



February 29, 2016

To whom it may concern:

VITAL KSK HOLDINGS, INC.

Representative: Mr. Taisuke Murai, President & CEO

(Code number: 3151, Tokyo Stock Exchange, First Section)

Contact: Mr. Masaaki Tsugoshi, Director and General Manager,

Business Planning and General Affairs

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Notice Regarding the Secondary Offering of Shares and Disposition of Treasury Stock

VITAL KSK HOLDINGS, INC. (hereinafter the “Company”) has resolved at the Board of Directors’ Meeting held on February 29, 2016 that a secondary offering of shares of the Company and disposition of treasury stock be made. Details are as follows.

1. Secondary offering of shares (offering by way of firm commitment underwriting)

- (1) Class and number 2,947,600 shares of the Company’s common stock
of shares to be
offered

(2) Sellers and	DAIICHI SANKYO COMPANY, LIMITED	1,477,600 shares
number of shares	Mitsubishi Tanabe Pharma Corporation	1,200,000 shares
to be offered	Sumitomo Dainippon Pharma Co., Ltd.	250,000 shares
	Mr. Ken Suzuki	10,000 shares
	Mr. Taisuke Murai	10,000 shares

- (3) Offering price The offering price will be determined in accordance with the method stipulated in Article 25 of the Rules Concerning Underwriting, Etc. of Securities established by the Japan Securities Dealers Association, in consideration of market demand and other conditions, based on provisional terms in which the price is calculated by multiplying the closing price of the Company’s common shares in regular trading at the Tokyo Stock Exchange, Inc. on any day from Tuesday, March 8, 2016 to Friday, March 11, 2016 (hereinafter the “Offering Price Determination Date”) (if no closing price is quoted on such day, the closing price of the preceding day applies) by a number between 0.90 and 1.00 (fractions less than one (1) yen shall be rounded down to the nearest one (1) yen).

Attention: This press release regarding the Company’s offering of shares and disposition of treasury stock is solely for the purpose of public disclosure, and is not intended for soliciting investment activities. We ask the investors to carefully review the prospectus prepared by the Company as well as its amendments (if any) before making investment decisions at their own discretion.

- (4) Method of offering The offering will be done by way of firm commitment underwriting, whereby all shares will be purchased and underwritten by an underwriting syndicate (hereinafter collectively the “Underwriters”) led by SMBC Nikko Securities Inc. as the lead manager. Compensation for the Underwriters in connection with this offering will be the aggregate of the amount calculated by subtracting the underwriting value, which is the amount to be paid by the Underwriters to the sellers, from the offering price.
- (5) Subscription period The subscription period will be from the following business day of the Offering Price Determination Date to the second business day following the Offering Price Determination Date.
- (6) Settlement date The settlement date will be any day from Wednesday, March 16, 2016 to Tuesday, March 22, 2016; provided, however, that such day will be the sixth business day following the Offering Price Determination Date.
- (7) Advance on subscription Advance on subscription will be the same amount as the offering price per share.
- (8) Share unit for subscription 100 shares
- (9) The offering price and all other matters necessary for this offering will be determined at the discretion of Mr. Taisuke Murai, President & CEO of the Company.

2. Secondary offering of shares (offering by way of over-allotment) (Refer to [Reference] 2. below.)

- (1) Class and number of shares to be offered 442,100 shares of the Company’s common stock
The above number of shares is the maximum number of shares to be offered. This number may decrease, or the offering itself may not be conducted at all, depending on market demand and other conditions. The number of shares to be offered will be determined on the Offering Price Determination Date, in consideration of market demand and other conditions.
- (2) Seller SMBC Nikko Securities Inc.
- (3) Offering price To be determined (The offering price will be determined on the Offering Price Determination Date. The offering price will be the same as the offering price in the offering by way of firm commitment underwriting by the Underwriters.)
- (4) Method of offering In consideration of market demand and other conditions in the offering by way of firm commitment underwriting by the Underwriters, SMBC Nikko Securities Inc., as the lead manager in the offering by way of firm commitment underwriting by the Underwriters, will additionally conduct the offering of shares of the Company’s common stock borrowed from Mr. Ken Suzuki, a shareholder of the Company (hereinafter the “Share

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- Lender”).
- (5) Subscription period The subscription period will be the same as the subscription period for the offering by way of firm commitment underwriting by the Underwriters.
 - (6) Settlement date The settlement date will be the same as the settlement date for the offering by way of firm commitment underwriting by the Underwriters.
 - (7) Advance on subscription The advance on subscription will be the same amount as the advance on subscription for the offering by way of firm commitment underwriting by the Underwriters.
 - (8) Share unit for subscription 100 shares
 - (9) The offering price and all other matters necessary for this offering will be determined at the discretion of Mr. Taisuke Murai, President & CEO of the Company.
3. Disposition of treasury stock by way of third-party allotment (this Third Party Allotment) (Refer to [Reference] 2. below.)
- (1) Class and number of shares to be offered 442,100 shares of the Company’s common stock
 - (2) Payment amount The payment amount will be the same as the offering price in the offering by way of firm commitment underwriting by the Underwriters.
 - (3) Allottee and number of shares to be allotted SMBC Nikko Securities Inc. 442,100 shares
 - (4) Subscription date Friday, March 25, 2016
 - (5) Payment date Monday, March 28, 2016
 - (6) Share unit for subscription 100 shares
 - (7) The payment amount and all other matters necessary for this Third Party Allotment will be determined at the discretion of Mr. Taisuke Murai, President & CEO of the Company.
 - (8) The Company will discontinue the disposition of the shares that have not been subscribed for by the subscription date in (4) above.
 - (9) All of the items above are subject to the notification in accordance to the Financial Instruments and Exchange Act taking effect.

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[Reference]

1. Purpose of the secondary offering of shares

The purpose of the offering stated above is to expand the investor base and increase the liquidity of the Company's common stock. The Company also seeks to further reinforce its corporate governance by increasing the number of shareholders through this offering of shares.

2. Offering of shares by way of over-allotment, etc.

In connection with the secondary offering of shares (offering by way of firm commitment underwriting by the Underwriters), taking into account market demand and other conditions therefor, the secondary offering of shares by way of over-allotment (hereinafter the "Offering by way of Over-Allotment") may be conducted for shares of the Company's common stock up to a maximum of 442,100 shares, which will be borrowed from the Share Lender by SMBC Nikko Securities Inc., the lead manager of the offering by way of firm commitment underwriting by the Underwriters. The above number of shares to be offered is the maximum number of shares to be sold, and this number may be decreased or the Offering by way of Over-Allotment may not be conducted at all, depending on market demand and other conditions.

In connection with the Offering by way of Over-Allotment, the Company has resolved at the Board of Directors' Meeting held on Monday, February 29, 2016 that disposition of treasury stock by way of third-party allotment (this Third Party Allotment) be made with SMBC Nikko Securities Inc. as the allottee, in order for SMBC Nikko Securities Inc. to obtain shares necessary to return the shares of the Company's common stock borrowed from the Share Lender (hereinafter the "Borrowed Shares").

SMBC Nikko Securities Inc. may purchase shares of the Company's common stock at the Tokyo Stock Exchange, Inc. within the number of shares to be offered in the Offering by way of Over-Allotment (hereinafter the "Maximum Number of Shares") (hereinafter the "Syndicate Covering Transaction"), for the purpose of returning the Borrowed Shares, during the period beginning on the day following the last day of the subscription period for the offering by way of firm commitment underwriting by the Underwriters and the Offering by way of Over-Allotment, and ending on Wednesday, March 23, 2016 (hereinafter the "Syndicate Covering Transaction Period" (Note)). However, during the Syndicate Covering Transaction Period, SMBC Nikko Securities Inc., at its discretion, may not conduct any Syndicate Covering Transaction or may terminate the Syndicate Covering Transaction before the number of shares purchased reaches the Maximum Number of Shares.

Furthermore, SMBC Nikko Securities Inc. may conduct stabilizing transactions with regard to the shares of the Company's common stock during the subscription period for the offering by way of firm commitment underwriting by the Underwriters and the Offering by way of Over-Allotment. The shares of the Company's common stock purchased through such stabilizing transactions may wholly or partially be used for the purpose of returning the Borrowed Shares.

SMBC Nikko Securities Inc. will accept the allotment under this Third Party Allotment, only with regard to the number of shares obtained by deducting the number of shares purchased through the stabilization transactions and the Syndicate Covering Transaction to be used for the purpose of returning

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the Borrowed Shares from the number of shares to be offered in the Offering by way of Over-Allotment. Consequently, all or a part of the shares to be disposed of under this Third Party Allotment may not be subscribed for, and as a result, the final number of shares to be disposed of under this Third Party Allotment may decrease or it may not be conducted at all, due to forfeiture.

In the event that SMBC Nikko Securities Inc. accepts the allotment under this Third Party Allotment, SMBC Nikko Securities Inc. will make payment therefor with the net proceeds obtained from the Offering by way of Over-Allotment.

Decision on whether or not the Offering by way of Over-Allotment is to be conducted, as well as the number of shares to be sold if such offering is to be conducted, will be made on the Offering Price Determination Date. In the event that the Offering by way of Over-Allotment is not to be conducted, SMBC Nikko Securities Inc. will not borrow shares of the Company's common stock from the Share Lender. Accordingly, this Third Party Allotment may not be conducted at all due to forfeiture, since SMBC Nikko Securities Inc. will not accept the allotment and will not subscribe for shares under this Third Party Allotment. Furthermore, the Syndicate Covering Transaction at Tokyo Stock Exchange, Inc. will not be conducted as well.

(Note) The Syndicate Covering Transaction Period shall be as follows:

- (1) In the event that the Offering Price Determination Date is Tuesday, March 8, 2016, it shall be from Friday, March 11, 2016 to Wednesday, March 23, 2016.
- (2) In the event that the Offering Price Determination Date is Wednesday, March 9, 2016, it shall be from Saturday, March 12, 2016 to Wednesday, March 23, 2016.
- (3) In the event that the Offering Price Determination Date is Thursday, March 10, 2016, it shall be from Tuesday, March 15, 2016 to Wednesday, March 23, 2016.
- (4) In the event that the Offering Price Determination Date is Friday, March 11, 2016, it shall be from Wednesday, March 16, 2016 to Wednesday, March 23, 2016.

The maximum estimated net proceeds of ¥391,180,548 resulting from this Third Party Allotment are planned to be used in full as funds for loans to VITAL-NET, Inc., a subsidiary of the Company. The full amount will be used by the aforementioned borrower for partial repayment of loans from financial institutions, which were acquired for capital investments and will be due for repayment by March 2017.

3. Change in number of treasury stock as a result of this disposition of treasury stock

Number of treasury stock at present	5,310,368 shares	(as of January 31, 2016)
Number of shares in this Third Party Allotment	442,100 shares	(Note)
Number of treasury stock after the disposition	4,868,268 shares	(Note)

Note: The number is based on the assumption that all of the shares to be allotted as described in "3. Disposition of treasury stock by way of third-party allotment (this Third Party Allotment)" above are subscribed for by SMBC Nikko Securities Inc. and disposed of accordingly.

4. Lock-up

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With regard to the offering by way of firm commitment underwriting by the Underwriters, Mitsubishi Tanabe Pharma Corporation, Sumitomo Dainippon Pharma Co., Ltd., Mr. Ken Suzuki and Mr. Taisuke Murai, as the sellers, and Cueco Co., LTD and Mr. Kouichirou Suzuki, as the shareholders of the Company, have agreed with SMBC Nikko Securities Inc. not to conduct sales, etc. of shares of the Company's common stock (including dilutive shares) held for own account on the Offering Price Determination Date, during the period beginning on the Offering Price Determination Date and ending on the 180th day from the settlement date of the offering by way of firm commitment underwriting by the Underwriters (hereinafter the "Lock-up Period"), without the prior written consent of SMBC Nikko Securities Inc.

Suzuhiko Co., Ltd., as the shareholder of the Company, has agreed with SMBC Nikko Securities Inc. not to conduct sales, etc. of shares of the Company's common stock (including dilutive shares) held for own account on the Offering Price Determination Date (excluding certain cases including sales of shares of common stock of the issuing company as a result of exercise of a security interest created by The 77 Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited), during the Lock-up Period, without the prior written consent of SMBC Nikko Securities Inc.

DAIICHI SANKYO COMPANY, LIMITED, as the seller, has agreed with SMBC Nikko Securities Inc., with regard to Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account established based on a trust agreement concluded for the purpose of custody and management for retirement benefits, not to allow Mizuho Trust & Banking Co., Ltd. to conduct sales, etc. of shares of the Company held as such trust account on the Offering Price Determination Date, during the Lock-up Period, without the prior written consent of SMBC Nikko Securities Inc.

Furthermore, the Company has agreed with SMBC Nikko Securities Inc. not to conduct issuance or sales of shares of the Company's common stock and securities with a right or obligation to acquire shares of the Company's common stock (excluding this Third Party Allotment, the issuance or delivery of shares as a result of the exercise of subscription rights to shares attached to bonds with subscription rights to shares which exist on the date of execution of the underwriting agreement on the offering by way of firm commitment underwriting by the Underwriters and as a result of stock splits, and the issuance of subscription rights to shares with regard to stock options) during the Lock-up Period, without the prior written consent of SMBC Nikko Securities Inc.

In each case above, SMBC Nikko Securities Inc. has the authority to wholly or partially waive the above agreements or to shorten the Lock-up Period at its discretion.

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