

10 September 2014

Notice regarding the decision on conditions of Vital KSK Euro-Yen Zero Coupon Convertible Bonds due 2020

VITAL KSK HOLDINGS, INC. (VKH) announces the conditions regarding the issuance of VKH's Euro-Yen Zero Coupon Convertible Bonds due 2020 (to be stated as "this CB"; the bond part will be stated as "this bond" and the share warrant part to be stated as "this warrant") according to the decision of its Board of Directors meeting held on 10 September 2014 together with other related decisions already announced as below:

Regarding the warrant

(1) The amount of capital that will be added in relation to the exercise of the warrant:

The same amount as the face value of this bond.

(2) Conversion price: 1,116 Yen

(Reference) The condition of the stock price on the day of the decision of the conditions (10 September 2014)

a. The closing price at the Tokyo Stock Exchange: 930 Yen

b. Ratio of increase $\{(\text{Conversion price} / \text{Closing price} - 1) \times 100\}$: 20.00%

This press release is to notify the public in connection with the issuance of VKH's convertible bond and is not intended to solicit any investment. This bond will not be promoted nor sold domestically. This press release does not constitute any promotion of this bond in any region including the United States. Unless the bond is registered under the U.S. Securities Act of 1933 or when the registration is waived, neither the promotion nor sale of this bond in the United States is permitted. When the solicitation or sale of securities are done in the United States, the English prospectus based on the U.S. Securities Act of 1933 should be used. This bond is not solicited nor sold in the United States.

(Reference) Outline of Vital KSK Euro-Yen Zero Coupon Convertible Bonds due 2020

(1) Total amount of the bonds: 10 billion Yen and the total face amount of these bonds related to alternate convertible bonds.

(2) The date of decision of the issuance: 10 September 2014

- (3) The date of warrant allocation and payment for the bond: 26 September 2014
(London time. Applicable to all other dates unless otherwise specified.)
- (4) The period of warrant exercise: The period shall be from 10 October 2014 to 14 September 2020 (of the local time of the place where the exercise of the warrant is accepted.) However,
- ①In the case of advanced redemption, the time limit will be 3 business days before the redemption date in Tokyo. (This excludes the warrant of this bond that opted not to accept the advanced redemption.)
- ②When the advanced redemption is exercised by the holder of this bond, the time limit will be when the notice of redemption is handed to the fiscal agent or other agents.
- ③When the retirement by purchase of this bond is done, the time limit will be when the bond is retired.
- ④When the loss of the benefit of time takes place, the time limit will be when the loss of the benefit of time takes place. In any of above cases, the exercise of warrant cannot be done after 14 September 2020 (of the local time of the place where the exercise of the warrant was accepted.)

Notwithstanding above provisions, if VKH decides on such a need to implement reorganization under rational terms, this warrant cannot be exercised during the period of less than 30 days designated by VKH that ends on the date that is 14 days or less later from the next day of the day when the reorganization goes into effect to.

Further, if the date that this warrant becomes exercisable (or if such a date is not a business day in Tokyo, then the next business day in Tokyo) falls between the base date designated by VKH or other date set to determine the stockholder under the Section 1 of the Clause 151 of the Law on Conversion of Bonds and Stocks (both to be called “stockholder determination date”) and two business days in Tokyo before the stockholder determination date (or if the stockholder determination date is not a business day in Tokyo, then three business days in Tokyo before the stockholder determination date), this warrant cannot be exercised. However, if a law or practice regarding the allocation of stock through the exercise of warrant based on the Law on Conversion of Bonds and Stocks changes, VKH reserves the right to change the restriction of the period in which this warrant can be exercised to reflect such change.

- (5) Date of maturity: 28 September 2020
- (6) Information about the dilution by dilutive shares: Through this round of financing, the ratio of dilutive shares compared to all outstanding stocks as of 31 August 2014 (excluding treasury stock) will be 15.41%.

Note: The ratio of dilutive shares are calculated by assuming that all warrants of this bonds are exercised at the initial conversion price and dividing the total of newly issued stocks with the total of outstanding stocks as of 31 August 2014 (excluding the treasury stocks.)

* Refer the press release “Notice regarding the conditions of Vital KSK Euro-Yen Zero Coupon Convertible Bonds due 2020” publicized today.

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