details of the Conditions Precedent set forth in the MOU, which are the conditions precedent for the Company's obligation to launch the Second Tender Offer after the consummation of the First Tender Offer, are as stated below. The Company may, at its discretion, launch the Second Tender Offer after waving all or part of the Conditions Precedent.

(a) No new event that falls within any of the events of cancellation of the application for the Second Tender Offer as set forth in laws and regulations has occurred or has been discovered;

(b) At a meeting of the Target Company's board of directors, the Resolution Expressing Support for the Second Tender Offer has been legally and validly made and has been announced and such resolution has not be changed or revoked;

(c) There is no prospect that the purpose of the MOU will not be achieved because the obligations (Note 1) to be performed or complied with by the Target Company under the MOU have not been performed or complied with in any material respect;

(d) The matters (Note 2) that the Target Company represents and warrants to the Company as of the execution date of the MOU and the commencement date of the Second Tender Offer are true and correct in all material respect, or any breach of the Target Company's representations and warranties will not have a material adverse effect on the completion of the Second Tender Offer;

(e) Except for the matters that the Company has recognized or may recognize prior to the execution date of the MOU, no event or matter that has a material adverse effect on the businesses, assets, liabilities, financial conditions, operating results, cash flow status, or future earnings plans of the Target Company Group has occurred or been discovered or is likely to occur or be discovered;

(f) There is no law or regulation, or order, disposition or judgment by a court or other judicial, administrative or self-regulatory agency that places restrictions on or prohibits the launch of or the application for the Second Tender Offer, and there is no pending petition, litigation or procedure that is likely to have a material adverse effect on the launch of the Second Tender Offer;

(g) There is no material fact regarding the Target Company, as defined in Article 166, Paragraph 2 of the Act, and no fact regarding the launch or suspension of a tender offer, etc., as defined in Article 167, Paragraph 2 of the Act (collectively, the "Target Company's Material Facts") that has not yet been announced (except for cases where the Second Tender Offer falls under the case set forth in each item of Article 166, Paragraph 6 of the Act or each item of Article 167, Paragraph 5 of the Act);

(h) (x) The notification of the plan for the acquisition of shares (as set forth in Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Act No. 54 of 1947, as amended; the "Anti-Monopoly Act"), which is necessary for the Second Tender Offer, has been accepted by the Japan Fair Trade Commission (the "JFTC") and (y) the Company has received no request for report, etc. as set forth in Article 10, Paragraph 9 of the Anti-Monopoly Act or notice as set forth in Article 50 of the Anti-Monopoly Act from the JFTC; and

(i) At the time of Making the Target Company a Subsidiary, the notification regarding the acquisition of shares that the Company is required to make (pursuant to the provisions of Article 271-32, Paragraph 2, Item 3 of the Insurance Business Act ) has been or will certainly be, completed without adversely affecting the execution of Making the Target Company a Subsidiary.

However, with respect to the above-listed items (d) and (e), it is considered that the terms and conditions of each of such items have been satisfied unless it is reasonably deemed that the Company's launch of the Second Tender Offer is likely to cause the Company's respective directors or corporate auditors to be in violation of their duty to exercise the due care of a prudent

manager in a situation where any fact that is inconsistent with the terms and conditions set forth in each of such items has arisen.

(Note 1) Under the MOU, the Target Company assumes, in addition to an obligation regarding the MOU Covenants and a confidentiality obligation, (i) an obligation that if, on and after the execution date of the MOU, any matter having a material adverse effect on the Target Company Group's property conditions or business operation arises or the Target Company becomes aware that such matter is threatened to arise or if, on and after the execution date of the MOU, the Target Company becomes aware of any actual or threatened breach of its representations and warranties, the Target Company will give written notice of such matter or breach to the Company and (ii) an obligation to indemnify the Company for any damage, loss or expense incurred by the Company arising out of or in relation to any breach of the Target Company's representations and warranties set forth in (i) through (viii) of (Note 2) below and/or any breach of its obligations under the MOU.

(Note 2) Under the MOU, the Target Company represents and warrants that as of the execution date of the MOU and the respective dates of the commencement and settlement of the First Tender Offer and the Second Tender Offer (i) the Target Company is a corporation duly organized and validly existing, (ii) the Target Company has corporate power and authority necessary to execute and perform the MOU and has completed corporate procedures required for the execution and performance of the MOU, (iii) the MOU has been executed lawfully and validly and is enforceable against the relevant parties, (iv) any permit, approval or license or any other action that is required to be obtained in connection with the execution and performance of the MOU has been obtained or taken, (v) the execution and performance of the MOU are not in violation of any laws or regulations, internal rules, agreements or judicial or administrative agency judgments that are applicable to the Target Company, (vi) no petition for commencement of legal insolvency proceedings has been filed with respect to the Target Company, (vii) the total number of issued shares of the Target Company's common stock is 20,080,000 shares as of the execution date of the MOU, which have been legally and validly issued in their entirety, and there are no agreements or other arrangements that may require the issuance or disposition of the shares of the Target Company Group or the purchase or cancellation of such shares in whole or in part, and (viii) the Target Company Group or its officers and employees have and are expected to have no direct or indirect relationship with antisocial forces and, furthermore, the Target Company represents and warrants in respect of (ix) the matters regarding the Target Company Group's (a) scope of subsidiaries and related companies, (b) material agreements, (c) assets (including real estate and intellectual properties), (d) litigation and disputes, (e) permits, approvals or licenses, (f) accuracy of its securities reports and other relevant reports and its financial statements, (g) taxes, (h) payment of long-term care insurance benefits, (i) accidents, (j) compliance with laws and regulations, (k) accuracy of disclosed information, and (l) non-existence of undisclosed material facts.

Further, under the MOU, in the case where the Tender Offer is completed, and when the Second Tender Offer is not commenced until January 29, 2016, the Company and the Target Company shall discuss, in good faith, the subsequent response (including the handling of the Target Company Shares, which the Prospective Tendering Shareholders tendered in the First Tender Offer, when the Second Tender Offer is not commenced due to an event attributable to the Company (limited to the case where the Company breaches its obligations under the MOU)).

b. Tender Offer Agreement

In preparation for the First Tender Offer, the Company has entered into an agreement with the Prospective Tendering Shareholders, which include Mr. Toshiaki Hashimoto, the representative director and chairman of the Target Company, as of December 18, 2015 to the effect that the Prospective Tendering Shareholders shall tender all shares held by them as of the filing date of the Registration Statement (the number of the Target Company Shares held by Higashiune Shoji is 5,800,000 (Shareholding Ratio: 28.88%); the number of the Target Company Shares held by Ms. Takae Hashimoto is 600,000 (Shareholding Ratio: 2.99%); and the number of the Target Company Shares held by Mr. Toshiaki Hashimoto is 564,800 (Shareholding Ratio: 2.81%). The total number of shares held by the Prospective Tendering Shareholders is 6,964,800, representing a total Shareholding Ratio of 34.69%).

The Tender Offer Agreement sets forth the following conditions precedent for application by the Prospective Tendering Shareholders. The Prospective Tendering Shareholders may, at their discretion, apply for the First Tender Offer after waiving all or part of these conditions precedent.

- (a) The First Tender Offer has commenced legally and validly, and has not been withdrawn;
- (b) At a meeting of the Target Company's board of directors, a resolution to express the opinion to the effect that the Target Company supports the First Tender Offer has been legally and validly made with unanimous approval of all directors that participated in the resolution, such resolution has been announced, such opinion has not be changed or withdrawn, and it is surely anticipated that the Second Tender Offer Support Expressing Resolution will be legally and validly made;
- (c) Representations and warranties of the Company set forth in the Tender Offer Agreement (Note 1) are true and correct in any material respect;
- (d) The Company does not breach the obligations set forth in the Tender Offer Agreement (Note 2) in any material respect;
- (e) there is no law or regulation, or order, disposition or judgment by the Judicial or Administrative Agency or any other authorized organization that place restrictions on or prohibits the launch of the First Tender Offer or the application for the First Tender Offer by the Prospective Tendering Shareholders;
- (f) Any specific event that precludes launch of the Second Tender Offer has occurred; and
- (g) There is no Target Company's Material Facts that has not yet been announced, which will become known to the Prospective Tendering Shareholders only after the commencement of the First Tender Offer (except for cases where the sale of the Prospective Tendered Shares by the Prospective Tendering Shareholders through application to the Tender Offer does not breach Article 166 or Article 167 of the Act).

(Note 1) The Company represents and warrants, by the Tender Offer Agreement, as of the execution date of the Tender Offer Agreement and each of the commencement and settlement dates of the First Tender Offer that (i) the Company is a corporation duly organized and validly existing, (ii) the Company has corporate power and authority necessary to execute and perform the Tender Offer Agreement and has completed corporate procedures required for the execution and performance of the Tender Offer Agreement, (iii) the Tender Offer Agreement has been lawfully and validly executed and is enforceable against the relevant parties, (iv) procedures to obtain permits, approvals or licenses required in connection with the execution and performance of the Tender Offer Agreement have been completed and such permits, etc. have been obtained, (v) the execution and performance of the Tender Offer Agreement are not in violation of any laws or regulations, internal rules, agreements and decisions of judicial or administrative agencies that are applicable to the Company, and (vi) there does not exist any of relationship with antisocial forces and/or claims made using

forceful behavior or acts of violence.

- (Note 2) The Company assumes, in addition to an obligation to commence the First Tender Offer and a confidentiality obligation, an obligation (i) to make the utmost effort to ensure satisfaction of the conditions precedent for the obligations of the Prospective Tendering Shareholders (except for (b) and (g) above), (ii) to immediately give the Prospective Tendering Shareholders a written notice if, by the settlement date of the First Tender Offer, (A) there is any breach of the representations and warranties stated in Note 1 above or any breach of obligation under the Tender Offer Agreement, (B) it becomes impossible to satisfy the conditions precedent for performance of obligation by the Prospective Tendering Shareholders, or (C) any specific event that may reasonably trigger any of such situations occurs, and (iii) to indemnify the damage, loss or expense incurred by the Prospective Tendering Shareholders arising out of or in relation to any breach of the Company's representations and warranties stated in Note 1 above and/or breach of its obligations under the Tender Offer Agreement by the Company.

## **(5) Matters Concerning the Second Tender Offer**

### **a. Outline of the Second Tender Offer**

As stated in “(1) Overview of the Tender Offer” above, after the completion of the First Tender Offer, the Company intends to launch the Second Tender Offer with respect to all of the Target Company Shares, with the main aim of acquiring the Target Company Shares held by shareholders of the Target Company other than the Prospective Tendering Shareholders and thereby completing Making the Target Company a Subsidiary. The Company and the Target Company entered into the MOU as of December 18, 2015, and under the MOU, if the Conditions Precedent are satisfied, the Company is obliged to conduct the Second Tender Offer promptly after the settlement of the First Tender Offer; however, if the Conditions Precedent are not satisfied, the Company may not conduct the Second Tender Offer. As to the details of the MOU and the Conditions Precedent, please refer to “a. MOU” of “(4) Matters Concerning Material Agreements Related to the Dual Tender Offers” above. The Second Tender Offer provides an opportunity for shareholders of the Target Company other than the Prospective Tendering Shareholders to sell the Target Company Shares at the price (i) that is 1,000 yen (40.00%) higher than the First Tender Offer Price (2,500 yen) and (ii) that can be obtained by adding 48.68% premium to the closing price of the Target Company Shares on JASDAQ on December 17, 2015 (2,354 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer (rounded to the nearest hundredth of a percent; the same applies to the calculation of a premium rate and a discount rate). The Transactions are not to be implemented with an intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers as well; however, from the perspective of ensuring the opportunity for shareholders of the Target Company, other than the Prospective Tendering Shareholders, who wish to sell the Target Company Shares at the Second Tender Offer Price, no maximum or minimum number would be set on the number of shares intended to be purchased at the Second Tender Offer.

The tender offer period for the Second Tender Offer (the “Second Tender Offer Period”) will be from January 29, 2016 to February 29, 2016 (i.e., 21 business days). The commencement date of the Second Tender Offer Period may be delayed or the Second Tender Offer Period may be

changed if the Company extends the tender offer period for the First Tender Offer (the “First Tender Offer Period” or the “Tender Offer Period”) for any compelling reason or there is any other compelling equivalent reason for such extension of the Tender Offer Period. In such cases, the Company will commence the Second Tender Offer as soon as practically possible.

If the First Tender Offer fails to complete, the Company will not conduct the Second Tender Offer.

b. Reasons for Conducting Staggered Tender Offers

As stated in “c. Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price” below, as for the Transactions, the Prospective Tendering Shareholders have agreed that they would receive a lower price per share of the Target Company Shares than what would be received by other shareholders of the Target Company. However, under the Act, it is not allowed to offer different prices in one tender offer with respect to the identical class of shares. It is also pointed out that it is not allowed in practice under the Act that a single tender offeror simultaneously conducts multiple tender offers with different prices.

Therefore, the Company will conduct staggered tender offers: i.e., (a) the First Tender Offer that aims to acquire the Prospective Tendered Shares at a price lower than the Second Tender Offer Price and (b) the subsequent Second Tender Offer that aims to acquire shares from shareholders of the Target Company other than the Prospective Tendering Shareholders at a price higher than the First Tender Offer Price.

Since the Company is planning to conduct the Transactions on the assumption that the Company is able to acquire the Prospective Tendered Shares from the Prospective Tendering Shareholders at the First Tender Offer Price, which is lower than the Second Tender Offer Price, in order to ensure the certainty of the acquisition of the Prospective Tendered Shares at the First Tender Offer Price from the Prospective Tendering Shareholders, the Company will first conduct the First Tender Offer with the aim to acquire the Prospective Tendered Shares, and subsequently, the Company will conduct the Second Tender Offer with the aim to acquire the Target Company Shares held by shareholders of the Target Company other than the Prospective Tendering Shareholders at the price higher than the First Tender Offer Price.

c. Reasons for Difference between the First Tender Offer Price and the Second Tender Offer Price

The Company conducted arm’s length negotiations with the Prospective Tendering Shareholders and reached an agreement to acquire the Prospective Tendered Shares at the First Tender Offer Price (2,500 yen per share). In parallel with such negotiation with the Prospective Tendering Shareholders, for the purpose of providing shareholders of the Target Company other than the Prospective Tendering Shareholders with opportunities to sell the Target Company Shares at a price with a premium over the current market price, the Company consulted and negotiated with the Target Company about acquisition of the Target Company Shares held by such shareholders at a price higher than the First Tender Offer Price.

On that basis, as stated in “d. Determination of Second Tender Offer Price” below, the Company finally determined on December 18, 2015 to set the Second Tender Offer Price to be 3,500 yen, by taking into consideration the share valuation results stated in the share valuation report concerning valuation of the Target Company Shares (the “Share Valuation Report”) received as of December 17, 2015 from Mizuho Securities Co., Ltd. (“Mizuho Securities”) and comprehensively taking into account such factors as (i) the result of due diligence of the Target Company conducted by the

Company, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Target Company Shares for past three (3) months, (iv) results of consultations and negotiations with the Target Company, (v) whether the Target Company's board of directors would support the Second Tender Offer and (vi) prospects of the shareholders' applications for the Second Tender Offer.

As stated above, the difference between the First Tender Offer Price and the Second Tender Offer Price is due to the following reasons: (a) they are the prices determined as a result of negotiations by the Company with different parties with different aims; (b) the Prospective Tendering Shareholders intend to sell the Target Company Shares held by them at a price lower than the purchase price offered by the Company to other shareholders of the Target Company from the perspective of giving support to the attainment of Making the Target Company a Subsidiary, because, if it is attained, it enhances the collaborative relationship between the Company and the Target Company and thereby facilitates proactive implementation of measures for the improvement of the corporate value of the Target Company and, as a result, contributes to the improvement of the corporate value of the Target Company; and (c) the Prospective Tendering Shareholders have agreed that they would receive a lower price per share of the Target Company Shares than what would be received by other shareholders of the Target Company.

d. Determination of Second Tender Offer Price

In determining the Second Tender Offer Price, the Company requested Mizuho Securities, which is a third-party appraiser independent from the Company and the Target Company, to conduct a valuation of the shares of the Target Company, and referred to the Share Valuation Report received as of December 17, 2015. The Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from Mizuho Securities.

Mizuho Securities calculated the value of the Target Company Shares by using the average market price method and the Discounted Cash Flow method (the "DCF method"). The ranges of the per-share value of shares of the Target Company, as calculated under each of the above methods, are as follows:

Average market price method: 2,352 yen to 3,202 yen

DCF Method: 3,240 yen to 4,269 yen

Under the average market price method, by setting the base date for the valuation as December 17, 2015, the range of the per share value of the Target Company's shares was calculated to be 2,352 yen to 3,202 yen per share, based upon the closing price on the base date (2,354 yen), and the simple average closing price for the one (1) week (2,352 yen) (rounding off amounts that are less than 1 yen; the same applies to the calculation of the simple average closing price), the one (1) month (2,745 yen), the three (3) months (2,772 yen) and the six (6) months (3,202 yen) immediately prior to the base date of the Target Company's shares on the JASDAQ.

Under the DCF method, Mizuho Securities calculated the value of the Target Company shares by discounting the cash flows that the Target Company is expected to generate in or after the fiscal year ending March 2016 to present value, using certain discount rates, and determined the range of the per-share value of the Target Company to be 3,240 yen to 4,269 yen. It was based on assumptions derived from multiple sources, including the Target Company's business plans from the fiscal year ending March 2016 to the fiscal year ending March 2025, the trends of business

achievement of the Target Company in the previous fiscal year, and publicly available information. As for the financial forecasts concerning the Target Company that constitute the assumption on which the DCF method is based, there is no business year for which a substantial increase or decrease of profits is anticipated.

The Company finally determined on December 18, 2015 to set the Second Tender Offer Price to be 3,500 yen, by taking into consideration the share valuation results stated in the Share Valuation Report received from Mizuho Securities and comprehensively taking into account such factors as (i) the result of due diligence of the Target Company conducted by the Company, (ii) examples of premiums actually placed in tender offers conducted by parties other than issuers, (iii) market prices of the Target Company Shares for past three (3) months, (iv) results of consultations and negotiations with the Target Company, (v) whether the Target Company's board of directors would support the Second Tender Offer and (vi) prospects of the shareholders' tenders for the Second Tender Offer.

The Second Tender Offer Price (3,500 yen) is the price that can be obtained by adding (i) 48.68% premium to the closing price of the Target Company Shares on JASDAQ on December 17, 2015 (2,354 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer, (ii) 27.50% premium to the simple average closing price for the one (1)-month period ending on the said date (2,745 yen), (iii) 26.26% premium to the simple average closing price for the three (3)-month period ending on the said date (2,772 yen) and (iv) 9.31% premium to the simple average closing price for the six (6)-month period ending on the said date (3,202 yen), respectively.

**(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest**

According to the Notice by the Target Company, upon the resolution by the Target Company with respect to the issuance of its opinion on the Dual Tender Offers and the execution of the MOU, the Target Company took the following measures to deliberately consider the Dual Tender Offer and to ensure the fairness and appropriateness of the Dual Tender Offer, considering the fact that the Company and the Prospective Tendering Shareholders, who are principal shareholders including a major and the largest shareholder, entered into the Tender Offer Agreement and that it is possible that the interests of the Company and that of the Prospective Tendering Shareholders do not necessarily match.

**a. Advice from Independent Law Firm by the Target Company**

According to the Notice by the Target Company, the Target Company received legal advice regarding the decision-making process, methods to make decisions when expressing its opinion regarding the Dual Tender Offers and other matters upon implementing the Transactions from Anderson Mori & Tomotsune, a legal advisor independent from the Target Company and the Company, in order to ensure the fairness and appropriateness of the decision-making by the board of directors of the Target Company concerning the Transactions including the Dual Tender Offers.

**b. Obtaining Share Valuation Reports from Independent Third-party Appraiser of the Target Company**



According to the Notice by the Target Company, in considering the Second Tender Offer Price presented by the Company and determining its opinion on the Second Tender Offer, the Target Company requested Nomura Securities, which is a third-party appraiser independent from the Target Company and the Company, to conduct a valuation of the share value of the shares of the Target Company. Nomura Securities is not a related party of the Target Company or the Company, and does not have any material interest regarding the Dual Tender Offers.

After considering the analysis methods appropriate for the valuation of the shares of the Target Company from a number of share valuation methods, and based on the assumption that the Target is a going concern and the idea that it is appropriate to value the shares of the Target Company from various perspectives, Nomura Securities conducted the valuation of shares by using the (a) average market price method taking into consideration of the trends of a market price and (b) DCF Method taking into consideration details or forecasts of financial results of the Target Company, and the Target Company obtained share valuation report on share value of the Target Company (the “Target Company’s Share Valuation Report”) on December 17, 2015. The Target Company has not obtained any opinion on the fairness of the Second Tender Offer Price (a fairness opinion) from Nomura Securities.

According to the Target Company’s Share Valuation Report, the adopted methods and the ranges of the per-share value of shares of the Target Company, as calculated under the relevant methods, are as follows:

Average market price method:	2,352 yen to 2,772 yen
DCF Method:	3,005 yen to 4,759 yen

Under the average market price method, by setting the base date for the valuation as December 17, 2015, the range of per share value of the Target Company’s shares was analyzed to be 2,352 yen to 2,772 yen per share, based upon the closing price on the base date (2,354 yen), and the simple average closing price for the past five (5) business days (2,352 yen), the past one (1) month (2,745 yen), and the past three (3) months (2,772 yen) immediately prior to the base date of the Target Company’s shares on the JASDAQ.

Under the DCF method, Nomura Securities analyzed the corporate value or share value of the Target Company by discounting the free cash flows that the Target Company is expected to generate in or after the third quarter of fiscal year ending March 2016, to present value using certain discount rates and analyzed the range of per-share value of the Target Company to be 3,005 yen to 4,759 yen. It was based on assumptions derived from multiple sources, including profit and investment projects in the Target Company’s business plans from the fiscal year ending March 2016 to the fiscal year ending March 2021, and publicly available information.

In addition, no significant increases or decreases in profit are anticipated in the forecast of the Target Company’s financial results used for analysis of the DCF Method. Business plans, on which the DCF Method was based, were not based on the assumption of implementing the Dual Tender Offers, and thus, effects of various measures after the Dual Tender Offers are not taken

into consideration.

- c. Unanimous Approval by the Non-Interested Directors and No Objection from Corporate Auditors of the Target Company

According to the Notice by the Target Company, based on the legal advice from Anderson Mori & Tomotsune, terms and conditions of the Transactions including the Dual Tender Offers and the contents of the Target Company's Share Valuation Report obtained from Nomura Securities, the Target Company resolved, at the board of directors' meeting of the Target Company held on December 18, 2015, as follows:

The Target Company entered into a capital and business alliance with the Company in March 2015, and since then, it has made efforts to develop and disseminate valuable new services for elderly people and their families by merging its knowhow of comprehensive nursing care services with the broad network held by the Company. In the nursing service industry, although a demand increase is anticipated and the social significance of the industry is increasing year by year, the business environment is becoming more severe due to various factors, including the need to respond to social demand (e.g., changes in the fees for nursing care under the nursing care insurance system) and entry into the market by competitors from other industries. The present challenge of the Target Company is to enhance its competitiveness by strengthening its administration system (including securing and training human resources and improving the business efficiency and sophistication of its provided services. Under this business environment, the Target Company believes that deepening its alliance with the Company's group, which is enhancing its efforts in the nursing care market, and with which the Target Company has already formed an alliance, would greatly contribute to increasing the corporate value of the Target Company. Specifically, as stated in "a. Purpose and Background of Decision to Conduct the Dual Tender Offers" of "(2) Purpose and Background of Decision to Conduct the Dual Tender Offers and Management Policy After the Dual Tender Offers" above, the Target Company determined that it can further increase its corporate value through (a) establishment of internal controls aimed at improvement of quality of nursing care service, (b) utilization of information and communication technology and digital technology, (c) enhanced productivity by unification and integration of business, (d) improvement of working conditions of the help staff and promotion of their recruiting and training, (e) collaboration with the nursing care business committee of the Company's group, and (f) collaboration in new business generation. The Target Company reached the conclusion that, in order to continue to flexibly enhance its management amid a drastically changing market environment, it would be desirable to build a management structure under which the Target Company and the Company can mutually provide and utilize the business infrastructure, business knowhow and management resources of the other party while the Target Company maintains a certain degree of autonomy and independence, and therefore, Making the Target Company a Subsidiary is the best measure to take in order to increase corporate value of the Target Company. The Target Company believes that this measure will enable the Target Company (i) to strengthen its management base, and compliance and administration system by further utilizing management resources of the Company, (ii) to maintain flexible fund-raising ability and social credibility because the Target Company's shares would continue to be listed, and (iii) to allow its stakeholders enjoy the benefit of the Target Company's increased corporate value.

Further, the Target Company withheld the decision of the appropriateness regarding the First Tender Offer Price and determined that it is appropriate to defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer, given that (i) the First Tender Offer Price is agreed between the Prospective Tendering Shareholders and the Company upon their negotiation, and it is assumed that only the Prospective Tendering Shareholders will apply for the First Tender Offer, and on the other hand, it is assumed that shareholders other than the Prospective Tendering Shareholders will not apply therefor, and (ii) for shareholders other than the Prospective Tendering Shareholders, the Company will conduct the Second Tender Offer, the tender offer price for which is a higher price than the First Tender Offer Price, promptly after the settlement of the First Tender Offer. With respect to the Second Tender Offer Price, the board of directors of the Target Company determined, at its meeting, that it will defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer, given that the Second Tender Offer Price has a certain degree of reasonableness based on the Target Company's Share Valuation Report obtained from Nomura Securities, and that the Transactions are not to be implemented with an intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers.

The Target Company, based on each of the above decisions, resolved, at the board of directors' meeting of the Target Company held on December 18, 2015, that the Target Company would issue an opinion in support of the First Tender Offer, withhold its opinion concerning the appropriateness of the First Tender Offer Price, and defer to the decision of each shareholder of the Target Company as to whether to apply for the First Tender Offer. Furthermore, with respect to the Second Tender Offer, as of December 18, 2015, the board of directors of the Target Company resolved, at its meeting, that the Target Company is in support of the Second Tender Offer if the Second Tender Offer is to be conducted and defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer.

Of the seven (7) directors of the Target Company, all of the directors excluding Mr. Toshiaki Hashimoto, six (6) directors, participated in the above board of directors' meeting of the Target Company. All of the above resolutions of the Target Company's board of directors' meeting were adopted by a unanimous vote of all Directors present. Regarding the decision-making on the Dual Tender Offers at the board of the directors of the Target Company, since Mr. Toshiaki Hashimoto has entered into the Tender Offer Agreement with the Company, he did not participate in the discussion or resolution, and did not attend the above board of directors' meeting, in order to enhance the fairness and the objectivity in the process of decision-making at the Target Company's board of directors' meeting regarding the Dual Tender Offers and the MOU, and to avoid conflicts of interest.

Further, all three (3) corporate auditors of the Target Company attended the above board of directors' meeting of the Target Company, and stated that they had no objections to the above resolutions.

**(7) Plans to Acquire Additional Shares of the Target Company following the Dual Tender Offers**

After the completion of the Dual Tender Offers, the Company plans to acquire the Target Company's shares that are held by Sompo Japan Nipponkoa, a wholly-owned subsidiary of the Company, through dividend of surplus or other methods.

Since the Company aims at making the Target Company a consolidated subsidiary through the Transactions, in the case where the Company is able to acquire a majority of the voting rights of the Target Company's shares (10,060,100 shares, Shareholding Ratio: 50.10%) through the Dual Tender Offers, at present, the Company does not plan to acquire additional shares of the Target Company, other than the acquisition from above Sompo Japan Nipponkoa. On the other hand, in the case where the Company is unable to acquire a majority of the voting rights of the Target Company's shares through the Dual Tender Offers, the Company plans to discuss a policy with the Target Company, and at present, a specific policy has not been determined; however, the Company plans to consider a response, including the possibility of acquiring additional shares of the Target Company, taking into consideration the situation after the Dual Tender Offers. If the First Tender Offer has not been completed, the Company will not implement the Second Tender Offer.

#### **(8) Prospects of Delisting**

As of this date, the Target Company Shares are listed on JASDAQ. The Transactions are not intended to delist the Target Company Shares and the Company and the Target Company plan to maintain the Target Company Shares listed after the completion of the Dual Tender Offers. The Company is launching the First Tender Offer subject to a maximum number of shares to be purchased of 9,336,400 shares (Shareholding Ratio: 46.50%), and therefore, listing of the Target Company Shares is expected to be maintained after the completion of the First Tender Offer. On the other hand, the Company plans to launch the Second Tender Offer through which the Company plans to purchase the Target Company Shares that are held by shareholders of the Target Company other than the Prospective Tendering Shareholders. The Company does not plan to set a maximum and minimum number of shares to be purchased for the Second Tender Offer in order to provide an opportunity for all shareholders of the Target Company, other than the Prospective Tendering Shareholders, to sell shares at the Second Tender Offer Price.

For this purpose, depending on the result of the Second Tender Offer, the Target Company Shares may be delisted through the prescribed procedures when the Target Company Shares meet any of the following JASDAQ delisting criteria or any other delisting criteria: (a) in the case where the number of shareholders becomes less than 150 as of the end of the fiscal year and the number of shareholders does not become more than 150 within one (1) year, (b) in the case where the number of tradable shares (the number of listed shares after deducting (i) the number of shares held by officers (directors, accounting advisors, corporate auditors and executive officers), (ii) number of shares held by shareholders holding at least 10% of the number of issued shares (excluding shares clearly identified as not being held under stable ownership) and (iii) treasury shares) becomes less than 500 units as of the end of the fiscal year and the number of tradable shares does not become more than 500 units within one (1) year, and (c) in the case where the market capitalization of tradable shares becomes less than JPY 250 million and the market capitalization of tradable shares does not become more than JPY 250 million within one (1) year.

As a result of the Second Tender Offer, if the Target Company Shares fall within the delisting criteria for any reason, the Company will, upon discussion and consideration with the Target Company in good faith with respect to measures to avoid delisting such as off-auction distribution or offering, implement measures agreed to continuously maintain listing of the Target Company

Shares within one (1) year, which is the grace period for delisting. No matters are determined at present with respect to the specific response, details of implementation and terms and conditions of the above measures.

## 2. Overview of the Tender Offer

### (1) Outline of the Target Company

(i)	Name	Message Co., Ltd.	
(ii)	Address	522-1, Nishiichi, Minami-ku, Okayama-shi	
(iii)	Title and Name of Representative	Toshio Sato, Representative Director and President	
(iv)	Description of Business	In-home service business, rental, administration and operation of residences for the elderly, and management of fee-based homes for the elderly, etc. pursuant to the Long-Term Care Insurance Act	
(v)	Stated Capital	3,925,160,000 yen (as of September 30, 2015)	
(vi)	Date of Incorporation	May 26, 1997	
(vii)	Major Shareholders and Shareholding Ratios (as of September 30, 2015)	Yugen Kaisha Higashiune Shoji	28.88%
		CMBL S.A RE MUTUAL FUNDS (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	4.06%
		Sompo Japan Nipponkoa Insurance Inc.	3.50%
		TAIYO HANEI FUND, L.P. (Standing Proxy: Citibank Japan Ltd.)	3.12%
		Takae Hashimoto	2.98%
		STATE STREET BANK AND TRUST COMPANY (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Division)	2.98%
		Japan Trustee Services Bank, Ltd. (Trustee account 9)	2.94%
		Toshiaki Hashimoto	2.81%
		JP MORGAN CHASE BANK 385632 (Standing Proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	2.15%
		THE BANK OF NEW YORK MELLON SA/NV 10 (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1.94%
(viii)	Relationship between the Tender Offeror and the Target Company (as of December 18, 2015)		
	Capital Relationship	Sompo Japan Nipponkoa, which is a subsidiary of the Tender Offeror, holds 703,500 shares (Shareholding Ratio: 3.50%) of the Target Company Shares.	
	Personal Relationship	Five employees of Sompo Japan Nipponkoa, which is a subsidiary of the Tender Offeror, are seconded to the Target Company.	
	Business Relationship	Not applicable. There are general insurance transactions between Sompo Japan Nipponkoa, which is a subsidiary of the Tender Offeror, and the Target Company; however, there are no material transactions.	
	Status as a Related Party	Not applicable.	

(Note) The information regarding the Shareholding Ratios is extracted from “Status of Major Shareholders” in the Target Company’s 19th Business Period Second Quarterly Report.

(2) Timeline, etc.

(i) Timeline

Resolution of the Meeting of the Board of Directors	Friday, December 18, 2015
Date of the Public Notice of the Tender Offer	Monday, December 21, 2015 Public disclosure will be made electronically, and a notice of such disclosure will be published in the Nihon Keizai Shimbun. EDINET (electronic disclosure for investors’ network): ( <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Filing of the Registration Statement	Monday, December 21, 2015

(ii) Tender Offer Period as of the time of filing the Registration Statement

From Monday, December 21, 2015 through Monday, January 25, 2016 (20 business days)

(Note) As December 29 and December 30, 2015 fall on holidays of administrative organs pursuant to Article 8, Paragraph 1 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Enforcement Order”) and Article 1, Paragraph 1, Item 3 of the Act on Holidays of Administrative Organs, those days are not included in the Tender Offer Period; however, the Tender Offer Agent shall accept applications from shareholders wishing to tender their shares in the Tender Offer (“Tendering Shareholders”) also on December 29 and December 30, 2015, which are days not included in the Tender Offer Period.

(iii) Possible extension of the Tender Offer Period based on the Target Company’s request

If the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act, the Tender Offer Period shall be extended to 30 business days in Japan, until Monday, February 8, 2016.

(3) Tender Offer Price

2,500 yen per share of common stock

(4) Basis of Calculation for Tender Offer Price

(i) Basis of Calculation

During and after late October 2015, the Company conducted arm’s length negotiations with the Prospective Tendering Shareholders multiple times and reached an agreement to acquire all of the Target Company Shares held by the Prospective Tendering Shareholders (the total number of shares held by the Prospective Tendering Shareholders is 6,964,800; and the total holding ratio is 34.69%) at the price of 2,500 yen per share. Consequently, the Company determined the First Tender Offer Price to be 2,500 yen per share. The Company has not obtained any valuation report from an independent third-party appraiser when determining the First Tender Offer Price because, as stated above, the First Tender

Offer Price determined by the Company is the price agreed upon through negotiations with the Prospective Tendering Shareholders.

The First Tender Offer Price is the price of (i) 6.20% premium from the closing price of the Target Company Shares on JASDAQ on December 17, 2015 (2,354 yen), which is the immediately preceding business day of the announcement date of the First Tender Offer, (ii) 8.93% discount from the simple average closing price for the past one (1) month (2,745 yen), (iii) 9.81% discount from the simple average closing price for the past three (3) months (2,772 yen), and (iv) 21.92% discount from the simple average closing price for the past six (6) months (3,202 yen).

The First Tender Offer Price has a difference of 773 yen from the price of the Target Company Shares at which Sompo Japan Nipponkoa, a subsidiary of the Company, acquired the Target Company Shares from Mr. Toshiaki Hashimoto, who is the founder of, and the Representative Director and Chairman of the Target Company in relation to the Alliance with the Target Company in March 2015 (3,273 yen per share, which was, for the five (5) consecutive business days that end on February 26, 2015, the average closing price of the Target Company Shares on JASDAQ at that time). This difference was caused due to the fluctuation of price of the Target Company Shares.

(ii) Background of Calculation

In late September, 2015, the Tender Offeror solicited the views of Mr. Toshiaki Hashimoto, the founder and one of the Prospective Tendering Shareholders, as to the possibility of the Transactions towards Making the Target Company a Subsidiary. Through discussion, Mr. Hashimoto and the Tender Offeror came to share the vision towards achieving the greatest and highest-quality nursing care business in Japan and reforming the country's nursing care business and agreed that the Target Company should become a subsidiary of the Tender Offeror in order to further enhance cooperation between the Tender Offeror and the Target Company and improve the implementation of the measures as described in "(i) Purpose and Background of Decision to Conduct the Tender Offers" of "(2) Purpose and Background of Decision to Conduct the Tender Offers and Management Policy After the Tender Offers" to increase the corporate value of the both parties. In early October, the Prospective Tendering Shareholders, including Mr. Hashimoto, offered that the Prospective Tendering Shareholders would be willing to sell their shares at a price per share lower than a price to be offered by the Tender Offeror to shareholders of the Target Company other than the Prospective Tendering Shareholders as an indication of their commitment as major shareholders to secure making the Target Company a consolidated subsidiary of the Tender Offeror. Accordingly, the Tender Offeror began making a concrete plan to implement the Transactions.

In late October 2015, the Tender Offeror explained to the Target Company about making the Target Company a consolidated subsidiary of the Tender Offeror with a view to constructing in the Target Company a management system to run the business as a member company of the Tender Offeror group and promote further cooperation and increase the corporate value of both parties. Through discussion, the Tender Offeror and the Target Company came to agree on a framework of the Transactions under which the Target Company would become a consolidated subsidiary of the Tender Offeror through the acquisition by the Tender Offeror of all of the shares

owned by the Prospective Tendering Shareholders in the First Tender Offer, followed by the additional share acquisition in the Second Tender Offer. The Prospective Tendering Shareholders also agreed to the framework of the Transactions.

Since it is assumed that only the Prospective Tendering Shareholders will apply to the First Tender Offer, when determining the First Tender Offer Price, the Company conducted arm's length negotiations with the Prospective Tendering Shareholders multiple times during and after late October 2015 and, in the Tender Offer Agreement dated December 18, 2015, the Company reached an agreement to acquire the Prospective Tendered Shares (6,964,800 shares; Shareholding Ratio: 34.69%) at the price of 2,500 yen per share. Consequently, the Company determined the First Tender Offer Price to be 2,500 yen per share. The Company has not obtained any valuation report from an independent third-party appraiser when determining the First Tender Offer Price.

(iii) Relationship with Appraiser

Not Applicable. The Company has not obtained any valuation report from an independent third-party appraiser when determining the First Tender Offer Price.

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

Number of shares intended to be purchased	Minimum number of shares intended to be purchased	Maximum number of shares intended to be purchased
9,336,400	6,964,800	9,336,400

(Note 1) If the total number of shares tendered in the First Tender Offer is less than the number indicated above in "Minimum number of shares intended to be purchased" (6,964,800 shares), none of the tendered shares will be purchased by the Tender Offeror. If the total number of shares tendered in the First Tender Offer exceeds the number indicated in "Maximum number of shares intended to be purchased" (9,336,400 shares), all or part of shares exceeding such number shall not be purchased. In such event, delivery or other settlement of the purchased shares shall be conducted under the method of proportional distribution as set forth in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Ordinance Concerning the Disclosure of Tender Offers for Shares, Etc., by Persons Other Than Issuers (Ministry of Finance Ordinance No. 38 of 1990, as amended; the "TOB Order").

(Note 2) The Company does not intend to acquire treasury shares held by the Target Company through the Tender Offer.

(Note 3) Shares constituting less than a whole 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 (Act No. 86 of 2005, as amended) to require the Target Company to purchase shares constituting less than a whole unit.

(6) Change in Ownership Percentage of Shares due to the Tender Offer

Number of Voting Rights Represented by Shares Owned	-	(Ownership Percentage of Shares prior to the Tender
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by Tender Offeror prior to the Tender Offer		Offer: - %)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties prior to the Tender Offer	7,035	(Ownership Percentage of Shares prior to the Tender Offer: 3.50%)
Number of Voting Rights Represented by Shares Owned by Tender Offeror following the Tender Offer	93,364	(Ownership Percentage of Shares following the Tender Offer: 46.50%)
Number of Voting Rights Represented by Shares Owned by Specially Related Parties following the Tender Offer	7,035	(Ownership Percentage of Shares following the Tender Offer: 3.50%)
Total Number of Voting Rights of Shareholders of the Target Company	200,773	

- (Note 1) The “Total Number of Voting Rights of Shareholders of the Target Company” represents the total number of voting rights of all shareholders and other parties of the Target Company as of September 30, 2015, as described in the Target Company’s 19th Business Period Second Quarterly Report (described on the assumption that 1 unit is 100 shares). However, because shares constituting less than a whole unit (except for the treasury shares constituting less than a whole unit held by the Target Company) are also subject to the Tender Offer, for the purpose of calculating the “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares following the Tender Offer”, the “Total Number of Voting Rights of Shareholders of the Target Company” used in the calculation (200,799 units) is the number of voting rights corresponding to the number of shares (20,079,926 shares) obtained by deducting (i) the number of the treasury shares as of September 30, 2015, as described in the Summary of Financial Statements for the Second Quarterly Report of the Fiscal Year Ending March 2016 (74 shares), from (ii) the number of the total issued shares of the Target Company as of September 30, 2015, as described in the Target Company’s 19th Business Period Second Quarterly Report (20,080,000 shares).
- (Note 2) The “Ownership Percentage of Shares prior to the Tender Offer” and the “Ownership Percentage of Shares following the Tender Offer” are rounded to the nearest hundredth of a percent.

(7) Tender Offer Price JPY 23,341 million

(Note) The “Tender Offer Price” is an amount calculated by multiplying the number of shares intended to be purchased (9,336,400 shares) through the Tender Offer by the First Tender Offer Price per share (2,500 yen).

(8) Method of Settlement

- (i) Name and Location of Head Office of Security Companies and Banks, etc. in Charge of Settlement for the Tender Offer

Mizuho Securities Co., Ltd.  
5-1, Otemachi, 1-chome, Chiyoda-Ku, Tokyo

(ii) Commencement Date of Settlement

January 28, 2016 (Thursday)

(Note) : The commencement date of settlement shall be February 12, 2016 (Friday) in the event that the Target Company submits an opinion report requesting an extension of the Tender Offer Period pursuant to Article 27-10, Paragraph 3 of the Act.

(iii) Method of Settlement

A notice of purchase will be mailed to the address of Tendering Shareholders (or the standing proxy in case of Foreign Shareholders) promptly after the end of the Tender Offer Period. Purchases will be made in cash. The Tender Offer Agent will, in accordance with the instructions of Tendering Shareholders (or the standing proxy in case of Foreign Shareholders), remit the purchase price promptly after the commencement date of settlement to the account designated by Tendering Shareholders (the standing proxy in case of Foreign Shareholders) or pay to the account of Tendering Shareholders with the Tender Offer Agent where the application of Tendering Shareholders was accepted.

(iv) Method of Returning Shares

If all or part of the shares tendered are not purchased under the conditions stated in “(i) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act” or “(ii) Conditions of Withdrawal, etc. of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.” under “(9) Other Conditions and Methods of the Tender Offer” below, the Tender Offer Agent will return the shares, which have to be returned, to Tendering Shareholders by restoring the record of such shares to the original record as at the time of the application promptly after the commencement date of settlement (in the case of withdrawal of the Tender Offer, the date that the Tender Offer was withdrawn.).

(9) Other Conditions and Methods of the Tender Offer

(i) Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act

If the total number of tendered shares in the First Tender Offer is less than the minimum number of shares to be purchased (6,964,800 shares), none of the tendered shares will be purchased. If the total number of tendered shares in the First Tender Offer exceeds the maximum number of shares to be purchased (9,336,400 shares), all or part of shares exceeding such number shall not be purchased, and delivery and other settlements relating to the purchase of the shares shall be conducted under the method of proportional distribution as set forth in Article 27-13, Paragraph 5 of the Act and Article 32 of the TOB Order (If the number of tendered shares contains shares less than one trading unit, the maximum number of shares to be purchased, which is calculated according to the proportional distribution method shall be the number of tendered shares.).

If the total number of shares to be purchased from each Tendering Shareholder calculated by rounding off the number of shares constituting less than one trading unit resulting from the calculation method of proportional distribution, is less than the maximum number of shares to be purchased, the Tender Offeror will purchase one trading unit from each Tendering Shareholder beginning with Tendering Shareholders with the largest number of fractional shares that were rounded off, until the total number of shares to be purchased exceeds the maximum number of shares to be purchased (If purchase of one additional trading unit exceeds the number of tendered shares, the purchase will be up to the number of tendered

shares). However, if the maximum number of shares to be purchased is exceeded as a result of making purchases via this method from all Tendering Shareholders with the same number of rounded-off fractional shares, purchases will be determined by a random drawing among said shareholders to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased.

If the total number of shares to be purchased from each Tendering Shareholder calculated by rounding off the number of shares constituting less than one trading unit resulting from the calculation method of proportional distribution, is more than the maximum number of shares to be purchased, the Tender Offeror will reduce, by one trading unit, the purchase from each Tendering Shareholders beginning with Tendering Shareholders with the largest number of shares rounded up to a trading unit, to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased (If the number of shares to be purchased, as calculated in a proportional distribution method, contains a portion of shares less than one trading unit, the purchase will be reduced by that amount). However, if the maximum number of shares to be purchased is not reached as a result of reducing purchases via this method from all Tendering Shareholders with the same number of fractional shares raised to a trading unit, reductions will be determined by a random drawing among said shareholders to the extent that the number of shares to be purchased does not fall below the maximum number of shares to be purchased.

- (ii) Conditions of Withdrawal, etc. of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 (i) through 1.9 (ri) and Items 1.12 (wo) through 1.18 (so), Items 3.1 (i) through 3.8 (chi) and 3.10 (nu), Item 4, as well as Article 14, Paragraph 2, Items 3 through 6 of the Enforcement Order, the Tender Offeror may withdraw the First Tender Offer. The event referred to by Article 14, Paragraph 1, Item 3.10 (nu) of the Enforcement Order means any of the following cases, which are equivalent to the events listed in Items Article 14, Paragraph 1, Items 3.1 (i) through 3.9 (ri) of the Enforcement Order.

(a) The case where it is found that there is a false statement regarding, or an omission of, a material matter to be stated, in the statutory disclosure documents which the Target Company submitted in the past.

(b) The case where any of the events listed in Article 14, Paragraph 1, Items 3.1 (i) through 3.7 (to) of the Enforcement Order occurs to a material subsidiary of the Target Company

In the case where, by the date preceding the completion date of the First Tender Offer Period (as extended), regarding the prior notification of the Tender Offeror to the JFTC prescribed in Article 10, Paragraph 2 of the Anti-Monopoly Act, (i) the Tender Offeror has received prior notice of cease and desist order from the JFTC, which instructs the Target Company to dispose of all or part of the shares of the Target Company, to transfer any part of its businesses or other disposition equivalent thereto, (ii) the waiting period which prior notice of the cease and desist order based on the Anti-Monopoly Act should be given has not ended or (iii) the Tender Offeror has had an urgent temporary suspension order filed against it by the court on the grounds that the Tender Offeror is suspected of acting in violation of Article 10, Paragraph 1 of the Anti-Monopoly Act, the Tender Offeror may withdraw the Tender

Offer on the grounds that the Tender Offeror could not obtain the “permits” described in Article 14, Paragraph 1, Item 4 of the Enforcement Order.

In the event that the Tender Offeror intends to withdraw the Tender Offer, the Tender Offeror will make a public notice electronically and also publish a notification in *the Nihon Keizai Shimbun*; provided, however, that if it is impracticable to give such notice by the last day of the First Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith.

(iii) Conditions of Reduction of Purchase Price, etc., 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 stipulated in Article 13, Paragraph 1 of the Enforcement Order, the Tender Offeror may reduce the purchase price of the Tender Offer in accordance with the criteria under Article 19, Paragraph 1 of the TOB Order.

In the event that the Tender Offeror intends to reduce the purchase price of the Tender Offer, the Tender Offeror will make a public notice electronically and also publish a notification in *the Nihon Keizai Shimbun*; provided, however, that, if it is impracticable to give such public notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith. If the purchase price is reduced, the Tender Offeror will purchase tendered shares prior to the date of such public notice at the reduced purchase price.

(iv) Matters Concerning Tendering Shareholders’ Right of Cancellation of Contract

Tendering Shareholders may, at any time during the Tender Offer Period, cancel an application for the Tender Offer. In case of such cancellation, Tendering Shareholders must deliver or mail a written request to cancel the application for the Tender Offer (the “Written Request for Cancellation”), with a receipt slip of the application for the Tender Offer enclosed, to the head office or any of the nationwide branches of the Tender Offer Agent, which accepted the application, by 15:00 on the last day of the Tender Offer Period. The cancellation of the application will be effective when the Written Request for Cancellation is delivered to or has reached the Tender Offer Agent. Therefore, please note that shareholders cannot cancel the application unless the Written Request for Cancellation has reached the Tender Offer Agent by 15:00 on the last day of the Tender Offer Period in the case of mailing the Written Request for Cancellation.

The Tender Offeror will not make any claim for payment of damages or penalty to any Tendering Shareholders in the event that the contract by Tendering Shareholders is canceled. The cost of returning the shares in the custody of the Tender Offeror will be also borne by the Tender Offeror. In case of cancellation, the Tender Offer Agent will promptly return the shares by the method described in “(iv) Method of Returning Shares” of “(8) Method of Settlement” above following the completion of the cancellation procedures.

(v) Method of Disclosure if the Terms and Conditions, etc. of the Tender Offer are Changed

Except in the instance prohibited by Article 27-6, Paragraph 1 of the Act and Article 13 of the Enforcement Order, the Tender Offeror may change the terms and conditions, etc. of the Tender Offer during the Tender Offer Period. Should any terms and conditions, etc. of the

Tender Offer be changed, the Tender Offeror will give public notice thereof electronically and also publish the notification in *the Nihon Keizai Shimbun*; provided, however, that, if it is impracticable to give such notice by the last day of the Tender Offer Period, the Tender Offeror will make a public announcement pursuant to Article 20 of the TOB Order and make a public notice forthwith. The purchase of the shares tendered on or prior to such public notice will also be made pursuant to the amended terms and conditions.

(vi) Method of Disclosure if Amendment to Registration Statement is Filed

If an amendment to the registration statement is submitted to the Director-General of the Kanto Local Finance Bureau except for cases set forth in the proviso to Article 27-8, Paragraph 11 of the Act, the Tender Offeror will forthwith make a public announcement of the contents thereof to the extent relevant to the contents of the public notice of the Tender Offer, pursuant to Article 20 of the TOB Order. The Tender Offeror will also forthwith amend the tender offer explanatory statement and provide the amended tender offer explanatory statement to Tendering Shareholders who have received the previous Tender Offer Explanatory Statement. However, if the amendments are minor, the Tender Offeror will amend tender offer explanatory statement by delivering to Tendering Shareholders a document stating the reason(s) for the amendments, the matters amended and the details thereof.

(vii) Method of Disclosure of Results of the Tender Offer

The Tender Offeror will make a public announcement regarding the results of the Tender Offer, pursuant to 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

December 21, 2015 (Monday)

(11) Tender Offer Agent

Mizuho Securities Co., Ltd.  
5-1, Otemachi 1-chome, Chiyoda-Ku, Tokyo

3. Policies after the Tender Offer and Future Prospects

Please refer to “(2) Purpose and Background for the Dual Tender Offers, and Management Policy after the Tender Offer”, “(7) Schedule to Further Acquire Shares of the Target Company after the Dual Tender Offers” and “(8) Prospects of Delisting” of “1. Purpose of the Tender Offer”.

4. Other Information

(1) Support of the Dual Tender Offers

a. Approval by Non-interested Directors and No Objection from Corporate Auditors

According to the Notice by the Target Company, the Target Company resolved, at its board of directors’ meeting held on December 18, 2015, that the Target Company would issue an opinion in support of the First Tender Offer which will be conducted as a part of the Transactions, withhold its opinion concerning the appropriateness of the First Tender Offer

Price, and defer to the decision of each shareholder of the Target Company as to whether to accept the First Tender Offer. Furthermore, if the First Tender Offer is completed, the Company will conduct the Second Tender Offer, the tender offer price for which is a higher price (i.e., 3,500 yen) than the First Tender Offer Price (i.e., 2,500 yen), promptly after the settlement of the First Tender Offer. As of December 18, 2015, the board of directors of the Target Company resolved, at its meeting, that the Target Company is in support of the Second Tender Offer if the Second Tender Offer is to be conducted, and also resolved to issue an opinion that it will defer to the decision of each shareholder of the Target Company as to whether to apply for the Second Tender Offer, given that the Second Tender Offer Price has a certain degree of reasonableness based on the Target Company's Share Valuation Report obtained from Nomura Securities, and that the Transactions are not to be implemented with an intention to delist the Target Company Shares, and the Company and the Target Company intend to maintain the listing of the Target Company Shares after the completion of the Dual Tender Offers.

As to the details of the above-mentioned Target Company's resolution at its board of directors' meeting, please refer to "c. Unanimous Approval by the Non-Interested Directors and No Objection from Corporate Auditors of the Target Company" of "(6) Measures to Ensure the Fairness of the Dual Tender Offers Including Those to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest" of "1. Purpose of the Tender Offer" above.

b. Matters Concerning Material Agreements Related to the Dual Tender Offers

For the Dual Tender Offers, the Company and the Target Company entered into the MOU as of December 18, 2015. In addition, for the First Tender Offer, the Company and the Prospective Tendering Shareholders, which include Mr. Toshiaki Hashimoto, the representative director and chairman of the Target Company, entered into the Tender Offer Agreement concerning the application for the First Tender Offer as of December 18, 2015. As to the details of the MOU and the Tender Offer Agreement, please refer to "a. MOU" and "b. Tender Offer Agreement" of "(4) Matters Concerning Material Agreements Related to the Dual Tender Offers" of "1. Purpose of the Tender Offer" above.

(2) Other Information Deemed Necessary for Decision-Making by Investors Concerning the Tender of Their Shares

Not applicable.

(End of Document)

[Soliciting Regulations]

This press release is intended for the announcement of the Tender Offer to the general public and has not been prepared for the purpose of soliciting an offer to sell the shares. If a shareholder wishes to make an offer to sell his or her shares, the shareholder should first read the Tender Offer Explanatory Statement for the Dual Tender Offers and offer his or her shares for sale at his or her own discretion. This press release shall neither be, nor constitute a part of, an offer or a solicitation to sell, or a solicitation of an offer to purchase, any securities, and neither this press release (or a part thereof) nor the fact of its distribution shall be interpreted to be the basis of any agreement in relation to the Tender Offer, and this press release may not be relied on at the time of entering into any such agreement.

[U.S. Regulations]

- The Dual Tender Offers are to be conducted by the Company, the Tender Offeror, for securities of the Target Company, a company incorporated in Japan. As these companies are located in Japan and most officers of these companies reside in Japan, it may be difficult to exercise rights and make claims under the securities-related laws of the U.S. in connection with the Dual Tender Offers. It may not be possible to initiate legal proceedings against these companies or their officers in courts outside of the U.S. on the ground of a violation of the securities laws of the U.S. Moreover, there is no guarantee that these companies or their officers or any other affiliates of these companies could be forced to submit to the jurisdiction of U.S. courts. In addition, the Dual Tender Offers are to be conducted in accordance with the procedures and information disclosure standards prescribed in the Act. However, these procedures and standards are not necessarily identical to the corresponding procedures and standards in the U.S. In particular, Section 13(e) and Section 14(d) of the U.S. Securities Exchange Act of 1934, as amended (the “U.S. Securities Exchange Act of 1934”), and the rules promulgated thereunder do not apply to the Dual Tender Offers, and the Dual Tender Offers do not conform to the procedures and standards provided under such laws and regulations. All financial information contained in this press release has been prepared based on Japanese accounting standards and is not based on U.S. accounting standards. Therefore, such financial information is not necessarily equivalent to financial information prepared based on U.S. accounting standards.
- Unless otherwise provided, all procedures for the Dual Tender Offers shall be conducted in the Japanese language. All or some portion of the documents relating to the Dual Tender Offers may be prepared in the English language. However, should there be any inconsistency between a document in English and that in Japanese, the Japanese document shall prevail.
- This press release contains “forward-looking statements” as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934. Due to any known or unknown risks, uncertainties, or other factors, it is possible that actual results may differ materially from the projections expressly or implicitly indicated by such “forward-looking statements”. Neither the Tender Offeror nor its affiliated companies guarantee that the projections expressly or implicitly indicated by such “forward-looking statements” will be accurate. The “forward-looking statements” in this press release were prepared based on information available to the Tender Offeror as of the date of this press release, and unless required by law to do so, neither the Tender Offeror nor its affiliated companies are obliged to update or modify such statements in order to reflect any future event or condition.
- The financial advisor to the Tender Offeror, and its affiliated companies may, within their ordinary course of secondary market business and to the extent permitted under Japan’s financial instruments laws and other applicable laws and in accordance with the requirements of Rule 14e-5(b) under the U.S. Securities Exchange Act of 1934, prior to the commencement of, or during the tender offer period of any of the Dual Tender Offers, engage in the purchase of shares of

common stock of the Target Company for their own account or for their customers' accounts by means other than pursuant to the Dual Tender Offers. If any information concerning such purchase is disclosed in Japan, disclosure in the English language will be made on the Company's website or through other disclosure methods.