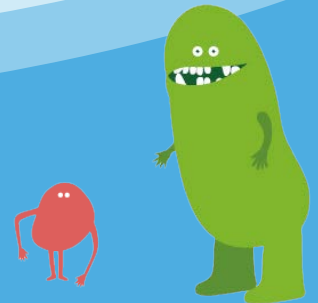
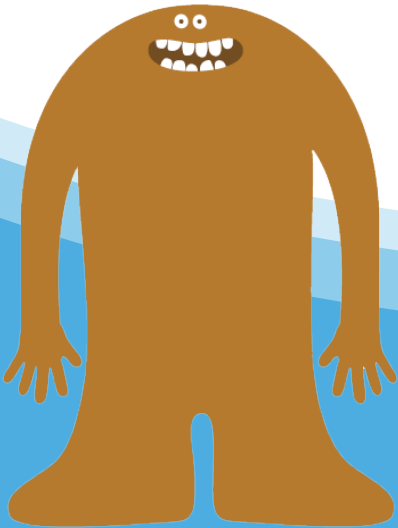


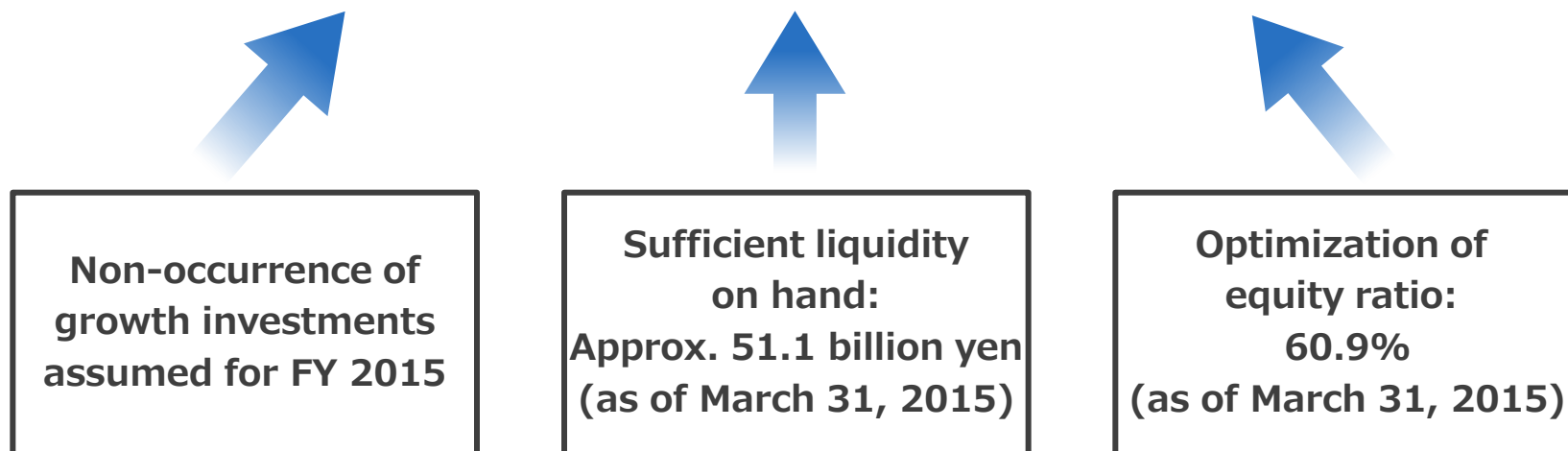
Share Buyback and Retirement of Treasury Stock

June, 2015



Background to the Share Buyback and Retirement of Treasury Stock

- **Purpose: To enhance the return of profits to shareholders**
 - To improve the value per share for shareholders through the flexible return of profits to shareholders
 - Additionally, to contribute to the improvement of capital efficiency



- **Pursue the achievement of the final year (year ending March 2017) of present Mid-term Management Plan through the growth of business**
 - Net income 24.0 billion yen
 - EPS 190 yen

FAQ on the Share Buyback and Retirement of Treasury Stock

- ***What is the reason for opting for a share buyback rather than a dividend increase?***
 - To firmly maintain our dividend policy, which states:
“We will continue to pay dividends steadily under the present Mid-term Management Plan by setting the target payout ratio at 30% or more, and will not decrease dividends unless the payout ratio exceeds 40%.”
 - There would be a risk of decreasing the dividend if surplus is adjusted by temporarily increasing the dividend.
 - A special dividend was also considered, but we found no appropriate reasons for it.

- ***Why was the total amount of the share buyback set at 10 billion yen?***
 - To secure financial soundness is the precondition for the share buyback.
 - To maintain the credit rating of “A”
⇒ There is room to reduce the equity ratio to 45% at the maximum.
 - Necessary working capital
⇒ The target level is the amount equivalent to non-consolidated net sales for not less than two months (approx. 25.0 billion yen).

- ***What is the reason for retiring all repurchased treasury stock?***
 - To clarify that the purpose of the share buyback is to return profits to shareholders by retiring all repurchased shares

Improvement of KPI through the Share Buyback

- Trial calculations of quantitative effects of implementing the share buyback and retirement of treasury stock

- Assumption: Approx. 3 million shares will be repurchased based on the stock price as of the date of announcement for not more than 10 billion yen.

- EPS: An increase of 3.5 yen

- ROE: A rise of 0.5 percentage points

	2014/3	2015/3	2015/12 Plan (Reference)*	2015/12 Plan (Reference)* After the Implementation	2017/3 Final Year of the Mid-term Management Plan
EPS (yen)	117.95	140.24	145.39	148.92	190
ROE	12.2%	12.6%	11.9%	12.4%	15.0%
Equity ratio	56.0%	60.9%	60.3%	58.7%	-
Total return ratio	32.2%	31.4%	30.3%	87.5%	30% or more

* Please note that the figures shown for "Year Ending December 2015 (Reference)" were calculated based on the same period (12 months) as for the "Year Ended March 2015" for the purpose of fair comparison with "Operating Results for the Year ended March 2015."

■ Details of the Share Buyback

- (1) Type of shares to be acquired: Common shares of the Company
- (2) Number of shares to be acquired: Up to 4 million shares
(3.14% of the total number of outstanding shares (excluding treasury shares))
- (3) Total cost of repurchase: Up to JPY 10 billion
- (4) Repurchase period: June 1, 2015 to December 25, 2015
- (5) Method of repurchase: Purchased on the Tokyo Stock Exchange

■ Details of Retirement of Treasury Stock

- (1) Types of shares to be cancelled: Common shares of the Company
- (2) Number of shares to be cancelled: All of the shares acquired as stated 2 above
- (3) Planned date of cancellation: December 28, 2015

(Reference) Holdings of treasury shares as April 30, 2015:

Number of shares issued (excluding treasury shares): 127,214,947 shares

Treasury shares: 1,050,852 shares

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moving it. stopping it.

