

[Translation]  
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**Announcement of Commencement of Tender Offer for Shares in Lawson, Inc.**  
**(Securities Code: 2651)**

Mitsubishi Corporation (the “**Offeror**”) announced in the press release “Announcement of Scheduled Commencement of Tender Offer for Shares in Lawson, Inc. (Securities Code: 2651)” dated September 16, 2016, that it would implement a tender offer (the “**Tender Offer**”) for shares of common stock in Lawson, Inc. (First Section of the Tokyo Stock Exchange, Securities Code: 2651; the “**Target Company**”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”), subject to the satisfaction of certain conditions, including completion of procedures and actions required under domestic and foreign competition laws (for details, please refer to “(3) Material Agreements Regarding the Tender Offer” in “1. Purpose of Tender Offer” below).

As the aforementioned conditions have been satisfied, the Offeror hereby announces that it has decided today, as described below, to commence the Tender Offer on December 22, 2016.

1. Purpose of Tender Offer

(1) Outline of the Tender Offer

The number of shares of common stock in the Target Company (“**Target Company Shares**”) held by the Offeror as of today is 33,500,200 shares (ownership ratio (see Note 1): 33.40% (rounded to two decimal places; hereinafter, the same applies for ratio calculations)), and the Target Company is an equity-method affiliate of the Offeror.

Note 1: “**Ownership ratio**” means the percentage of the total number of issued shares (100,300,000 shares) as of August 31, 2016 stated in the quarterly report for

the second quarter of the 42nd fiscal term submitted by the Target Company on October 13, 2016.

The Offeror resolved at its board of directors meeting held on September 16, 2016 to implement the Tender Offer for the Target Company Shares for the purpose of making the Target Company a consolidated subsidiary of the Offeror, subject to the satisfaction of certain conditions precedent, including completion of procedures and actions required under domestic and foreign competition laws. Upon completion of certain procedures and actions required to commence the Tender Offer under domestic and foreign competition laws, the Offeror confirmed that the conditions to the commencement of the Tender Offer have been satisfied, and thus determined to commence the Tender Offer on December 22, 2016.

As of today, the Target Company Shares are listed on the First Section of the Tokyo Stock Exchange, Inc. (the “**Tokyo Stock Exchange**”). Since the Offeror intends to maintain the listing of the Target Company Shares after the completion of the Tender Offer, the Offeror has set 16,649,900 shares as the maximum number of shares to be purchased through the Tender Offer (which will result in the holding of up to 50,150,100 shares together with the Target Company Shares held by the Offeror as of today, making an ownership ratio of 50.00%), and if the total number of share certificates, etc. sold in response to the Tender Offer (“**Tendered Share Certificates, Etc.**”) exceeds the maximum number of shares to be purchased (16,649,900 shares), the Offeror will not purchase all or any part of that excess amount and will implement the delivery and other settlement for purchasing share certificates, etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than the Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “**Cabinet Ordinance**”). On the other hand, since a minimum number of shares to be purchased has not been set for the Tender Offer, the Offeror will purchase all Tendered Share Certificates, Etc. if the total number of Tendered Share Certificates, Etc. does not exceed the maximum number of shares to be purchased (16,649,900 shares; see Note 2).

Note 2: The maximum number of shares to be purchased (16,649,900 shares) has been decided by multiplying the number of shares per unit (100) by the number of voting rights (166,499) calculated by deducting the number of voting rights (335,002) represented by the number of shares held by the Offeror (33,500,200 shares) from the number equivalent to the majority (501,501) of voting rights (1,003,000) represented by the total number of issued shares (100,300,000 shares) as of May 31, 2016 stated in the quarterly report for the first quarter of the 42nd fiscal term submitted by the Target Company on July 13, 2016.

According to the “Announcement of Opinion Regarding Tender Offer for Our Company’s Shares by Mitsubishi Corporation” released by the Target Company today (the “**Target Company’s Press Release**”), the Target Company adopted, as an expression of the Target Company’s opinion as of September 16, 2016, a resolution at its board of directors meeting held on that date to the effect that if the Tender Offer were commenced, the Target Company would support the Tender Offer, subject to the satisfaction of the following conditions and other conditions stated in “(B) Target Company’s Support” in “(3) Material Agreements Regarding the Tender Offer” below:

(i) with respect to procedures required under domestic and foreign competition laws in relation to the share acquisition through the Tender Offer, the statutory waiting period has passed, necessary permissions and approvals have been obtained from the relevant authorities, and the relevant authorities have not issued any cease and desist order or conducted any other similar procedure under those competition laws and have not required any remedial measures to be taken; (ii) the Tender Offer Price is reasonable in light of the contents of the valuation report or appraisal report for the Target Company's share value obtained by the Target Company in relation to the Tender Offer; and (iii) it is reasonably considered that the Target Company's directors will not breach their legal obligations by supporting the Tender Offer. In addition, at the same board of directors meeting, the Target Company also adopted a resolution to the effect that it would leave decisions on whether to tender shares for the Tender Offer to the discretion of the Target Company's shareholders, because it is planned that the listing of the Target Company Shares will be maintained even after the completion of the Tender Offer. As the aforementioned conditions necessary for the Target Company's board of directors to support the Tender Offer, including completion of procedures and actions required under domestic and foreign competition laws, have been satisfied, the (five) Target Company directors participating in the deliberations and resolution at the Target Company's board of directors meeting held today once again unanimously resolved to the effect that the Target Company would support the Tender Offer, and that it would leave decisions on whether to tender shares for the Tender Offer to the discretion of the Target Company's shareholders, because it is planned that the listing of the Target Company Shares will be maintained even after the completion of the Tender Offer.

For details of the decision-making process followed by the board of directors of the Target Company, please refer to "(D) Approval of All Disinterested Directors of the Target Company and Non-dissenting Opinions of All Disinterested Company Auditors" in "(4) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" below.

(2) Purpose and Background of the Tender Offer and Management Policy after the Tender Offer

(A) Purpose and Background of the Tender Offer

The Offeror has been listed on the Tokyo Stock Exchange since 1954 and the Nagoya Stock Exchange since 1961. The Offeror group consists of the Offeror, 815 consolidated subsidiaries, and 427 equity-method affiliates, etc. (as of March 31, 2016). Through its domestic and overseas network, the Offeror has been engaging in various business activities in wide-ranging fields, such as trading and manufacturing of various products related to energy, metals, machinery, chemicals and living essentials, as well as natural resources development, infrastructure-related businesses, and financial businesses. The Offeror has also been engaged in commercialization of new business models and new technologies in areas including new energy and environmental fields, as well as the provision of various types of services leveraging its capabilities as a general trading company.

Under new management, the Offeror formulated the “Midterm Corporate Strategy 2018 — Evolving Our Business Model from Investing to Managing,” setting forth its management direction for the three years starting from FY 2016, such as “rebalancing of ‘resources’ and ‘non-resources’” and “further evolution from ‘investing’ to ‘managing.’”

In the Living Essentials Group (see Note), which is regarded as an important area in the non-resources field, the Offeror possesses a broad value chain ranging from procurement of raw materials and ingredients for food products to consumer markets (retailing), and is engaged in a wide variety of products and services, business development, and investment. In particular, within the retail business, which is growing more important as a direct point of contact with customers within the value chain, the Offeror pursues synergies with other value chains, including materials procurement, manufacturing, and intermediate distribution, and endeavors to achieve sustainable growth and improvement of corporate value.

Note: “The Living Essentials Group” is globally expanding its business offering food, everyday consumables, clothing, medical supplies and other “daily essentials” to consumers. It consistently provides “safe and reliable” products and services that reflect consumers’ needs in every business area, from upstream materials procurement to downstream retailing.

On the other hand, the Target Company was established in 1975 under the name Daiei Lawson Co., Ltd. and listed on the Tokyo Stock Exchange in July 2000. The Target Company group consists of the Target Company, 19 consolidated subsidiaries, and three equity-method affiliates (as of August 31, 2016) and has been engaging in the operation of a franchising system for and directly-managed stores of the convenience store “LAWSON” as its primary business.

Since entering into a business alliance agreement with the Target Company in February, 2000 (as amended, the “**Original Business Alliance Agreement**”), the Offeror has positioned the Target Company as the Offeror’s core business in the retail business, has aimed to maximize corporate value by pursuing business synergies, and has contributed to the establishment of the Target Company’s position as one of the largest convenience store chains in Japan. With respect to capital relationships, MC Retail Investment Co., Ltd. (“**MCRI**”), a wholly-owned subsidiary of the Offeror, acquired 9,109,300 Target Company Shares (7.93% of the issued shares at that time) in February 2001, and a further 22,980,000 shares (21.36% of the issued shares at that time) in August 2001 (resulting in the holding of 32,089,300 shares together with the 9,109,300 shares already acquired, which accounted for 29.82% of the issued shares at that time), becoming the Target Company’s largest shareholder. In December 2004, the Offeror purchased all of MCRI’s Target Company Shares (32,089,300 shares; 30.68% of the issued shares at that time), and itself became the Target Company’s largest shareholder. Through market purchases since then, the Offeror now holds 33,500,200 Target Company Shares (ownership ratio: 33.40%).

In the convenience store industry in recent years, the competitive climate surrounding the Target Company has intensified due to an increase in store

openings by competition within the industry, as well as the development of new alliances among competitors and the intensified competition from other types of businesses such as pharmacies and e-commerce. The Target Company has launched a “1000 Days Action Plan” and aims to change its presence from one that offers “convenience” to one that is “essential,” in order to establish a next-generation convenience store model. The Target Company has also been engaged in improving its product offering and service functions and establishing systems to support such improvements, and has announced that it will take the direction of “strengthening its management systems” and “strengthening collaboration with the Offeror group.” At the same time, the Offeror considered that, in order to ensure that the Target Company can soundly promote the aforementioned plan and maintain its growth in the face of an increasingly competitive climate, it is desirable to further strengthen its capital relationship with the Target Company, thereby enabling the Offeror and the Target Company to collaborate on a company-wide basis even more so than in the past and to further strengthen the Target Company’s business foundation. Therefore, in late June 2016, the Offeror proposed to the Target Company that the Target Company become a consolidated subsidiary of the Offeror through the Tender Offer to strengthen collaboration between the companies.

As a result of careful discussions in light of that proposal, the Offeror and the Target Company concluded that, in order to maintain the sustainable growth of the Target Company, it is necessary for the Offeror and the Target Company to further strengthen collaboration between the companies and engage in further bolstering the Target Company’s business foundation by the Target Company’s taking greater advantage of the network and human resources of the Offeror for the benefit of its domestic convenience store business, overseas convenience store business, and other peripheral businesses (collectively, the “**Collaborative Fields**”) through making the Target Company a consolidated subsidiary of the Offeror.

Taking into consideration the results of the discussions above, the Offeror and the Target Company entered into an agreement regarding the Tender Offer (for details, please refer to “(3) Material Agreements Regarding the Tender Offer” below) as of September 16, 2016, under which they have agreed to implement the Tender Offer and to amend the Original Business Alliance Agreement on the settlement commencement date of the Tender Offer. Pursuant to this agreement, the Offeror and the Target Company will proceed with the rigorous execution of the Target Company’s “1000 Days Action Plan” mainly through implementation of the following measures in the Collaborative Fields after strengthening collaboration between the companies:

- (i) Domestic convenience store business field
  - Strengthening product value and improving cost-competitiveness by utilizing value chains of the Offeror, such as raw material procurement, manufacturing, and intermediate distribution
  - Supporting the development and operation of community-based stores in collaborating with leading local businesses by using the Offeror’s business network

- (ii) Overseas convenience store business field
  - Supporting expansion and increasing profitability in the Target Company's existing business areas, and introducing capable partners and supporting the construction of value chains in new business areas of the Target Company, by utilizing the Offeror's international expertise, human resources and networking
- (iii) Other peripheral business fields
  - Promoting and enhancing business in fields of the Target Company other than convenience store business, such as e-commerce and Seijo Ishii

Since it was considered desirable for the Offeror and the Target Company to further strengthen their capital relationship in order to further realize synergistic effects and to improve both companies' corporate value, the Offeror resolved at its board of directors meeting held on September 16, 2016 to implement the Tender Offer for the purpose of making the Target Company a consolidated subsidiary of the Offeror.

#### (B) Management Policy after the Tender Offer

After the completion of the Tender Offer, the Offeror intends to strengthen collaboration with the Target Company while continuing to maintain the listing and management autonomy of the Target Company. The management framework and the composition of the board of directors after the Tender Offer have not been determined at this time, and the Offeror and the Target Company will consult with each other after completion of the Tender Offer in order to establish a framework that (a) enables conduct of appropriate governance that respects the independence of the Target Company as a listed company and (b) maximizes synergetic effects for the Offeror group through making the Target Company a consolidated subsidiary.

#### (3) Material Agreements Regarding the Tender Offer

The Offeror and the Target Company have entered into an agreement regarding a tender offer (the "**Tender Offer Agreement**") as of September 16, 2016. An outline of the Tender Offer Agreement is as follows:

##### (A) Implementation of the Tender Offer by the Offeror

Subject to the satisfaction of all the conditions summarized below, the Offeror will implement the Tender Offer:

- (i) with respect to procedures required under domestic and foreign competition laws in relation to the share acquisition through the Tender Offer, the statutory waiting period has passed, necessary permissions and approvals have been obtained from the relevant authorities, and the relevant authorities have not issued any cease and desist order or conducted any other similar

procedure under those competition laws and have not required any remedial measures to be taken;

- (ii) the Target Company's board of directors has duly and validly resolved to express its opinion supporting the Tender Offer and has made a public announcement to that effect;
- (iii) the Target Company's representations and warranties under the Tender Offer Agreement are true and correct;
- (iv) the Target Company has performed and complied with its obligations under the Tender Offer Agreement in all material respects;
- (v) since the execution date of the Tender Offer Agreement, no material adverse effect, or any event or development that will have a material adverse effect, on the businesses, financial position, management, or cash flow, or on the prospects for any of the foregoing, has occurred in relation to the Target Company or its subsidiaries, and no material change in general stock market conditions or other market conditions, the financial climate, or the economic climate (whether in Japan or overseas) has occurred; and
- (vi) there are no procedures pending in a judicial or administrative body seeking to restrict or prohibit the Tender Offer or tendering in the Tender Offer, and there are no laws or ordinances or decisions by a judicial or administrative body that restrict or prohibit the Tender Offer or tendering in the Tender Offer.

(B) Target Company's Support

Subject to the satisfaction of all the conditions summarized below, the Target Company will express its opinion to the effect that it will support the Tender Offer, and the Target Company will maintain and will not amend or revoke such opinion; however, if it is reasonably considered that the Target Company's directors will breach their legal obligations as a result of the Target Company maintaining its opinion to support the Tender Offer, the Target Company may amend or revoke that expression of opinion:

- (i) with respect to procedures required under domestic and foreign competition laws in relation to the share acquisition through the Tender Offer, the statutory waiting period has passed, necessary permissions and approvals have been obtained from the relevant authorities, and the relevant authorities have not issued any cease and desist order or conducted any other similar procedure under those competition laws and have not required any remedial measures to be taken;
- (ii) the Offeror's representations and warranties under the Tender Offer Agreement are true and correct;

Note: Under the Tender Offer Agreement, the Offeror gives certain representations and warranties to the Target Company as to the following matters: (i) the Offeror's receipt of permission and performance of the other procedures necessary for the execution and performance of the Tender Offer Agreement; and (ii)

non-contravention of the execution and performance of the Tender Offer Agreement with any laws or ordinances.

- (iii) the Offeror has performed and complied with its obligations under the Tender Offer Agreement in all material respects;

Note: The obligations of the Offeror under the Tender Offer Agreement include those regarding implementation of the Tender Offer and cooperation for the purpose of the Tender Offer.

- (iv) the Tender Offer Price is reasonable in light of the contents of the valuation report or appraisal report for the Target Company's share value obtained by the Target Company in relation to the Tender Offer; and
- (v) it is reasonably considered that the Target Company's directors will not breach their legal obligations by supporting the Tender Offer.

#### (C) Agreement on Competing Transactions

The Target Company will not, whether directly or indirectly, induce offers from, solicit, provide information to, or consult with, any third party for transactions that compete, or could compete, with the Tender Offer. However, if (a) either (i) a third party other than the Offeror makes a specific proposal to the Target Company for purchasing of the Target Company Shares or (ii) a tender offer by a third party other than the Offeror for the Target Company's shares commences, and (b) it is objectively and reasonably considered that a failure by the Target Company's board of directors to provide information to or consult or negotiate with that third party would result in a breach by the Target Company's directors of their legal obligations, then the Target Company may provide information to and consult and negotiate with that third party.

#### (D) Amendment to the Business Alliance Agreement

When the Tender Offer ends, the terms of the Original Business Alliance Agreement will be amended on the settlement commencement date of the Tender Offer as summarized below:

- (i) the fields of business alliance will be as follows:
  - (a) domestic convenience store business;
  - (b) overseas convenience store business;
  - (c) peripheral businesses; and
  - (d) other businesses separately agreed on by the companies;
- (ii) the Offeror will implement the business alliance while respecting the Target Company's management independence and identity, as well as respecting the interests of the franchise stores, which constitute the essence of the franchise business;

- (iii) in order to effectively and substantially promote the business alliance, the Offeror will dispatch personnel as necessary upon mutual consultation, and the Target Company will accept that dispatched personnel; and
- (iv) the amended business alliance agreement will become effective on the settlement commencement date of the Tender Offer and will remain effective until a time separately agreed to in writing by the Offeror and the Target Company.

(E) Termination of Tender Offer Agreement

If any of the following events occurs, the Offeror or the Target Company may terminate the Tender Offer Agreement by giving written notice to the other party before, and only before, the commencement of the Tender Offer:

- (i) if the other party breaches in any material respect any of its obligations or representations and warranties under the Tender Offer Agreement;
- (ii) if the other party is subject to the commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation, or any other similar legal proceedings; or
- (iii) if the Tender Offer has not commenced at the lapse of a period of eight months after the execution date of the Tender Offer Agreement (except when the Tender Offer has not commenced for any reason attributable to the party terminating the Tender Offer Agreement).

(4) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest

Although the Target Company was not a subsidiary of the Offeror on September 16, 2016, the date that it was determined to carry out the Tender Offer, nor is it a subsidiary of the Offeror as of today and the Tender Offer is not a tender offer by a controlling shareholder, the Offeror and the Target Company took the measures set out in (A) through (D) below as measures to ensure the fairness of the Tender Offer and to avoid conflicts of interest, in light of the fact that (i) the Offeror holds 33,500,200 Target Company Shares (ownership ratio: 33.40%), and the Target Company is an equity-method affiliate of the Offeror and (ii) two outside directors have been dispatched to the Target Company from the Offeror.

(A) Obtainment of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Offeror

In deciding the purchase price per share of the Target Company's Shares in the Tender Offer (the "**Tender Offer Price**"), the Offeror has requested its financial adviser SMBC Nikko Securities Inc. ("**SMBC Nikko Securities**") to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company, to ensure the fairness of the Tender Offer Price. SMBC Nikko Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Tender Offer required to be disclosed under Japanese laws and regulations. The Offeror has

not obtained from SMBC Nikko Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion).

SMBC Nikko Securities has evaluated the Target Company's share value using the market price method and the discounted cash flow method (the "**DCF Method**"), and on September 15, 2016, the Offeror obtained a share price valuation report from SMBC Nikko Securities.

For an outline of the share price valuation report on the Target Company's share value obtained from SMBC Nikko Securities by the Offeror, please see "(A) Basis of Valuation" under "(4) Basis of Valuation of Price for Tender Offer" in "2. Outline of the Tender Offer."

(B) Obtainment of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Target Company

According to the Target Company's Press Release, the Target Company has, in relation to expressing an opinion on the Tender Offer, engaged K.K. Plutus Consulting ("**Plutus**"), which is a third-party appraiser that is independent from the Target Company and the Offeror and does not have any interest in relation to the Target Company or the Offeror. Plutus is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Tender Offer that must be stated.

As a result of its consideration of the valuation methods used in the Tender Offer, Plutus evaluated the Target Company's share value using the following methods: (a) the DCF Method, adopted based on the premise that the Target Company is a going concern and in order to directly evaluate the future revenue earning capability of the Target Company and to reflect the Target Company's unique nature in the evaluation results; and (b) the market price method, adopted from the perspectives of using multiple evaluation approaches to ascertain corporate value from different angles and improving the fairness and validity of the evaluation, which is the most objective evaluation method for listed shares. The Target Company obtained a share price valuation report dated September 15, 2016 in relation to the Target Company Shares. The Target Company has not obtained from Plutus an opinion on the fairness of the Tender Offer Price (a fairness opinion).

The methods used by Plutus for evaluating the value of the Target Company Shares and the ranges of values per Target Company Share evaluated by those methods are as follows:

DCF Method: From 7,665 yen to 11,102 yen

Market price method: From 7,410 yen to 8,352 yen

For the DCF Method, the value range of 7,665 yen to 11,102 yen per Target Company Share was derived by analyzing the Target Company's corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate from the fiscal period ending June 2016 based on the Target Company's estimated future earnings and investment plan in its business plan (from the fiscal period

ending February 2017 to the fiscal period ending February 2021), recent business performance trends, publicly disclosed information, and the like.

No significant fluctuations in earnings are anticipated in the business plan used as the basis of valuation in the aforementioned DCF Method. The business plan is not based on the assumption that the Tender Offer will be implemented.

For the market price method, the share value range per Target Company Share of 7,410 yen to 8,352 yen was derived based on the following figures for the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange as of the evaluation reference date of September 14, 2016, which was chosen, as the business day immediately preceding the appearance on September 15, 2016 of coverage by certain media outlets to the effect that the Offeror would be making a tender offer with the objective of making the Target Company a consolidated subsidiary of the Offeror (the “**Media Coverage**”), in order to eliminate any influence of the Media Coverage on the share price: 7,410 yen, which was the closing share price on the evaluation reference date; 7,516 yen, which was the simple average closing share price over the preceding one-month period (rounded to the nearest whole yen; the same applies for all calculations of simple average closing prices); 7,840 yen, which was the simple average closing share price over the preceding three-month period; and 8,352 yen, which was the simple average closing share price over the preceding six-month period.

(C) Advice from a Law Firm Outside the Target Company

According to the Target Company’s Press Release, the Target Company appointed Nagashima Ohno & Tsunematsu as the Target Company’s external legal adviser in order to ensure the transparency and fairness of decision-making processes and the like of the Target Company’s board of directors in relation to the Tender Offer and received legal advice from that law firm on decision-making processes and methods and other similar matters of the Target Company’s board of directors in relation to the Tender Offer.

(D) Approval of All Disinterested Directors of the Target Company and Non-dissenting Opinions of All Disinterested Company Auditors

According to the Target Company’s Press Release, the Target Company has carefully deliberated the Offeror’s proposal, held discussions with the Offeror, and also carefully discussed and deliberated the terms and conditions of the Tender Offer, while obtaining from Plutus a share price valuation report related to the valuation of the Target Company Shares and obtaining legal advice from Nagashima Ohno & Tsunematsu as stated in “(B) Obtainment of a Share Price Valuation Report from a Third-Party Appraiser Independent from the Target Company” and “(C) Advice from a Law Firm Outside the Target Company” above, in addition to receiving an explanation from the Offeror regarding the Tender Offer.

Consequently, considering that, to further develop the Target Company’s businesses and improve corporate value in an increasingly challenging business environment, it is necessary to collaborate on a company-wide basis and engage

in further bolstering the Target Company's business foundation, and in order to do so, there are major benefits to be derived from further strengthening the capital relationship between the Target Company and the Offeror and taking even greater advantage of the overall strength of the Offeror (such as the Offeror's network and human resources) in the Collaborative Fields, the (six) Target Company's directors participating in the deliberations and resolution at the Target Company's board of directors meeting held on September 16, 2016 unanimously resolved, as an expression of the Target Company's opinion as of that date, to the effect that the Target Company would support the Tender Offer if it were commenced, subject to satisfaction of the following conditions and other conditions stated in "(B) Target Company's Support" in "(3) Material Agreements Regarding the Tender Offer" above: (i) with respect to procedures required under domestic and foreign competition laws in relation to the share acquisition through the Tender Offer, the statutory waiting period has passed, necessary permissions and approvals have been obtained from the relevant authorities, and the relevant authorities have not issued any cease and desist order or conducted any other similar procedure under those competition laws and have not required any remedial measures to be taken; (ii) the Tender Offer Price is reasonable in light of the contents of the valuation report or appraisal report for the Target Company's share value obtained by the Target Company in relation to the Tender Offer; and (iii) it is reasonably considered that the Target Company's directors will not breach their legal obligations by supporting the Tender Offer. In addition, while it is believed that the fact that the Tender Offer Price is within the range of share prices calculated by the DCF method as shown in the share price valuation report obtained from Plutus and the fact that the Tender Offer Price offers a certain premium on the most recent market price of the Target Company Shares indicate to a certain extent that the Tender Offer Price is reasonable, a resolution was also adopted at the same board of directors meeting of the Target Company to the effect that decisions by Target Company shareholders regarding whether to tender shares for the Tender Offer would be left to the discretion of the Target Company's shareholders, considering that it can be considered a sufficiently reasonable choice for the Target Company shareholder to hold Target Company Shares even after the Tender Offer because (a) the Target Company and the Offeror have confirmed that the listing of the Target Company Shares will be maintained even after the Target Company becomes a consolidated subsidiary, and it is intended that the Target Company Shares will remain listed after the Tender Offer and (b) a maximum number of shares to be purchased through the Tender Offer has been set. Of the Target Company's directors, Yutaka Kyoya, who serves concurrently as Executive Vice President of the Offeror, and Kazunori Nishio, who serves concurrently as Senior Vice President of the Offeror, did not participate in the aforementioned deliberations and resolution at the aforementioned board of directors meeting and have not participated in discussions with the Offeror in relation to the Tender Offer in their roles at the Target Company, from the perspective of avoiding the suspicion of a conflict of interest and ensuring fairness and neutrality in decision-making processes at the Target Company.

All of the Target Company's company auditors participated in the aforementioned board of directors meeting and stated their opinion to the effect that they did not object to the Target Company expressing the aforementioned opinion.

However, considering that it was planned that the Tender Offer would commence subject to the satisfaction of certain conditions as stated above, and it was anticipated that it would take some time to actually commence the Tender Offer, at the above-mentioned board of directors meeting held on September 16, 2016, the Target Company's board of directors stated its intention to once again adopt a resolution expressing its opinion in relation to the Tender Offer at the time of commencement of the Tender Offer, after confirming whether the conditions necessary for the board of directors to support the Tender Offer had been satisfied.

In preparation for the commencement of the Tender Offer, upon satisfaction of the aforementioned conditions necessary for the Target Company's board of directors to support the Tender Offer, including completion of procedures and actions required under domestic and foreign competition laws, have been satisfied, the (five) Target Company directors participating in the deliberations and resolution at the Target Company's board of directors meeting held today once again unanimously resolved to the effect that the Target Company would support the Tender Offer, and that it would leave decisions on whether to tender shares for the Tender Offer to the discretion of the Target Company's shareholders, because it is planned that the listing of the Target Company Shares will be maintained even after the completion of the Tender Offer. Of the Target Company's directors, Yutaka Kyoya, who serves concurrently as Executive Vice President of the Offeror, and Kazunori Nishio, who serves concurrently as Senior Vice President of the Offeror, did not participate in the aforementioned deliberations and resolution at the aforementioned board of directors meeting held today from the perspective of avoiding the suspicion of a conflict of interest and ensuring fairness and neutrality in decision-making processes at the Target Company. Of the Target Company directors, Emi Osono was absent from the abovementioned board of directors meeting held today for a business reason and did not take part in the deliberations and resolution; however, she agreed in advance of the board of directors meeting to support the Tender Offer, and to leave decisions on whether to tender shares for the Tender Offer to the discretion of Target Company's shareholders because it is planned that the listing of Target Company Shares will be maintained even after the completion of the Tender Offer.

All of the Target Company's company auditors participated in the aforementioned board of directors meeting held today and stated their opinion to the effect that they did not object to the Target Company expressing the aforementioned opinion.

(5) Plans for Additional Acquisition of Share Certificates, Etc. after the Tender Offer

The Offeror is conducting the Tender Offer for the purpose of making the Target Company a consolidated subsidiary of the Offeror, and if that purpose is achieved through the Tender Offer, the Offeror does not currently plan to acquire any additional Target Company Shares after the Tender Offer. At the same time, if the Target Company does not become a consolidated subsidiary of the Offeror as a result of the Tender Offer, then the Offeror, in light of the market trends and other factors, intends

to purchase additional shares in the Target Company through market trading and other methods after the Tender Offer is completed in order to make the Target Company a consolidated subsidiary of the Offeror.

(6) Prospects and Reasons for Delisting

The Target Company's Shares are listed on the First Section of the Tokyo Stock Exchange as of today. It is not intended that the Target Shares will be delisted through the Tender Offer, and the Offeror will conduct the Tender Offer setting a maximum number of shares to be purchased at 16,649,900 shares (which will result in the holding of up to 50,150,100 shares together with the Target Company Shares held by the Offeror as of today, making an ownership ratio of 50.00%). Therefore, the listing of the Target Company Shares on the Tokyo Stock Exchange will be maintained even after the completion of the Tender Offer.

(7) Matters Regarding Material Agreements Between the Offeror and the Target Company's Shareholders in Relation to Tendering Shares for the Tender Offer

Not applicable.

2. Outline of the Tender Offer

(1) Outline of the Target Company

(A) Name	Lawson, Inc.
(B) Address	11-2, Osaki 1-chome, Shinagawa-ku, Tokyo, Japan
(C) Title and Name of Representative	Genichi Tamatsuka, Chairman and CEO, Representative Director Sadanobu Takemasu, President and COO, Representative Director
(D) Description of Business	Operation of a franchising system for and directly-managed stores of the convenience store "LAWSON"
(E) Capital	58,506 million yen
(F) Date of Establishment	April 15, 1975
(G) Major Shareholders and Shareholding Ratios (as of August 31, 2016)	Mitsubishi Corporation 33.40% Japan Trustee Services Bank, Ltd. (Trust Account) 3.61% The Master Trust Bank of Japan, 3.41%

	Ltd. (Trust Account)	
	NTT Docomo, Inc.	2.09%
	State Street Bank West Client - Treaty 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.89%
	State Street Bank and Trust, Boston, as trustee for Mawer Investment Management Ltd. (standing proxy: Custody Service Department, Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	1.72%
	Nomura Securities Co., Ltd.	1.42%
	The Bank of New York Mellon SA/NV 10 (standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	1.02%
	National Mutual Insurance Federation of Agricultural Cooperatives (standing proxy: The Master Trust Bank of Japan, Ltd.)	1.00%
	Japan Trustee Services Bank, Ltd. (Trust Account No. 7)	0.97%

(H) Relationship between Offeror and Target Company

Capital Relationship	The Offeror owns 33,500,200 Target Company Shares (ownership ratio: 33.40%) as of today.
Personnel Relationship	An executive vice president and a senior vice president of the Offeror concurrently serve as outside directors of the Target Company.  31 employees have been seconded from the Offeror to the Target Company as of November 30, 2016.
Business Relationship	The Offeror and the Target Company executed the Original Business Alliance Agreement pursuant to which the Offeror will conduct a business alliance with the

	<p>Target Company in fields related to the Target Company's E-business or electronic commerce business, Internet banking and other fields related to the Target Company's financial services, fields that strengthen the Target Company's existing business, and such other fields as the Offeror and the Target Company may agree after consultation.</p> <p>Mitsubishi Shokuhin Co., Ltd., which is a subsidiary of the Offeror, sells products to stores directly-managed by the Target Company and to the Target Company's franchise chain stores.</p>
Status as Related Party	The Target Company is an equity-method affiliate of the Offeror.

(2) Schedule, etc.

(A) Schedule

Date of public notice of commencement of the Tender Offer	December 22, 2016 (Thursday)
Name of newspaper in which public notice is to appear	An electronic public notice will be conducted, and notice to that effect will be published in The Nikkei. (URL of electronic public notice: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
Filing date of Tender Offer registration statement	December 22 , 2016 (Thursday)

(B) Initially Registered Offering Period

From December 22, 2016 (Thursday) to February 9, 2016 (Thursday) (30 business days)

Note: December 29 and 30, 2016 will be government holidays and are therefore not included in the calculation of the length of the period of the Tender Offer (the "**Tender Offer Period**") under Article 8, Paragraph 1 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; "**Enforcement Order**") and Article 1, Paragraph 1, Item 3 of the Act on Holidays of Administrative Organs. However, the tender offer agent will nevertheless accept tender applications from tendering shareholders on December 29 and 30, 2016.

(C) Possibility of Extension at Request of Target Company

Not applicable.

(3) Price of Tender Offer

8,650 yen per share of common stock

(4) Basis of Valuation of Price for Tender Offer

(A) Basis of Valuation

In deciding the Tender Offer Price, the Offeror has requested its financial adviser SMBC Nikko Securities to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company.

SMBC Nikko Securities considered it appropriate to evaluate the Target Company's share value from multiple perspectives after taking into account the Target Company's financial status and trends in the market price of the Target Company Shares, and other factors. Accordingly, SMBC Nikko Securities has, as a result of its consideration of the evaluation methods that should be used among the various share value evaluation methods available, evaluated the Target Company's share value using the market price method and the DCF Method based on the assumption that the Target Company is a going concern, and on September 15, 2016, the Offeror obtained a share price valuation report from SMBC Nikko Securities.

SMBC Nikko Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Tender Offer required to be disclosed under Japanese laws and regulations. In addition, the Offeror has not obtained from SMBC Nikko Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion).

According to the share price valuation report, the methods used for the evaluation and the ranges of values per Target Company Share evaluated by those methods are as follows:

Market price method: From 7,516 yen to 7,840 yen

DCF Method: From 7,942 yen to 10,690 yen

For the market price method, after considering the recent trading activity of the Target Company Shares in the market and other factors, the share value range per share of 7,516 yen to 7,840 yen was derived based on the following figures quoted on the First Section of the Tokyo Stock Exchange as of the evaluation reference date of September 14, 2016, which was chosen, as the business day immediately preceding the appearance on September 15, 2016 of the Media Coverage, in order to eliminate any influence of the Media Coverage on the share price: 7,516 yen, which was the simple average closing price over the preceding one-month period; and 7,840 yen, which was the simple average closing price over the preceding three-month period.

For the DCF Method, the value range of 7,942 yen to 10,690 yen per Target Company Share was derived by analyzing the Target Company's corporate value and share value, calculated by discounting to the present value at a certain discount rate the free cash flow that the Target Company is expected to generate from the second quarter of the fiscal year ending February 2017 based on the Target Company's estimated future earnings and investment plan in its business plan for the period from the fiscal period ending February 2017 to the fiscal period ending February 2022, publicly disclosed information, and the like.

While taking into account the evaluation details results reported in the share price valuation report obtained from SMBC Nikko Securities, the Offeror ultimately decided on the Tender Offer Price of 8,650 yen on September 16, 2016 as a result of consultation and negotiation with the Target Company regarding the Tender Offer Price conducted after the Offeror's proposal on the Tender Offer Price to the Target Company in late August 2016, considering the results of due diligence on the Target Company performed between late June and mid-August 2016, the support for the Tender Offer by the Target Company's board of directors, trends in the market price of Target Company Shares, examples of the premiums paid in tender offers conducted in the past for shares certificates, etc. by a party other than an issuer, the estimated number of shares to be tendered in the Tender Offer, and other factors.

The Tender Offer Price of 8,650 yen represents a premium of 16.73% on 7,410 yen, which was the closing price for the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange on September 14, 2016 (which was the business day immediately preceding the appearance of the Media Coverage on September 15, 2016); a premium of 15.09% on 7,516 yen, which was the simple average closing price for the Target Company Shares over the one-month period ending on September 14, 2016; a premium of 10.33% on 7,840 yen, which was the simple average closing price for the Target Company Shares over the three-month period ending on September 14, 2016; and a premium of 3.57% on 8,352 yen, which was the simple average closing price over the six-month period ending on September 14, 2016. In addition, the Tender Offer Price represents a premium of 9.08% on 7,930 yen, which was the closing price for the Target Company Shares quoted on the First Section of the Tokyo Stock Exchange on September 15, 2016, the business day immediately preceding the announcement date of the Tender Offer, and a premium of 4.09 % on 8,310 yen, the closing price for the Target Company Shares on December 20, 2016, the business day immediately preceding today.

## (B) Background of Valuation

### (Background of the Decisions on the Tender Offer Price)

In the convenience store industry in recent years, the competitive climate surrounding the Target Company has intensified due to an increase in store openings by competition within the industry, as well as the development of new alliances among competitors and intensified competition from other types of businesses, such as pharmacies and e-commerce. The Offeror considered that, in order to maintain the growth of the Target Company, it is desirable to further

strengthen its capital relationship with the Target Company, thereby enabling the Offeror and the Target Company to collaborate on a company-wide basis even more so than in the past and to further strengthen the Target Company's business foundation. Therefore, in late June 2016, the Offeror proposed to the Target Company that the Target Company become a consolidated subsidiary of the Offeror through the Tender Offer to strengthen collaboration between the companies.

As a result of careful discussions in light of that proposal, the Offeror and the Target Company concluded that, in order to maintain the sustainable growth of the Target Company, it is necessary for the Offeror and the Target Company to further strengthen collaboration between the companies and engage in further bolstering the Target Company's business foundation by the Target Company's taking greater advantage of the network and human resources of the Offeror for the benefit of the Collaborative Fields through making the Target Company a consolidated subsidiary of the Offeror. Therefore the Offeror resolved at its board of directors meeting held on September 16, 2016 to implement the Tender Offer for the purpose of making the Target Company a consolidated subsidiary of the Offeror and decided on the Tender Offer Price by the process below.

(i) Name of Third Party from Whom the Offeror Received Advice upon Valuation

In deciding the Tender Offer Price, the Offeror has requested its financial adviser SMBC Nikko Securities to evaluate the Target Company's share value as a third-party appraiser independent from the Offeror and the Target Company, and the Offeror obtained a share price valuation report from SMBC Nikko Securities on September 15, 2016. SMBC Nikko Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Tender Offer required to be disclosed under Japanese laws and regulations. The Offeror has not obtained from SMBC Nikko Securities an opinion on the fairness of the Tender Offer Price (a fairness opinion).

(ii) Outline of Advice from SMBC Nikko Securities

SMBC Nikko Securities considered it appropriate to evaluate the Target Company's share value from multiple perspectives after taking into account the Target Company's financial status and trends in the market price of the Target Company Shares and the like. Accordingly, SMBC Nikko Securities has, as a result of its consideration of the valuation methods that should be used among the various share value evaluation methods available, evaluated the Target Company's share value using the market price method and the DCF Method, based on the assumption that the Target Company is a going concern. The methods used for evaluating the value of the Target Company Shares and the ranges of values per Target Company Share evaluated by those methods are as follows:

Market price method: From 7,516 yen to 7,840 yen

DCF Method: From 7,942 yen to 10,690 yen

(iii) Background of the Decision on the Tender Offer Price upon Consideration of the Advice from SMBC Nikko Securities

While taking into account the evaluation details results reported in the share price valuation report obtained from SMBC Nikko Securities, the Offeror ultimately decided on the Tender Offer Price of 8,650 yen on September 16, 2016 as a result of consultation and negotiation with the Target Company regarding the Tender Offer Price conducted after the Offeror's proposal on the Tender Offer Price to the Target Company in late August 2016, considering the results of due diligence on the Target Company performed between late June and mid-August 2016, the support for the Tender Offer by the Target Company's board of directors, trends in the market price of Target Company Shares, examples of the premiums paid in tender offers conducted in the past for shares certificates, etc. by a party other than an issuer, the estimated number of shares to be tendered in the Tender Offer, and other factors.

(C) Relationship with Appraiser

The Offeror's financial adviser SMBC Nikko Securities is not a related party of the Offeror or the Target Company and does not have any material interest in relation to the Tender Offer required to be disclosed under Japanese laws and regulations.

(5) Number of Share Certificates, Etc. to be Purchased

Number of share certificates, etc. to be purchased	Minimum number of share certificates, etc. to be purchased	Maximum number of share certificates, etc. to be purchased
16,649,900 shares	– shares	16,649,900 shares

Note 1: If the total number of Tendered Share Certificates, Etc. is equal to or less than the number of the share certificates, etc. to be purchased (16,649,900 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc. If the total number of Tendered Share Certificates, Etc. exceeds the maximum number of the share certificates, etc. to be purchased (16,649,900 shares), the Offeror will not purchase all or any part of that excess amount and will implement the delivery and other settlement for purchasing share certificates, etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Ordinance.

Note 2: The maximum number of shares to be purchased (16,649,900 shares) has been decided by multiplying the number of shares per unit (100) by the number of voting rights (166,499) calculated by deducting the number of voting rights (335,002) represented by the number of shares held by the Offeror (33,500,200 shares) from the number equivalent to the majority (501,501) of voting rights (1,003,000) represented by the total number of

issued shares (100,300,000 shares) as of May 31, 2016 stated in the quarterly report for the first quarter of the 42nd fiscal term submitted by the Target Company on July 13, 2016.

Note 3: Shares less than one unit are also subject to the Tender Offer. If a right to demand purchase of shares less than one unit is exercised by a shareholder in accordance with the Companies Act (Act No. 86 of 2005, as amended), the Target Company may purchase its own shares during the Tender Offer Period in accordance with procedures under laws and regulations.

Note 4: The Offeror does not intend to acquire the treasury shares held by the Target Company through the Tender Offer.

Note 5: It is possible that stock acquisition rights will be exercised by the last day of the Tender Offer Period. The Target Company Shares issued upon such exercise will also be subject to the Tender Offer.

(6) Changes in Ownership Ratio of Share Certificates, Etc. through the Tender Offer

Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer	335,002 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 33.47%)
Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. before the Tender Offer: 0.00 %)
Number of voting rights represented by share certificates, etc. held by the Offeror after the Tender Offer	501,501 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 50.11%)
Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer	0 voting rights	(Ownership ratio of share certificates, etc. after the Tender Offer: 0.00 %)
Number of voting rights of all shareholders of the Target Company	998,870 voting rights	

Note 1: “Number of voting rights represented by share certificates, etc. held by the Offeror before the Tender Offer” is the number of voting rights (335,002 voting rights) represented by share certificates, etc. (33,500,200 shares) held by the Offeror as of today.

Note 2: “Number of voting rights represented by share certificates, etc. held by special related parties before the Tender Offer” and “Number of voting rights represented by share certificates, etc. held by the special related parties after the Tender Offer” state the total number of voting rights represented by share certificates, etc. held by each special related

party(except for persons excluded from special related parties under Article 3(2)(i) of the Cabinet Ordinance for the purpose of calculating the ownership ratio of share certificates, etc. under each item of Article 27-2(1)).

Note 3: “Number of voting rights of all shareholders of the Target Company” is the number of voting rights of all shareholders of the Target Company as of August 31, 2016 stated in the quarterly report for the second quarter of the 42nd fiscal term submitted by the Target Company on October 13, 2016. However, since shares less than one unit and Target Company Shares issued or transferred upon exercise of stock acquisition rights of the Target Company are subject to the Tender Offer, when calculating “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer,” the number of voting rights (1,000,812 voting rights) represented by 100,081,207 shares is used as a denominator. This number of shares (100,081,207 shares) is the number that results from subtracting (a) the number of treasury shares (287,993 shares) owned by the Target Company as of August 31, 2016 stated in the summary of financial results for the second quarter of the fiscal term ending February, 2017 released by the Target Company on October 12, 2016, from (b) the sum (100,369,200 shares) of (i) the total number of issued shares (100,300,000 shares) as of August 31, 2016 stated in the quarterly report for the second quarter of the 42nd fiscal term submitted by the Target Company on October 13, 2016, (ii) the number of shares (14,100 shares) subject to the remainder (141 units) after the exercise or expiration of the stock acquisition rights (151 units) that were outstanding as of April 13, 2016 and stated in the quarterly report for the first quarter of the 42nd fiscal term submitted by the Target Company on July 13, 2016, excluding those that have been exercised or expired (10 units of such stock acquisition rights were exercised or expired during the period from April 14, 2016 to December 21, 2016 according to the Target Company), and (iii) the number of shares (55,100 shares) subject to the remainder (551 units) after the exercise or expiration of the stock acquisition rights (a total of 695 units) as of April 30, 2016 and stated in the quarterly report for the 41st fiscal term submitted by the Target Company on May 25, 2016 (144 units of such stock acquisition rights were exercised or expired during the period from May 1, 2016 to December 21, 2016 according to the Target Company).

Note 4: “Ownership ratio of share certificates, etc. before the Tender Offer” and “Ownership ratio of share certificates, etc. after the Tender Offer” have been rounded to two decimal places.

(7) Purchase Price: 144,021,635,000 yen

Note: The purchase price is the product of the number of share certificates, etc. to be purchased (16,649,900 shares) in the Tender Offer multiplied by the Tender Offer Price per share (8,650 yen).

(8) Method of Settlement

(A) Name and Address of Head Office of Financial Instruments Business Operator/Bank, etc., in Charge of Settlement of Tender Offer

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

(B) Commencement Date of Settlement

February 15, 2017 (Wednesday)

(C) Method of Settlement

A notice regarding the purchase under the Tender Offer will be mailed to the address of tendering shareholders (or the standing proxy in the case of non-resident shareholders) without delay after the expiration of the Tender Offer period. If tendering shareholders tendered their shares through Nikko Easy Trade, the notice will be delivered by electromagnetic means.

The purchase will be settled in cash. The Tender Offer Agent will, in accordance with the instructions given by the tendering shareholders (or the standing proxy in the case of non-resident shareholders) and without delay on or after the commencement date of settlement, remit the purchase price to the address designated by the tendering shareholders (or the standing proxy in the case of non-resident shareholders).

(D) Method of Return of Share Certificates, Etc.

In the event that all or part of the Tendered Share Certificates, Etc. will not be purchased under the terms set forth in “(A) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof” or “(B) Conditions of Withdrawal, etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc.” in “(9) Other Conditions and Methods of Purchase” below, the Tender Offer Agent will return the relevant share certificates, etc., by reverting the relevant shares to their original condition at the time of the tender in the securities account held by the relevant tendering shareholders with the Tender Offer Agent (“the original condition at the time of the tender” means the condition where the execution of the order to tender in the Tender Offer has been cancelled) on the date two business days after the last day of the Tender Offer Period (or the date of withdrawal of the Tender Offer if the Offeror withdraws the Tender Offer). If the tendering shareholders wish to transfer the share certificates, etc. that must be returned to a financial instruments business operator, etc. other than the Tender Offer Agent, tendering shareholders should contact the head office or sales office in Japan of the Tender Offer Agent through which the tendering shareholders tendered their shares to confirm the date of such transfer, which may differ depending on account type where the share certificates, etc. are managed.

(9) Other Conditions and Methods of Purchase

(A) Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and the Details Thereof

If the total number of Tendered Share Certificates, Etc. is equal to or less than the number of the share certificates, etc. to be purchased (16,649,900 shares), the Offeror will purchase all of the Tendered Share Certificates, Etc.

If the total number of Tendered Share Certificates, Etc. exceeds the maximum number of the share certificates, etc. to be purchased (16,649,900 shares), the Offeror will not purchase all or any part of that excess amount and will implement the delivery and other settlement for purchasing share certificates, etc. on a pro rata basis as provided for in Article 27-13, Paragraph 5 of the Act and Article 32 of the Cabinet Ordinance. If the number of Tendered Share Certificates, Etc. tendered by any tendering shareholders contains a portion of shares less than one unit (100 shares), the number of shares to be purchased, as calculated on a pro rata basis, will be limited to the number of share certificates, etc. tendered by each such Tendering Shareholder. If the total number of shares to be purchased from all tendering shareholders as calculated on a pro rata basis whereby shares constituting less than one unit are rounded off is less than the maximum number of share certificates, etc. to be purchased, the Offeror will purchase one unit from each Tendering Shareholder, in descending order beginning with the Tendering Shareholder(s) that own the greatest number of rounded-off shares, until the total number of shares to be purchased is equal to or more than the number listed under the maximum number of share certificates, etc. to be purchased. (If purchase of one additional unit exceeds the number of Tendered Shares Certificates, Etc., the purchase will be limited to the number of Tendered Shares Certificates, Etc.) However, if the Offeror purchases units from all tendering shareholders who hold an equal number of rounded-off shares, and the result of such purchase exceeds the maximum number of share certificates, etc. to be purchased, the Offeror will select, by lottery, the Tendering Shareholder(s) from whom the Offeror will purchase one unit, to the extent that the total number of shares to be purchased is no less than the maximum number of share certificates, etc. to be purchased.

If the total number of shares to be purchased from all tendering shareholders as calculated on a pro rata basis whereby shares constituting less than one unit are rounded off exceeds the maximum number of share certificates, etc. to be purchased, the Offeror will decrease the number of Tendered Share Certificates, Etc. to be purchased from each Tendering Shareholder by one unit, in descending order beginning with the tendering shareholders that own the greatest number of rounded-up shares, until the total number of shares to be purchased is no less than the maximum number of share certificates, etc. to be purchased. (If the number of shares to be purchased as calculated on a pro rata basis contains a portion of shares less than one unit, such number of shares less than one unit will be decreased.) However, if the Offeror decreases the number of shares to be purchased from all tendering shareholders who hold an equal number of rounded-up shares, and the result is less than the maximum number of share certificates, etc. to be purchased, the Offeror will select, by lottery, the tendering shareholder(s) from whom the Offeror will reduce the number of shares to be purchased, to the extent that the total number of shares to be purchased is no less than the maximum number of share certificates, etc. to be purchased.

(B) Conditions of Withdrawal, etc. of the Tender Offer, Details Thereof and Method of Disclosure of Withdrawal, etc.

If any event listed in Article 14, Paragraph 1, Items (1)1 through (1)9 and Items (1)12 through (1)18, Items (3)1 through (3)8 and (3)10, as well as Article 14, Paragraph 2, Items (3) through (6) of the Enforcement Order occurs, the Offeror may withdraw the Tender Offer.

If the Offeror intends to withdraw the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

In the Tender Offer, the “events which are equivalent to those listed in Items (3)1 through (3)9” set out in Article 14, Paragraph 1, Item (3)10 of the Enforcement Order refers to (i) the case where any of the statutory disclosure documents submitted by the Target Company in the past is found to contain a false statement on a material fact, or omit a statement on a material fact that should have been stated, but the Offeror was not aware of the existence of such false statement, etc. nor the Offeror could have been aware of such false statement, etc. even with reasonable care, and (ii) the case where any of the events listed in Article 14, Paragraph 1, Items (3)1 through (3)7 of the Enforcement Order occurs in respect of a significant subsidiary of the Target Company.

(C) Conditions to Reduce Purchase Price, Details Thereof and Method of Disclosure of Reduction

Under Article 27-6, Paragraph 1, Item (1) of the Act, if the Target Company conducts any act set out in Article 13, Paragraph 1 of the Enforcement Order during the Tender Offer Period, the Offeror may reduce the purchase price in accordance with the standards set out in the provision of Article 19, Paragraph 1 of the Cabinet Ordinance.

If the Offeror intends to reduce the purchase price, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the public notice by the last day of the Tender Offer Period, the Offeror will make a public announcement by the method set out in Article 20 of the Cabinet Ordinance and give public notice immediately after the announcement. If the purchase price is reduced, the Offeror will also purchase the share certificates, etc. tendered on or before the date of the public notice at the reduced purchase price.

(D) Matters Concerning Tendering Shareholders’ Right to Terminate Their Agreements

The tendering shareholders may, at any time during the Tender Offer Period, terminate their agreement under the Tender Offer.

The tendering shareholders who wish to terminate their agreements must deliver or send a notice stating that such Tendering Shareholder terminates the agreement under the Tender Offer (the “**Termination Notice**”) by 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office; tendering shareholders should contact the sales office of the authorized party to receive the Termination Notice as designated below in advance to confirm). In the case that the Termination Notice is sent by mail, the termination is conditional on the Termination Notice reaching the designated recipient below by no later than 3:30 p.m. on the last day of the Tender Offer Period (subject to the business hours of the sales office; tendering shareholders should contact their relevant sales office in advance to confirm).

Tenders made through Nikko Easy Trade may be cancelled by logging into Nikko Easy Trade and following the onscreen instructions by 3:30 p.m. on the last day of the Tender Offer Period.

Party authorized to receive the Termination Notice:

SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo  
(or any other domestic branch of SMBC Nikko Securities)

The Offeror will not make any claim for damages or a penalty payment due to the termination of their agreement with tendering shareholders. Further, the cost of returning Tendered Share Certificates, Etc. to the tendering shareholders will be borne by the Offeror.

(E) Method of Disclosure If the Conditions of the Tender Offer Are Changed

The Offeror may change the conditions, etc. of the Tender Offer during the Tender Offer Period unless such change is prohibited under Article 27-6, Paragraph 1 of the Act or Article 13 of the Enforcement Order.

If the Offeror intends to change any conditions, etc. of the Tender Offer, the Offeror will give an electronic public notice and publish a notice to that effect in the Nikkei. However, if it is deemed difficult to give the notice by the last day of the Tender Offer Period, the Offeror will make a public announcement in the manner set out in Article 20 of the Cabinet Ordinance and give a public notice immediately after the announcement.

If the conditions, etc. of the Tender Offer are changed, the Offeror will also purchase the share certificates, etc. tendered on or before the date of the public notice in accordance with the changed conditions, etc. of the Tender Offer.

(F) Method of Disclosure If Amendment Statement Is Filed

If the Offeror submits an amendment statement to the Director-General of the Kanto Local Finance Bureau (unless otherwise provided for in the proviso in Article 27-8, Paragraph 11 of the Act), the Offeror will immediately make a public announcement of the content of that amendment statement that is relevant to the content of the public notice of the commencement of the Tender Offer in the manner set out in Article 20 of the Cabinet Ordinance. The Offeror will also

immediately amend the explanatory statement of the Tender Offer and deliver the amended explanatory statement to the tendering shareholders who have already received the previous explanatory statement. However, if the amendments are limited in scope, the Offeror may instead prepare and deliver to tendering shareholders a document stating the reason for the amendments, the matters amended, and the details thereof.

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

The results of the Tender Offer will be made public on the day following the last day of the Tender Offer Period in the manner set out in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Ordinance.

(10) Date of Public Notice of Commencement of the Tender Offer

December 22, 2016 (Thursday)

(11) Tender Offer Agent

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

3. Policies after the Tender Offer and Prospects for Impact on Performance

(1) Policies after the Tender Offer

Please see “1. Purpose of Tender Offer” for policies implemented after the Tender Offer and other related matters.

(2) Prospect for Impact on Performance

The effects of the Tender Offer have been taken into account in the consolidated earnings forecast for the year ending March 2017, announced by the Offeror on November 4, 2016. The Offeror will promptly disclose amendments to its earnings forecast and other matters to be announced (if any).

4. Other Matters

(1) Agreements Between the Offeror and the Target Company or its Directors and Details of Those Agreements

(A) Expressions of Support for the Tender Offer

According to the Target Company’s Press Release, the (six) Target Company directors participating in the deliberations and resolution at the Target Company’s board of directors meeting held on September 16, 2016 unanimously resolved, as an expression of the Target Company’s opinion as of that date, to the effect that the Target Company would support the Tender Offer if it were commenced, subject to satisfaction of the following conditions and other conditions stated in

“(B) Target Company’s Support” in “(3) Material Agreements Regarding the Tender Offer” in “1. Purpose of Tender Offer” above: (i) with respect to procedures required under domestic and foreign competition laws in relation to the share acquisition through the Tender Offer, the statutory waiting period has passed, necessary permissions and approvals have been obtained from the relevant authorities, and the relevant authorities have not issued any cease and desist order or conducted any other similar procedure under those competition laws and have not required any remedial measures to be taken; (ii) the Tender Offer Price is reasonable in light of the contents of the valuation report or appraisal report for the Target Company’s share value obtained by the Target Company in relation to the Tender Offer; and (iii) it is reasonably considered that the Target Company’s directors will not breach their legal obligations by supporting the Tender Offer. In addition, while it is believed that the fact that the Tender Offer Price is within the range of share prices calculated by the DCF method as shown in the share price valuation report obtained from Plutus and the fact that the Tender Offer Price offers a certain premium on the most recent market price for the Target Company Shares indicate to a certain extent that the Tender Offer Price is reasonable, a resolution was also adopted at the same board of directors meeting to the effect that decisions by Target Company shareholders on whether to tender shares for the Tender Offer would be left to the discretion of the Target Company’s shareholders, considering that it can be considered a sufficiently reasonable choice for the Target Company shareholders, to hold Target Company Shares even after the Tender Offer because (a) the Target Company and the Offeror have confirmed that the listing of the Target Company Shares will be maintained even after the Target Company becomes a consolidated subsidiary, and it is intended that the Target Company Shares will remain listed after the Tender Offer and (b) a maximum number of shares to be purchased through the Tender Offer has been set. However, considering that it was planned that the Tender Offer would commence subject to the satisfaction of certain conditions as stated above, and it was anticipated that it would take some time to actually commence the Tender Offer, at the above-mentioned board of directors meeting held on September 16, 2016, the Target Company’s board of directors stated its intention to once again adopt a resolution expressing its opinion in relation to the Tender Offer at the time of commencement of the Tender Offer, after confirming whether the conditions necessary for the board of directors to support the Tender Offer had been satisfied.

In preparation for the commencement of the Tender Offer, upon satisfaction of the aforementioned conditions necessary for the Target Company’s board of directors to support the Tender Offer, including completion of procedures and actions required under domestic and foreign competition laws, the (five) Target Company directors participating in the deliberations and resolution, at the Target Company’s board of directors meeting held today, once again unanimously resolved to the effect that the Target Company would support the Tender Offer, and that it would leave decisions on whether to tender shares for the Tender Offer to the discretion of the Target Company’s shareholders, because it is planned that the listing of the Target Company Shares will be maintained even after the completion of the Tender Offer.

For details of decision-making processes of the Target Company's board of directors, please refer to the Target Company's Press Release or "(D) Approval of All Disinterested Directors of the Target Company and Non-dissenting Opinions of All Disinterested Company Auditors" in "(4) Measures to Ensure Fairness of the Tender Offer, Including Measures to Ensure Fairness of the Tender Offer Price and Measures to Avoid Conflicts of Interest" in "1. Purpose of Tender Offer" above.

(B) Execution of Tender Offer Agreement

The Offeror and the Target Company executed the Tender Offer Agreement dated September 16, 2016. Please see "(3) Material Agreements Regarding the Tender Offer" in "1. Purpose of Tender Offer" above for an outline of the Tender Offer Agreement.

(2) Other Information Required by Investors When Considering Whether to Tender

According to "Lawson to Establish Preparatory Company to Explore Entry into Banking Business," announced by the Target Company on October 24, 2016, the Target Company's board of directors meeting resolved to the effect that the Target Company will establish a preparatory company to explore the possibility of entering into the banking business. For details, please refer to such announcement.

End

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of or be relied on in connection with any agreement thereof.

Although the Tender Offer will be conducted in accordance with the procedures and information disclosure standards prescribed in the Act, these procedures and standards may differ from the procedures and information disclosure standards in the United States. In particular, Sections 13(e) and 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 Tender Offer, and the Tender Offer does not conform to those procedures and standards. The financial information contained in this press release may not necessarily be comparable to the financial statements of U.S. companies. It may be difficult to enforce any right or claim arising under U.S. federal securities laws because the Offeror and the Target are incorporated outside the United States and their directors are non-U.S. residents. Shareholders may not be able to sue a company outside the United States and its directors in a non-U.S. court for violations of the U.S. securities laws. Furthermore, there is no guarantee that shareholders will be able to compel a company outside the United States or its subsidiaries and affiliated companies to subject themselves to the jurisdiction of a U.S. court.

Unless otherwise specified, all procedures relating to the Tender Offer shall be conducted entirely in Japanese. While some or all of the documentation relating to the Tender Offer will be prepared in English, if there is any inconsistency between the English documentation and the Japanese documentation, the Japanese documentation will 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. Known or unknown risks, uncertainties and other factors could cause actual results to differ substantially from the projections and other matters expressly or impliedly set forth herein as "forward-looking statements." Neither the Offeror, the Target Company nor any of their affiliates assures that such express or implied projections set forth herein as "forward-looking statements" will eventually prove to be correct. The "forward-looking statements" contained in this press release have been prepared based on the information held by the Offeror as of the date hereof and, unless otherwise required under applicable laws and regulations, neither the Offeror, the Target Company nor any of their affiliates assumes any obligation to update or revise this press release to reflect any future events or circumstances.

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