[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

January 29, 2010

Company Name:	JAPAN TOBACCO INC.
Representative:	Hiroshi Kimura, President, Chief Executive Officer and Representative Director
Stock Code:	2914 (Stock Exchanges: Tokyo/Osaka/Nagoya First Section; Fukuoka and Sapporo)
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JT Announces TableMark's Commencement of Tender Offer Bid for Shares of KS Frozen Foods

Japan Tobacco Inc. ("JT") announced today that its subsidiary, TableMark Co., Ltd. ("TableMark" or the "Bidder"), resolved, at a meeting of its Board of Directors held on January 29, 2010, to make KS Frozen Foods Co., Ltd. (Nagoya Stock Exchange Second Section, Stock Code: 2881; "KS Frozen Foods" or the "Target Company"), which is also a subsidiary of JT, a wholly owned subsidiary of TableMark by acquiring the shares of common stock of KS Frozen Foods through a tender offer bid (the "TOB") and other means as described below.

KS Frozen Foods made a resolution at a meeting of its Board of Directors held today to approve the TOB and recommend to the shareholders of KS Frozen Foods the tendering of their shares for the TOB.

1. Purpose of purchase, etc.

   (1) Outline of the TOB

   As of today, the Bidder is the largest shareholder of the Target Company, holding 672,000 shares of common stock issued by the Target Company (accounting for 46.99% (rounded off to two decimal places) of the total number of issued shares as of September 30, 2009, entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009), and Katokichi Suisan Co., Ltd. ("Katokichi Suisan"), a consolidated subsidiary of the Bidder, holds 400,000 shares of common stock issued by the Target Company (accounting for 27.97% (rounded off to two decimal places) of the total number of issued shares as of September 30, 2009, entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009). The Target Company is a consolidated subsidiary of the Bidder. The Bidder decided to implement a tender offer bid to acquire all the issued shares of the Target Company (provided, however, that shares of common stock of the Target Company already held by the Bidder and treasury shares of the Target Company are excluded), aimed at turning the Target Company into a wholly owned subsidiary of the Bidder. Please note that no maximum or minimum limit of the number of shares planned to be purchased in the TOB has been set.

   As the policy of the Bidder is to make the Target Company a wholly owned subsidiary, if the Bidder fails to acquire all the shares of common stock of the Target Company through the TOB (provided, however, that treasury shares of the Target Company are excluded), it plans to implement a series of procedures to acquire all the issued shares of the Target Company (provided, however, that treasury shares of the Target Company are excluded) so that it will turn the Target Company into a wholly owned subsidiary of the Bidder, as explained in "(4) Policy on organizational restructuring, etc. after the TOB (matters related to the so-called two-step acquisition)" below.

Please note that, according to the Target Company, it has executed the procedures explained in "(3) Measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest" below, and resolved, at a meeting of its Board of Directors held on January 29, 2010, to express approval for the TOB and recommend the shareholders of the Target Company to tender their shares for the TOB.

(2) Background and purpose of the TOB, and process of making decision on the implementation of the TOB

The Bidder Group consist of the Bidder, 43 subsidiaries (including 15 indirectly owned companies) and 34 affiliates (including 11 indirectly owned companies), with manufacturing and sales of processed foods such as frozen foods, seasonings and seasoned processed foods, and processed marine products as their principal businesses.

The Target Company is a consolidated subsidiary of the Bidder, engaged in processing and sales of foods in Japan and centering its business on the Japanese and Chinese prepared dishes featuring "Niku Dango (meat dish)," "Tori Tsukune Kushi (chicken dish)," "Wakatori Yahata Maki (chicken dish)" and other "completely cooked frozen foods." The Target Company, which is especially strong in the manufacturing and sales of livestock related products, is positioned as one of the core companies in the processed food business of the Bidder Group, and has utilized the group merit of the Bidder Group in the area of product manufacturing, etc. while having established its own unique brand.

The Target Company was established in December 1972, aimed at manufacturing and sales of frozen foods. The Bidder acquired shares of the Target Company in March 2000, making the Target Company its consolidated subsidiary. The Target Company subsequently maintained cooperative business relations with the Bidder and, as it continued to operate its business independently, listed its stock on the Second Section of the Nagoya Stock Exchange, Inc. ("Nagoya Stock Exchange Second Section") in March 2006 with the aim of fortifying its financial structure by increasing its fund procurement capabilities and creditworthiness.

Meanwhile, the Bidder, since it became a wholly owned subsidiary of JT in April 2008, has been advancing business integration efforts with the aim of further strengthening the Group's overall support system to further expand the business volume and pursue integrative synergies. Specifically, in July 2008, the Bidder integrated the functions of JT's food business sector as well as the functions of its related subsidiaries regarding the processed food business and seasoning business with the Bidder and, as a result, the functions of the Bidder's frozen food business became one of the largest in Japan. This and other factors significantly transformed its internal business environment.

In addition, a look at its external business environment reveals that, as the overall economy is expected to face short- to mid-term stringent conditions resulting from the global financial crisis, it is finding difficulty avoiding their impact even for the Bidder Group's processed food business. Taking into consideration the possibility of factors such as a changing social structure resulting from a low birth rate and aging population as well as soaring prices of raw materials, the external business environment surrounding the Bidder Group including the Target Company is expected to become more difficult in the future.

In this business environment, for the Bidder Group including the Target Company to triumph over rivals in the same industry, it is essential first and foremost to have the Bidder Group companies utilize each other's human resources and further strengthen collaboration within the Bidder Group at areas of each value chain. Specifically, it is believed that more cost reductions and raw material procurement stabilization, among others, would result from the advancement of the joint purchasing of core raw materials, reorganizations that would lead to the building of an effective manufacturing system and the strengthening of ties regarding the seasoning and seasoned processed food business within the Bidder Group companies. Also, with regard to the

Target Company, the formulation of a system whereby the human, physical and intellectual resources of the Bidder and its Group (R&D base and achievements, seasonings technology, indirect functions, etc.) can be amply utilized by the Target Company would allow it to further buttress its product development and quality control framework and productivity. Moreover, in order for the Target Company to respond to the drastically changing business environment, it is of paramount importance to introduce resources dynamically in capital investments, etc. and strengthen the distribution of managerial resources and competitiveness from the mid- to long-term perspective, all the while enhancing the speed of management and formulating a system that would rapidly realize flexible and dynamic measures.

For the aforementioned reasons, the Bidder judged around August 2009 that, in light of the changing internal business environment and current external business environment, promoting collaboration within the Bidder Group and advancing a mid- to long-term strategy for the Target Company after making it a wholly owned subsidiary of the Bidder, are important for the further growth of the processed food business of the Bidder Group and the Target Company. After careful discussions and study by the Bidder and the Target Company since around September 2009 concerning the merits of making the Target Company a wholly owned subsidiary of the Bidder, the Bidder decided on the implementation of the TOB, as both the Bidder and the Target Company have come to the conclusion that making the Target Company a wholly owned subsidiary would be extremely beneficial in terms of strengthening the Target Company's revenue base and, in turn, enhancing the corporate value of the Target Company and the Bidder Group as a whole.

The Bidder will, in principle, maintain the employees and product brands, etc. of the Target Company even after making it a wholly owned subsidiary of the Bidder and, by promoting an integrated strategy as mentioned above, advance the strengthening of ties within the Bidder Group so as to ultimately provide continuous profits to the customers, employees, business partners and other stakeholders of the Target Company.

(3) Measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest

The Target Company is a consolidated subsidiary of the Bidder as of today. Taking continued relationships between the Bidder and the Target Company in personnel affairs and business operations into account, the Bidder and the Target Company have respectively taken the following measures to secure fairness of the TOB such as measures to secure fairness of the price of purchase, etc. of the shares of the Target Company in the TOB (the "TOB Price") and measures to avoid conflicts of interest.

1) Acquisition of a share valuation report from a third-party valuation institution

In order to secure fairness of the TOB Price, the Bidder determined that TOB Price by referring to the share valuation report issued on January 28, 2010 by Nomura Securities Co., Ltd. ("Nomura Securities"; such share valuation report, the "Valuation Report"; valuation base date: January 28, 2010), the financial adviser acting as third-party valuation institution (please note that the Bidder has not obtained a fairness opinion regarding the TOB Price). Nomura Securities implemented the share valuation by using the market stock price average method, the comparable company analysis method and the discounted cash flow method ("DCF method"). The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,022 – ¥1,080

With the market stock price average method, the per-share value of the common stock of the Target Company was calculated to be ¥1,022 – ¥1,080 based on the average of closing prices of the common stock of the Target Company on the Nagoya Stock Exchange Second Section for the last six months, that for the last three months and that for the last one month, with January 28, 2010 as the base date, and the closing price on the base date.

(b) Comparable company analysis method: ¥1,071 – ¥1,869

The comparable company analysis method involves the calculation of the stock price of the Target Company by comparing the market stock price and financial indicators regarding profitability of listed companies engaged in businesses relatively similar to the Target Company. The per-share value of the common stock of the Target Company is calculated to be ¥1,071 – ¥1,869.

(c) DCF method: ¥1,241 – ¥2,406

The DCF method is a method to calculate the corporate value and share value of the Target Company by discounting the projected future free cash flow of the Target Company by a certain discount rate, such as capital cost of the Target Company, to give the present value, on the premise of projected earnings and investments in the business plans and publicized information of the Target Company and other various factors. Using this method, the per-share value of the common stock of the Target Company was calculated to be ¥1,241 – ¥2,406.

Based on the details and results of each method written in the Valuation Report, the Bidder comprehensively took into account the track records of premiums added when deciding the purchase price in the past cases of acquiring share certificates, etc. through tender offer bids by parties other than issuers, acceptance or rejection of approval for the TOB by the Board of Directors of the Target Company, overall prospects for the TOB, and other factors, and gave consideration to the results of discussions and negotiations with the Target Company. Ultimately, at a meeting of its Board of Directors, held on January 29, 2010, the Bidder decided that the TOB Price would be ¥1,560.

The TOB Price of ¥1,560 per share was obtained by adding a premium of 44.44% (rounded off to two decimal places; the same applies in this paragraph) over ¥1,080, the average closing price of the common stock of the Target Company on the Nagoya Stock Exchange Second Section on January 28, 2010, the day immediately prior to the announcement date of the TOB by the Bidder, a premium of 52.64% over ¥1,022 (figures below the decimal point are omitted; the same applies in this paragraph), the simple average closing price of the stock for the past one month (December 29, 2009 to January 28, 2010), a premium of 50.72% over ¥1,035, the simple average closing price of the stock for the past three months (October 29, 2009 to January 28, 2010), and a premium of 50.14% over ¥1,039, the simple average closing price of the stock for the past six months (July 29, 2009 to January 28, 2010).

2) Acquisition of a share valuation report by the Target Company

According to the Target Company, the Target Company asked Japan Corporate Valuation Institute, Ltd. (“Japan Corporate Valuation Institute”), a third-party institution that is independent of the Bidder and the Target Company and does not fall under a related party of the Target Company (as defined in Article 8, paragraph (17) of the Regulation for Terminology, Forms and Preparation of Financial Statements; same below), to valuate the shares of the Target Company, and acquired a valuation report on the shares of the Target Company from Japan Corporate Valuation Institute to use as basic materials for judging the fairness of the TOB Price presented by the Bidder (please note that, according to the Target Company, it has not obtained a fairness opinion regarding the TOB Price). According to the Target Company, Japan Corporate Valuation Institute implemented the share valuation by using the market stock price average method, comparable listed company method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,016 – ¥1,040

With the market stock price average method, the per-share value of the common stock of the Target Company was calculated to be ¥1,016 – ¥1,040 based on the average of closing prices of the common stock of the Target Company on the Nagoya Stock Exchange Second Section for the last six months, that for the last three months and that for the last one month, with January 27, 2010 as the base date, and the closing price on the base date. Because there was no trading of the common stock of the Trading Company on the Nagoya Stock Exchange Second Section on January 27, 2010, the base date, the closing price of the common stock of the Target Company on January 26, 2010, the day immediately prior to the base date, was set as the base date closing price.

(b) Comparable listed company method: ¥1,118 – ¥1,778

The comparable listed company method involves the calculation of the value of the stock of the Target Company by comparing the market stock price and financial indicators regarding profitability of listed companies whose businesses are similar to those of the Target Company. The per-share value of the common stock of the Target Company is calculated to be ¥1,118 – ¥1,778.

(c) DCF method: ¥1,216 – ¥2,016

The DCF method is a method to calculate the corporate value and share value of the Target Company by discounting the projected future free cash flow of the Target Company by a certain discount rate, such as capital cost of the Target Company, to give the present value, on the premise of projected earnings and investments in the business plans and publicized information of the Target Company and other various factors. Using this method, the per-share value of the common stock of the Target Company was calculated to be ¥1,216 – ¥2,016.

3) Study by a special committee and decision making by the Board of Directors of the Target Company

Among the total of five directors of the Target Company, two are currently serving concurrently as executive officers of the Bidder and one is employed concurrently by the Bidder. Because of this, according to the Target Company, for the Target Company to secure the fairness of decision making procedures and avoid conflicts of interest, when the Board of Directors of the Target Company expressed an opinion on the TOB, a special committee consisting of directors and corporate auditors excluding any executive officer or employee of the Bidder serving concurrently (namely, Directors Kenichi Nagata and Toshiaki Marumoto, Corporate Auditor Nobuhiko Higashino and outside Corporate Auditor Jun Murai) would study the TOB and hold discussions and negotiations with the Bidder on the TOB Price and other various terms and conditions. This committee obtained legal advice from below-mentioned KUBOI & PARTNERS LAW OFFICE, heard explanations on the calculation methods and results of the share value of the common stock of the Target Company from Japan Corporate Valuation Institute and studied carefully on the adequacy and legality of the TOB Price and other terms and conditions, the purpose of the TOB and the decision making process of the Board of Directors of the Target Company.

According to the Target Company, that committee, with respect to the fairness of the TOB Price, among others, rendered its conclusion that (i) the TOB Price does not deviate from the calculation results of the share value of the Target Company obtained by Japan Corporate Valuation Institute, and (ii) comprehensively taking into account the substantial added premiums to the market share price, the recommendation to the shareholders of the Target Company to tender their shares for the TOB is appropriate.

According to the Target Company, that committee issued a recommendation to the Board of Directors of the Target Company at its meeting held on January 29, 2010 that, taking the aforementioned study into consideration, the expression of an opinion of approval for the

TOB by the Board of Directors of the Target Company and the recommendation to the shareholders of the Target Company to tender their shares for the TOB are reasonable and provided reasons for this conclusion. The Board of Directors of the Target Company carefully studied and deliberated on the above, judged that the TOB would contribute to the corporate value and the interests of shareholders of the Target Company and resolved to approve the TOB and recommend to the shareholders of the Target Company to tender their shares for the TOB. Among the directors of the Target Company, Takayuki Fujii and Kazumi Kondo, managing executive officers of the Bidder, did not take part in the deliberations and resolution of the aforementioned meeting of the Board of Directors from the standpoint of avoiding conflicts of interest. Of the corporate auditors of the Target Company including outside corporate auditors, excluding Yuji Fujimura, absent because of serving concurrently as standing corporate auditor of the Bidder, and Jun Murai, absent for personal reasons, Standing Corporate Auditor Nobuhiko Higashino gave views at a meeting of the Board of Directors of the Target Company to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB (please note that, according to the Target Company, the Board of Directors of the Target Company also received from Corporate Auditor Murai, who was absent from the Board of Directors meeting, his views to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB).

4) Advice from a law office

According to the Target Company, in the study and decision making process by the aforementioned special committee and the Board of Directors of the Target Company, KUBOI & PARTNERS LAW OFFICE was selected as legal advisor independent from the Bidder and provided legal advice on factors such as the method and processes of decision making by the Board of Directors, including various procedures for the TOB, to the Board of Directors of the Target Company and the special committee.

5) Period of purchase, etc. set relatively long

The Bidder set the period of purchase, etc. in the TOB (the “TOB Period”) as 30 business days, which is relatively long, to ensure for the shareholders of the Target Company, opportunities to properly decide whether to tender their shares for the TOB, and for other purchasers, opportunities of purchase, etc., thus securing appropriateness of the TOB Price.

(4) Policy on organizational restructuring, etc. after the TOB (matters related to the so-called two-step acquisition)

The Bidder, as mentioned above in “(1) Outline of the TOB,” intends to make the Target Company its wholly owned subsidiary and, through the TOB and a series of subsequent procedures, plans to acquire all the issued shares of the Target Company (excluding treasury shares of the Target Company), possibly by August 31, 2010.

If the Bidder fails to acquire all the issued shares of the Target Company through the TOB (excluding treasury shares of the Target Company), it plans to take necessary procedures after the TOB completes, as follows, so that it will hold all the issued shares of the Target Company (excluding treasury shares of the Target Company; collectively, the “Turning of the Target Company into a Wholly Owned Subsidiary”).

Specifically, immediately after the completion of the TOB, the Bidder shall, at the general meeting of shareholders of the Target Company to be held in June 2010 (the “General Meeting of Shareholders”), request the Target Company to submit the following proposals 1) to 3) to the Meeting: 1) to amend part of the Articles of Incorporation of the Target Company to make the Target Company a company with class shares as set forth in the Companies Act (Act No. 86 of

2005, as amended); 2) to amend part of the Articles of Incorporation to attach a class-wide call provision (as set forth in Article 108, paragraph (1), item (vii) of the Companies Act) to all shares of common stock issued by the Target Company; and 3) grant different-class shares of the Target Company in exchange for all the shares of the Target Company (excluding treasury shares of the Target Company). In the implementation of such procedures, if Proposal 1) above is approved at the General Meeting of Shareholders, the Target Company will become a company with class shares as set forth in the Companies Act. With regard to Proposal 2) above, pursuant to Article 111, paragraph (2), item (i) of the Companies Act, in addition to the resolution by the General Meeting of Shareholders, a resolution by a general meeting of class shareholders constituted by the shareholders holding shares of common stock of the Target Company to be attached with a class-wide call provision (the "General Meeting of Class Shareholders") is required. To this end, the Bidder intends to request that the Target Company hold the General Meeting of Class Shareholders whose agenda items include the proposals for the partial amendment of the Articles of Incorporation mentioned in 2) above on the same day as the General Meeting of Shareholders. The Bidder plans to approve each of the above proposals at the General Meeting of Shareholders and the General Meeting of Class Shareholders.

If the above proposals are approved at the General Meeting of Shareholders and General Meeting of Class Shareholders of the Target Company, a class-wide call provision shall be attached to all shares of common stock issued by the Target Company, all of which (excluding treasury shares of the Target Company) shall be acquired by the Target Company, and the shareholders of the Target Company shall be delivered different-class shares issued by the Target Company in compensation for the said acquisition. If the number of different class shares to be delivered for the shareholders of the Target Company is less than one unit, such shareholders shall receive the money that will be obtained by selling the different-class shares equivalent to the total number of such less-then-one-unit shares (fractions of a total of such less-than-one-unit shares shall be truncated) pursuant to the provisions of Article 234 of the Companies Act and other relevant laws and regulations. Regarding the sale price of said different-class shares of the Target Company equivalent to the total number of such less-than-one-unit shares, the amount of money to be delivered to each shareholder as a result of said sale shall be calculated as to be the same price as the TOB Price multiplied by the number of shares of common stock of the Target Company held by each relevant shareholder, and a petition for approval of a short sale shall be filed to the court. The class and number of shares of the Target Company to be newly delivered in compensation for the acquisition of shares of common stock with a class-wide call provision of the Target Company is yet to be decided as of today. However, the Bidder plans to request the Target Company to decide that the number of shares of the Target Company that shall be delivered to the shareholders who do not have tendered their shares other than the Bidder would be less than one unit, so that the Bidder could hold all the shares of the Target Company (excluding treasury shares of the Target Company). An application is not planned to be filed for the listing of different-class shares of the Target Company, which will be delivered in compensation for the acquisition of shares of the Target Company.

There are provisions in the Companies Act to protect minority shareholders' rights related to each of the above procedures 1) through 3), according to which, (a) with regard to amendments to be made relevant to the above Proposal 2) to the Articles of Incorporation of the Target Company, the shareholders of the Target Company shall be able to request that the Target Company purchase the shares they hold pursuant to the provisions of Articles 116 and 117 of the Companies Act and other relevant laws and regulations, and (b) if above Proposal 3) is approved by a resolution of the general meeting of shareholders of the Target Company, the shareholders of the Target Company may file request for determination of the price for the acquisition of the shares pursuant to the provisions of Article 172 of the Companies Act and other relevant laws and regulations. Please note that the final decision on the per-share purchase and acquisition prices for shares held by minority shareholders according to these methods described in (a) or (b) shall be made by the court. With regard to the necessary procedures shareholders should take for making the aforementioned requests or petitions, we ask that each relevant shareholder take responsibility and use his or her own judgment.

Depending on the status of interpretation of relevant laws and regulations by the authorities and that of ownership ratio of share certificates, etc. of the Bidder and ownership ratio of shares of the Target Company of the shareholders of the Target Company other than the Bidder after the completion of the TOB, there may be some changes in the implementation methods of Turning the Target Company into a Wholly Owned Subsidiary through each of the above procedures 1) through 3). However, even if changes are made in the implementation methods of Turning the Target Company into a Wholly Owned Subsidiary, the Bidder plans to request the Target Company to adopt a method to finally deliver money to its shareholders other than the Bidder in accordance with procedures pursuant to applicable laws and regulations. The amount of the money to be delivered to the shareholders in these cases is also planned to be calculated as to be the same price, in principle, as the TOB Price multiplied by the number of shares of common stock of the Target Company held by each relevant shareholder. Specific procedures in the above cases are yet to be decided at present. We will discuss the matter with the Target Company and release the results as soon as a decision is made.

All these matters are explained to clarify our schedule after the completion of the TOB and not intended to solicit the shareholders of the Target Company to exercise an affirmative vote at the Ordinary General Meeting of Shareholders and the General Meeting of Class Shareholders of the Target Company. In addition, concerning tax handling in each aforementioned procedure, we ask that each shareholder consult tax specialists according to each shareholder’s need.

(5) Likelihood of delisting and its reason

The shares of the common stock of the Target Company are currently listed on the Nagoya Stock Exchange Second Section. The Bidder has not set the maximum or minimum limit of the number of share certificates, etc. to be purchased in the TOB and will purchase all of tendered share certificates, etc. Therefore, depending on the result of the TOB, there is a possibility that the shares of the Target Company might be delisted in accordance with prescribed procedures, if the shares of the Target Company fall under the criteria for delisting of stock of the Nagoya Stock Exchange (the “Delisting Criteria”). Even if the result as of the time of the completion of the TOB does not fall under the Delisting Criteria, because the Bidder plans to hold all the issued shares of the Target Company (excluding treasury shares of the Target Company) by executing each procedure explained in “(4) Policy on organizational restructuring, etc. after the TOB (matters related to the so-called two-step acquisition),” mentioned above, in that case, the shares of common stock of the Target Company will likely be delisted. Once delisted, the shares of the Target Company cannot be traded on the Nagoya Stock Exchange Second Section.

(6) Matters relating to significant agreements on the tendering of shares for the TOB between the Bidder and the Target Company

The Bidder executed a tendering agreement relating to the TOB dated January 29, 2010 with its consolidated subsidiary, and shareholder of the Target Company, Katokichi Suisan (number of shares held: 400,000 shares; common stock issued by the Target Company (accounting for 27.97% (rounded off to two decimal places) of the total number of issued shares as of September 30, 2009, entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009) (this agreement, the “Tendering Agreement”), and obtained its approval on the tendering of all the shares held by the company for the TOB.

2. Outline of purchase, etc.

(1) Profile of the Target Company

1) Trading Name	KS Frozen Foods Co., Ltd.	
2) Principal Business	Processing and sales of foods	
3) Date of Establishment	December 4, 1972	
4) Location of Head Office	29-2 Sumiyoshi-cho, Izumisano-shi, Osaka	
5) Title and Name of Representative	Kenichi Nagata, President and Representative Director	
6) Stated Capital	¥856,400,000 yen (as of December 31, 2009)	
7) Major Shareholders and Respective Shareholding Ratios (As of September 30, 2009)	Katokichi Co., Ltd.	46.99%
	Katokichi Suisan Co. Ltd.	27.97%
	KS Employee Shareholding Association	2.32%
	INITIO FOODS Co., Ltd.	0.97%
	Maruhachi Securities Co.,Ltd.	0.55%
	Tetsuyoshi Kato	0.44%
	The Iga Hokubu Agricultural Cooperative	0.43%
	Kenichi Nagata	0.35%
	Mikio Kobayashi	0.28%
	Tomoaki Yoshii	0.28%
8) Relationship between the Bidder and the Target Company (As of January 29, 2010)	Capital Relationship	The Bidder holds 46.99% of the total number of issued shares of the Target Company.
	Personnel Relationship	Two executive officers and one employee of the Bidder serve as Director of the Target Company.
	Business Relationship	Purchase and sales of merchandise
	Related Party Relationship	The Bidder is the parent company of the Target Company, and falls under the category of related parties.

Notes:

1. Shareholding ratios are rounded off to two decimal places.
2. Katokichi Co., Ltd. listed in 7) Major Shareholders and Respective Shareholding Ratios has changed its trading name to TableMark Co., Ltd. as of January 1, 2010.

(2) Period of purchase, etc.

1) Original period when the details of the TOB were notified

From Wednesday, February 3, 2010 to Wednesday, March 17, 2010 (30 business days)

2) Possibility of prolongation of the period of purchase, etc.

Not applicable.

(3) Price of purchase, etc.

Shares of common stock ¥1,560 per share

(4) Basis of the calculation of the price of purchase, etc.

1) Basis of the calculation

The determination of the TOB Price by the Bidder was based on the Valuation Report submitted on January 28, 2010 by Nomura Securities, the financial advisor acting as third-party valuation institution (please note that the Bidder has not obtained a fairness opinion regarding the TOB Price). Nomura Securities implemented the share valuation by using the market stock price average method, comparable company analysis method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,022 – ¥1,080
With the market stock price average method, the per-share value of the common stock of the Target Company was calculated to be ¥1,022 – ¥1,080 based on the average of closing prices of the common stock of the Target Company on the Nagoya Stock Exchange Second Section for the last six months, that for the last three months and that for the last one month, with January 28, 2010 as the base date, and the closing price on the base date.

(b) Comparable company analysis method: ¥1,071 – ¥1,869
The comparable peer company analysis involves the calculation of the stock price of the Target Company by comparing the market stock price and financial indicators regarding profitability of listed companies engaged in businesses relatively similar to the Target Company. The per-share value of the common stock of the Target Company is calculated to be ¥1,071 – ¥1,869.

(c) DCF method: ¥1,241 – ¥2,406
The DCF method is a method to calculate the corporate value and share value of the Target Company by discounting the projected future free cash flow of the Target Company by a certain discount rate, such as capital cost of the Target Company, to give the present value, on the premise of projected earnings and investments in the business plans and publicized information of the Target Company and other various factors. Using this method, the per-share value of the common stock of the Target Company was calculated to be ¥1,241 – ¥2,406.

Based on the details and results of each method written in the Valuation Report, the Bidder comprehensively took into account the track records of premiums added when deciding the purchase price in the past cases of acquiring share certificates, etc. through tender offer bids by parties other than issuers, acceptance or rejection of approval for the TOB by the Board of Directors of the Target Company, overall prospects for the TOB, and other factors, and gave consideration to the results of discussions and negotiations with the Target Company. Ultimately, at a meeting of its Board of Directors, held on January 29, 2010, the Bidder decided that the TOB Price would be ¥1,560.

The TOB Price of ¥1,560 per share was obtained by adding a premium of 44.44% (rounded off to two decimal places; the same applies in this paragraph) over ¥1,080, the average closing price of the common stock of the Target Company on the Nagoya Stock Exchange Second Section on January 28, 2010, the day immediately prior to the announcement date of the TOB by the Bidder, a premium of 52.64% over ¥1,022 (figures below the decimal point are omitted; the same applies in this paragraph), the simple average closing price of the stock for the past one month (December 29, 2009 to January 28, 2010), a premium of 50.72% over ¥1,035, the simple average closing price of the stock for the past three months (October 29, 2009 to January 28, 2010), and a premium of 50.14% over ¥1,039, the simple average closing price of the stock for the past six months (July 29, 2009 to January 28, 2010).

2) Background of the calculation

<Background of decision on the TOB Price>
The Bidder, since it became a wholly owned subsidiary of JT in April 2008, has been advancing business integration efforts with the aim of further strengthening the Group’s overall support system to expand the business volume and pursue integrative synergies. Taking into consideration the effects of the global financial crisis and possibility of factors such as a changing social structure resulting from a low birth rate as well as soaring prices of raw materials, the external business environment surrounding the Bidder Group including the Target Company is expected to become more difficult in the future. In its business

environment, for the Bidder Group including the Target Company to realize further growth, it is of paramount importance to further strengthen collaboration within the Bidder Group and formulate a system that would rapidly realize flexible and dynamic measures. For the aforementioned reasons, the Bidder judged around August 2009 that, in light of the changing internal business environment and current external business environment, making the Target Company a wholly owned subsidiary of the Bidder is important for the further growth of the processed food business of the Bidder Group and the Target Company.

After discussions and study between the Bidder and the Target Company since around September 2009 concerning the merits of making the Target Company a wholly owned subsidiary of the Bidder, the Bidder decided the TOB Price through the process below.

(i) Name of third party whose opinions were heard in the calculation

To secure fairness of the TOB Price, its determination by the Bidder was based on the Valuation Report submitted on January 28, 2010 by Nomura Securities, the financial advisor acting as third-party valuation institution (please note that the Bidder has not obtained a fairness opinion regarding the TOB Price).

(ii) Outline of Valuation Report

Nomura Securities implemented the share valuation by using the market stock price average method, comparable company analysis method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,022 – ¥1,080
(b) Comparable company analysis method: ¥1,071 – ¥1,869
(c) DCF Method: ¥1,241 – ¥2,406

(iii) Background of decision on the TOB Price

Based on the details and results of each method written in the Valuation Report, the Bidder comprehensively took into account the track records of premiums added when deciding the purchase price in the past cases of acquiring share certificates, etc. through tender offer bids by parties other than issuers, acceptance or rejection of approval for the TOB by the Board of Directors of the Target Company, overall prospects for the TOB, and other factors, and gave consideration to the results of discussions and negotiations with the Target Company. Ultimately, at a meeting of its Board of Directors, held on January 29, 2010, the Bidder decided that the TOB Price would be ¥1,560.

<Measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest>

The Target Company is a consolidated subsidiary of the Bidder as of today. Taking continued relationships between the Bidder and the Target Company in personnel affairs and business operations into account, the Bidder and the Target Company have respectively taken the following measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest.

(i) Acquisition of a share valuation report from a third-party valuation institution

To secure fairness of the TOB Price, the Bidder referred to the Valuation Report submitted on January 28, 2010 by Nomura Securities, as mentioned above (please note that the Bidder has not obtained a fairness opinion regarding the TOB Price).

(ii) Acquisition of a share valuation report by the Target Company

According to the Target Company, the Target Company asked Japan Corporate Valuation Institute, a third-party institution that is independent of the Bidder and the Target Company and does not fall under a related party of the Target Company, to valuate the shares of the Target Company, and acquired a valuation report on the shares of the Target Company from Japan Corporate Valuation Institute to use as basic materials for judging the fairness of the TOB Price presented by the Bidder (please note that, according to the Target Company, it has not obtained a fairness opinion regarding the TOB Price). According to the Target Company, Japan Corporate Valuation Institute implemented the share valuation by using the market stock price average method, comparable listed company method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,016 – ¥1,040
(b) Comparable listed company method: ¥1,118 – ¥1,778
(c) DCF method: ¥1,216 – ¥2,016

(iii) Study by a special committee and decision making by the Board of Directors of the Target Company

Among the total of five directors of the Target Company, two are currently serving concurrently as executive officers of the Bidder and one is employed concurrently by the Bidder. Because of this, according to the Target Company, for the Target Company to secure the fairness of decision making procedures and avoid conflicts of interest, when the Board of Directors of the Target Company expressed an opinion on the TOB, a special committee consisting of directors and corporate auditors excluding any executive officer or employee of the Bidder serving concurrently (namely, Directors Kenichi Nagata and Toshiaki Marumoto, Corporate Auditor Nobuhiko Higashino and outside Corporate Auditor Jun Murai) would study the TOB and hold discussions and negotiations with the Bidder on the TOB Price and other various terms and conditions. This committee obtained legal advice from below-mentioned KUBOI & PARTNERS LAW OFFICE, heard explanations on the calculation methods and results of the share value of the common stock of the Target Company from Japan Corporate Valuation Institute and studied carefully on the adequacy and legality of the TOB Price and other terms and conditions, the purpose of the TOB and the decision making process of the Board of Directors of the Target Company.

According to the Target Company, that committee, with respect to the fairness of the TOB Price, among others, rendered its conclusion that (i) the TOB Price does not deviate from the calculation results of the share value of the Target Company obtained by Japan Corporate Valuation Institute, and (ii) comprehensively taking into account the substantial added premiums to the market share price, the recommendation to the shareholders of the Target Company to tender their shares for the TOB is appropriate.

According to the Target Company, that committee issued a recommendation to the Board of Directors of the Target Company at its meeting held on January 29, 2010 that, taking the aforementioned study into consideration, the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and the recommendation to the shareholders of the Target Company to tender their shares for the TOB are reasonable and provided reasons for this conclusion. The Board of Directors of the Target Company carefully studied and deliberated on the above, judged that the TOB would contribute to the corporate value and the interests of shareholders of the Target Company and resolved to approve the TOB and recommend to the shareholders of the Target Company to tender their shares for the TOB. Among the directors of the Target Company, Takayuki Fujii and Kazumi Kondo, managing executive officers of the Bidder, did not take part in the deliberations and resolution of the aforementioned meeting of the Board of Directors from the standpoint of avoiding conflicts of interest. Of the corporate auditors of the Target Company including outside corporate auditors, excluding Yuji Fujimura, absent because of serving concurrently as standing corporate auditor of the Bidder, and Jun Murai, absent for personal reasons, Standing Corporate Auditor Nobuhiko Higashino gave views at a meeting of the Board of Directors of the Target Company to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the

Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB (please note that, according to the Target Company, the Board of Directors of the Target Company also received from Corporate Auditor Murai, who was absent from the Board of Directors meeting, his views to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB).

(iv) Advice from a law office

According to the Target Company, in the study and decision making process by the aforementioned special committee and the Board of Directors of the Target Company, KUBOI & PARTNERS LAW OFFICE was selected as legal advisor independent from the Bidder and provided legal advice on factors such as the method and processes of decision making by the Board of Directors, including various procedures for the TOB, to the Board of Directors of the Target Company and the special committee.

(v) Period of purchase, etc. set comparatively long

The Bidder set the TOB Period as 30 business days, which is relatively long, to ensure for the shareholders of the Target Company, opportunities to properly decide whether to tender their shares for the TOB, and for other purchasers, opportunities of purchase, etc., thus securing appropriateness of the TOB Price.

(5) Number of share certificates, etc. planned to be purchased

Number planned to be purchased	Minimum limit of number planned to be purchased	Maximum limit of number planned to be purchased
757,925 (shares)	— (shares)	— (shares)

Notes:

1. The Bidder has not set the maximum or minimum limit of the number of share certificates, etc. to be purchased in the TOB and will purchase all of tendered share certificates, etc.
2. Less-than-one-unit shares are also subject to the TOB. If the shareholders of the Target Company exercise their right to request the purchase of less-than-one-unit shares in accordance with the Companies Act, the Target Company can purchase own shares within the TOB Period following procedures stipulated by laws and regulations.
3. The Bidder does not plan to acquire the treasury shares of the Target Company through the TOB.
4. The “Number planned to be purchased” above is the maximum number of share certificates, etc. of the Target Company the Bidder shall acquire in the TOB. This number is obtained by subtracting the number of treasury shares of the Target Company as of September 30, 2009 (75) and the number of shares held by the Bidder as of today (672,000) from the total number of issued shares as of September 30, 2009 (1,430,000), entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009.

(6) Changes in the ownership percentage of share certificates, etc. as a result of purchase, etc.

Number of voting rights represented by share certificates, etc. held by the Bidder before purchase, etc.	6,720 units	(Ownership percentage of share certificates, etc. before purchase, etc.: 47.00%)
Number of voting rights represented by share certificates, etc. held by parties in special relationship before purchase, etc.	Undetermined	(Ownership percentage of share certificates, etc. before purchase, etc.: undetermined)
Number of voting rights represented by share certificates, etc. planned to be purchased	7,579 units	(Ownership percentage of share certificates, etc. after purchase, etc.: 100%)
Number of voting rights held by all shareholders, etc. of the Target Company	14,299 units	

Notes:

1. The "Number of voting rights represented by share certificates, etc. planned to be purchased" is the number of voting rights represented by the number of share certificates, etc. planned to be purchased in the TOB.
2. The "Number of voting rights represented by share certificates, etc. held by parties in special relationship before purchase, etc." is undetermined as of today, but it is planned that the Bidder will disclose the number after research by February 3, 2010 on which the TOB Period will commence. The "Number of voting rights represented by share certificates, etc. held by parties in special relationship before purchase, etc." is not included in the numerator in the calculation of "Ownership percentage of share certificates, etc. after purchase, etc.," since share certificates, etc. held by parties in special relationship are also subject to the TOB.
3. The "Number of voting rights held by all shareholders, etc. of the Target Company" is the number of voting rights of all shareholders, etc. as of September 30, 2009, entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009 (one unit of shares is indicated as one-hundred shares).
4. "Ownership percentage of share certificates, etc. before purchase, etc." and "Ownership percentage of share certificates, etc. after purchase, etc." are rounded off to two decimal places.

(7) Funds necessary for purchase, etc.: ¥1,182 million

Note: Obtained by multiplying the number planned to be purchased in the TOB (757,925 shares) by the per-share purchase price.

(8) Settlement method

1) Name and location of the head office of the financial instruments business operator, bank or other institution in charge of settlement for purchase, etc.

Nomura Securities Co., Ltd.
9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo

2) Commencement date of the settlement

Thursday, March 25, 2010

3) Settlement method

A notice of purchase, etc. through the TOB will be mailed without delay after the expiry of the TOB Period to the address of each tendering shareholder, etc. (or the standing proxy in the case of non-Japanese shareholders; excluding cases where shares are tendered via Nomura Joy, the TOB agent's dedicated internet service). If shares are tendered via Nomura Joy, a notice of purchase, etc. will be delivered according to the method provided on the Nomura Joy website (https://www.nomurajoy.jp/).

Payment for the purchase will be made in cash. The tendering shareholder, etc. may receive proceeds for the sale through the TOB by remittance or other method indicated by the tendering shareholder, etc. (bank remittance fees may be charged).

4) Method to return share certificates, etc.

In the event that all of the tendered share certificates, etc. are not purchased under the conditions mentioned in “2) Occurrence or nonoccurrence of conditions of withdrawal, etc. of the TOB, details thereof and disclosure method for the withdrawal, etc.” of “(9) Other conditions and methods of purchase, etc.” below, the share certificates, etc., which need to be returned, will be promptly returned by restoring the record of the shares to the original state immediately prior to the tendering, on or after the commencement date of the settlement (the date of withdrawal, etc. in the case of a withdrawal, etc. of the TOB; if the tendering shareholders, etc. would like to transfer the record of the share certificates, etc. to their accounts established at another financial instruments business operator, they are requested to indicate the matter accordingly).

(9) Other conditions and methods of purchase, etc.

1) Occurrence or nonoccurrence of conditions set forth in each item of Article 27-13, paragraph (4) of the Financial Instruments and Exchange Act (Act No. 25 of 1948; the “Act”) and details thereof

The Bidder has not set the maximum or minimum limit of the number of share certificates, etc. to be purchased in the TOB and will purchase all of tendered share certificates, etc.

2) Occurrence or nonoccurrence of conditions of withdrawal, etc. of the TOB, details thereof and disclosure method for the withdrawal, etc.

The TOB may be withdrawn if any event occurs that is listed in Article 14, paragraph (1), item (i) (a) through (i) and (l) through (r) and item (iii) (a) through (h) as well as Article 14, paragraph (2), items (iii) through (vi), of the Order for Enforcement of the Financial Instruments and Exchange Act (Cabinet Order No. 321 of 1965, as amended; the “Order”). In the event that the Bidder intends to withdraw the TOB, etc., it shall make a public notice electronically and post a notice in “The Nikkei” newspaper that such notice has been made; provided, however, that if it is deemed difficult to make such public notice on or prior to the last day of the TOB Period, the Bidder shall make a public announcement in such manner as set forth in Article 20 of the Cabinet Office Ordinance, and give public notice forthwith.

3) Occurrence or nonoccurrence of conditions of the price of purchase, etc., details thereof and disclosure method of price reduction

Pursuant to the provisions of Article 27-6, paragraph (1), item (i) of the Act, if the Target Company takes any action enumerated in Article 13, paragraph (1) of the Order during the TOB Period, the Bidder may reduce the price of purchase, etc., in accordance with the standard stipulated in Article 19, paragraph (1) of the Cabinet Office Ordinance. In the event that the Bidder intends to lower the price of purchase, etc., it shall make a public notice electronically and post a notice in “The Nikkei” newspaper that such notice has been made; provided, however, that if it is deemed difficult to make such public notice on or prior to the last day of the TOB Period, the Bidder shall make a public announcement in such manner as set forth in Article 20 of the Cabinet Office Ordinance on Disclosure of Tender Offer for Share Certificates, etc. by Person Other Than Issuer (Ordinance of the Ministry of Finance No. 38 of 1990, as amended; the “Cabinet Office Ordinance”), and give public notice forthwith. If the price of purchase, etc. is reduced, the Bidder will also purchase at such reduced price all the share certificates, etc. tendered on or before the date of such public notice.

4) Matters concerning rights of cancellation of contract of tendering shareholders, etc.

The tendering shareholders, etc. may, at any time during the TOB Period, cancel any contract pertaining to the TOB. When cancelling the contract, a tendering shareholder, etc.

must deliver or mail a document stating the cancellation of contract pertaining to the TOB (a "cancellation document") with the receipt of the application for tender of the TOB, to the head office or a branch office in Japan of the TOB agent (excluding Nomura Joy, the dedicated internet service of the TOB agent) that accepted the application for tender of the TOB by 3:30 p.m. on the last day of the TOB Period. However, in the case where a cancellation document is mailed, it must reach the TOB agent by 3:30 p.m. on the last day of the TOB Period. When cancelling the contract made via Nomura Joy, please follow the cancellation procedures on the Nomura Joy website (https://www.nomurajoy.jp/) by 3:30 p.m. on the last day of the TOB Period.

The Bidder will make no request to pay compensation for damages or penalty to tendering shareholders, etc. even if the contract is cancelled by tendering shareholders, etc. The Bidder shall bear the cost required for return of the tendered share certificates, etc. after cancellation.

5) Disclosure method when purchase conditions, etc. are changed

When changing the purchase conditions, etc., the Bidder shall make a public notice on the details of such change(s) electronically, and post a notice in "The Nikkei" newspaper that such public notice has been made; provided, however, that if it is deemed difficult to make such public notice on or prior to the last day of the TOB Period, the Bidder shall make a public announcement in such manner as set forth in Article 20 of the Cabinet Office Ordinance and give public notice forthwith. If any change of the purchase conditions, etc. is made, the Bidder will also purchase the share certificates, etc. tendered on or before the day when such public notice is made in accordance with the purchase conditions, etc. after such change(s).

6) Disclosure method when an amendment statement is submitted

When the Bidder submits an amendment statement to the Director-General of the Kanto Local Finance Bureau, the Bidder shall immediately make a public announcement on the amendments pertaining to the items written in the public notice on the commencement of the TOB among the items written in the amendment statement in such manner as set forth in Article 20 of the Cabinet Office Ordinance. The Bidder will also immediately amend the TOB Explanatory Statement and provide the amended TOB Explanatory Statement to the tendering shareholders, etc. to whom the old Explanatory Statement has already been delivered. If, however, the amendments are made only to a limited extent, the Bidder shall prepare and deliver a document stating the amended items, the details of the items after the amendments as well as the reason therefor to the tendering shareholders, etc.

7) Disclosure method for the results of the TOB

The Bidder shall make a pubic announcement regarding the results of the TOB in such manner as provided for in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day immediately following the last day of the TOB Period.

8) Others

The TOB will not be implemented in or for the U.S., either directly or indirectly. It will not be conducted using the methods/means of U.S. inter-state trade, including mail, or international trade (including, but not limited to, telephone, telex, facsimile, electronic mail and Internet communications). Neither will it be conducted through facilities of securities exchanges in the U.S. No shareholder may tender the TOB using the aforementioned methods/means, through the facilities mentioned above, or from the U.S. Tender offer registration statements or relevant purchase documents will not be sent or distributed in, for or from the U.S. by mail or other methods. Such sending or distribution is not allowed. Any application for tender of the TOB that directly or indirectly infringes on the aforementioned restrictions is not accepted.

When tendering the TOB, tendering shareholders, etc. (or the standing proxy in the case of non-Japanese shareholders, etc.) may be asked to make the following declaration and guarantee to the TOB agent: tendering shareholders, etc. are not in the U.S., either at the time of tendering the TOB or at the time of sending a TOB tender application form; they have not received any information regarding the TOB (including its copies) in or from the U.S. or sent such information in, for or from the U.S., either directly or indirectly; with regard to purchase or signing and delivery of TOB tender application forms, they have not used the methods/means of U.S. inter-state trade, including mail, or international trade (including, but not limited to, telephone, telex, facsimile, electronic mail and Internet communications) or facilities of securities exchange in the U.S.; and, they are not those who act as agents with no discretion right for others or trustees of others (excluding a case where the said others give all directions concerning purchase from outside the U.S.).

(10) Date of public notice of the commencement of TOB

Wednesday, February 3, 2010

(11) TOB agent

Nomura Securities Co., Ltd.
9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo

3. Others

(1) Agreements between the Bidder and the Target Company or its Directors, and the details thereof

According to the Target Company, the Target Company resolved, at a meeting of its Board of the Directors held on January 29, 2010, to express approval for the TOB and recommend the shareholders of the Target Company to tender their shares for the TOB.

(2) Process of making decision on the implementation of the TOB

The Bidder Group consist of the Bidder, 43 subsidiaries (including 15 indirectly owned companies) and 34 affiliates (including 11 indirectly owned companies), with manufacturing and sales of processed foods such as frozen foods, seasonings and seasoned processed foods, and processed marine products as their principal businesses.

The Target Company is a consolidated subsidiary of the Bidder, engaged in processing and sales of foods in Japan and centering its business on the Japanese and Chinese prepared dishes featuring “Niku Dango (meat dish),” “Tori Tsukune Kushi (chicken dish),” “Wakatori Yahata Maki (chicken dish)” and other “completely cooked frozen foods.” The Target Company, which is especially strong in the manufacturing and sales of livestock related products, is positioned as one of the core companies in the processed food business of the Bidder Group, and has utilized the group merit of the Bidder Group in the area of product manufacturing, etc. while having established its own unique brand.

The Target Company was established in December 1972, aimed at manufacturing and sales of frozen foods. The Bidder acquired shares of the Target Company in March 2000, making the Target Company its consolidated subsidiary. The Target Company subsequently maintained cooperative business relations with the Bidder and, as it continued to operate its business independently, listed its stock on the Nagoya Stock Exchange Second Section in March 2006 with the aim of fortifying its financial structure by increasing its fund procurement capabilities and creditworthiness.

Meanwhile, the Bidder, since it became a wholly owned subsidiary of JT in April 2008, has been advancing business integration efforts with the aim of further strengthening the Group’s overall support system to expand the business volume and pursue integrative synergies. Specifically, in July 2008, the Bidder integrated the functions of JT’s food business sector as well as the functions of its related subsidiaries regarding the processed food business and seasoning business with the Bidder and, as a result, the functions of the Bidder's frozen food business became one of the largest in Japan. This and other factors significantly transformed its internal business environment.

In addition, a look at its external business environment reveals that, as the overall economy is expected to face short- to mid-term stringent conditions resulting from the global financial crisis, it is finding difficulty avoiding their impact even for the Bidder Group's processed food business. Taking into consideration the possibility of factors such as a changing social structure resulting from a low birth rate and aging population as well as soaring prices of raw materials, the external business environment surrounding the Bidder Group including the Target Company is expected to become more difficult in the future.

In this business environment, for the Bidder Group including the Target Company to triumph over rivals in the same industry, it is essential first and foremost to have the Bidder Group companies utilize each other's human resources and further strengthen collaboration within the Bidder Group at areas of each value chain. Specifically, it is believed that more cost reductions and raw material procurement stabilization, among others, would result from the advancement of the joint purchasing of core raw materials, reorganizations that would lead to the building of an effective manufacturing system and the strengthening of ties regarding seasoning and seasoned processed food business within the Bidder Group companies. Also, with regard to the Target Company, the formulation of a system whereby the human, physical and intellectual resources of the Bidder and its Group (R&D base and achievements, seasonings technology, indirect functions, etc.) can be amply utilized by the Target Company would allow it to further buttress its product development and quality control framework and productivity. Moreover, in order for the Target Company to respond to the drastically changing business environment, it is of paramount importance to introduce resources dynamically in capital investments, etc. and strengthen the distribution of managerial resources and competitiveness from the mid- to long-term perspective, all the while enhancing the speed of management and formulating a system that would rapidly realize flexible and dynamic measures.

For the aforementioned reasons, the Bidder judged around August 2009 that, in light of the changing internal business environment and current external business environment, promoting collaboration within the Bidder Group companies and advancing a mid- to long-term strategy for the Target Company after making it a wholly owned subsidiary of the Bidder, is important for the further growth of the processed food business of the Bidder Group and the Target Company. After careful discussions and study by the Bidder and the Target Company since around September 2009 concerning the merits of making the Target Company a wholly owned subsidiary of the Bidder, the Bidder decided on the implementation of the TOB, as both the Bidder and the Target Company have come to the conclusion that making the Target Company a wholly owned subsidiary would be extremely beneficial in terms of strengthening the Target Company's revenue base and, in turn, enhancing the corporate value of the Target Company and the Bidder Group as a whole.

The Bidder will, in principle, maintain the employees and product brands, etc. of the Target Company even after making it a wholly owned subsidiary and, by promoting an integrated strategy as mentioned above, advance the strengthening of ties within the Bidder Group so as to ultimately provide continuous profits to the customers, employees, business partners and other stakeholders of the Target Company.

(3) Measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest

The Target Company is a consolidated subsidiary of the Bidder as of today. Taking continued relationships between the Bidder and the Target Company in personnel affairs and business operations into account, the Bidder and the Target Company have respectively taken the following measures to secure fairness of the TOB such as measures to secure fairness of the TOB Price and measures to avoid conflicts of interest.

1) Acquisition of a share valuation report from a third-party valuation institution

   In order to secure fairness of the TOB Price, the Bidder determined that TOB Price by referring to the Valuation Report issued on January 28, 2010 by Nomura Securities, the financial adviser acting as third-party valuation institution (please note that the Bidder has not obtained a fairness opinion regarding the TOB Price). Nomura Securities implemented the share valuation by using the market stock price average method, the comparable company analysis method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

   (a) Market stock price average method: ¥1,022 – ¥1,080

   With the market stock price average method, the per-share value of the common stock of the Target Company was calculated to be ¥1,022 – ¥1,080 based on the average of closing prices of the common stock of the Target Company on the Nagoya Stock Exchange Second Section for the last six months, that for the last three months and that for the last one month, with January 28, 2010 as the base date, and the closing price on the base date.

   (b) Comparable company analysis method: ¥1,071 – ¥1,869

   The comparable company analysis method involves the calculation of the stock price of the Target Company by comparing the market stock price and financial indicators regarding profitability of listed companies engaged in businesses relatively similar to the Target Company. The per-share value of the common stock of the Target Company is calculated to be ¥1,071 – ¥1,869.

   (c) DCF method: ¥1,241 – ¥2,406

   The DCF method is a method to calculate the corporate value and share value of the Target Company by discounting the projected future free cash flow of the Target Company by a certain discount rate, such as capital cost of the Target Company, to give the present value, on the premise of projected earnings and investments in the business plans and publicized information of the Target Company and other various factors. Using this method, the per-share value of the common stock of the Target Company was calculated to be ¥1,241 – ¥2,406.

   Based on the details and results of each method written in the Valuation Report, the Bidder comprehensively took into account the track records of premiums added when deciding the price of purchase, etc. in the past cases of acquiring share certificates, etc. through tender offer bids by parties other than issuers, acceptance or rejection of approval for the TOB by the Board of Directors of the Target Company, overall prospects for the TOB, and other factors, and gave consideration to the results of discussions and negotiations with the Target Company. Ultimately, at a meeting of its Board of Directors, held on January 29, 2010, the Bidder decided that the TOB Price would be ¥1,560.

   The TOB Price of ¥1,560 per share was obtained by adding a premium of 44.44% (rounded off to two decimal places; the same applies in this paragraph) over ¥1,080, the average closing price of the common stock of the Target Company on the Nagoya Stock Exchange Second Section on January 28, 2010, the day immediately prior to the announcement date of the TOB by the Bidder, a premium of 52.64% over ¥1,022 (figures below the decimal point are omitted; the same applies in this paragraph), the simple average closing price of the stock for the past one month (December 29, 2009 to January 28, 2010), a premium of 50.72% over ¥1,035, the simple average closing price of the stock for the past three months (October 29, 2009 to January 28, 2010), and a premium of 50.14% over ¥1,039, the simple average closing price of the stock for the past six months (July 29, 2009 to January 28, 2010).

2) Acquisition of a share valuation report by the Target Company

According to the Target Company, the Target Company asked Japan Corporate Valuation Institute, a third-party institution that is independent of the Bidder and the Target Company and does not fall under a related party of the Target Company, to valuate the shares of the Target Company, and acquired a valuation report on the shares of the Target Company from Japan Corporate Valuation Institute to use as basic materials for judging the fairness of the TOB Price presented by the Bidder (please note that, according to the Target Company, it has not obtained a fairness opinion regarding the TOB Price). According to the Target Company, Japan Corporate Valuation Institute implemented the share valuation by using the market stock price average method, comparable listed company method and the DCF method. The per-share values of the common stock of the Target Company, calculated using each method mentioned above, are as follows:

(a) Market stock price average method: ¥1,016 – ¥1,040

With the market stock price average method, the per-share value of the common stock of the Target Company was calculated to be ¥1,016 – ¥1,040 based on the average of closing prices of the common stock of the Target Company on the Nagoya Stock Exchange Second Section for the last six months, that for the last three months and that for the last one month, with January 27, 2010 as the base date, and the closing price on the base date. Because there was no trading of the common stock of the Trading Company on the Nagoya Stock Exchange Second Section on January 27, 2010, the base date, the closing price of the common stock of the Target Company on January 26, 2010, the day immediately prior to the base date, was set as the base date closing price.

(b) Comparable listed company method: ¥1,118 – ¥1,778

The comparable listed company method involves the calculation of the value of the stock of the Target Company by comparing the market stock price and financial indicators regarding profitability of listed companies whose businesses are similar to those of the Target Company. The per-share value of the common stock of the Target Company is calculated to be ¥1,118 – ¥1,778.

(c) DCF method: ¥1,216 – ¥2,016

The DCF method is a method to calculate the corporate value and share value of the Target Company by discounting the projected future free cash flow of the Target Company by a certain discount rate, such as capital cost of the Target Company, to give the present value, on the premise of projected earnings and investments in the business plans and publicized information of the Target Company and other various factors. Using this method, the per-share value of the common stock of the Target Company was calculated to be ¥1,216 – ¥2,016.

3) Study by a special committee and decision making by the Board of Directors of the Target Company

Among the total of five directors of the Target Company, two are currently serving concurrently as executive officers of the Bidder and one is employed concurrently by the Bidder. Because of this, according to the Target Company, for the Target Company to secure the fairness of decision making procedures and avoid conflicts of interest, when the Board of Directors of the Target Company expressed an opinion on the TOB, a special committee consisting of directors and corporate auditors excluding any executive officer or employee of the Bidder serving concurrently (namely, Directors Kenichi Nagata and Toshiaki Marumoto, Corporate Auditor Nobuhiko Higashino and outside Corporate Auditor Jun Murai) would study the TOB and hold discussions and negotiations with the Bidder on the TOB Price and other various terms and conditions. This committee obtained legal advice from below-mentioned KUBOI & PARTNERS LAW OFFICE, heard explanations on the calculation methods and results of the share value of the common stock of the Target Company from Japan Corporate Valuation Institute and studied carefully on the adequacy and legality of the TOB Price and other terms and conditions, the purpose of the TOB and the decision making process of the Board of Directors of the Target Company.

According to the Target Company, that committee, with respect to the fairness of the TOB Price, among others, rendered its conclusion that (i) the TOB Price does not deviate from the calculation results of the share value of the Target Company obtained by Japan Corporate Valuation Institute, and (ii) comprehensively taking into account the substantial added premiums to the market share price, the recommendation to the shareholders of the Target Company to tender their shares for the TOB is appropriate.

According to the Target Company, that committee issued a recommendation to the Board of Directors of the Target Company at its meeting held on January 29, 2010 that, taking the aforementioned study into consideration, the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and the recommendation to the shareholders of the Target Company to tender their shares for the TOB are reasonable and provided reasons for this conclusion. The Board of Directors of the Target Company carefully studied and deliberated on the above, judged that the TOB would contribute to the corporate value and the interests of shareholders of the Target Company and resolved to approve the TOB and recommend to the shareholders of the Target Company to tender their shares for the TOB. Among the directors of the Target Company, Takayuki Fujii and Kazumi Kondo, managing executive officers of the Bidder, did not take part in the deliberations and resolution of the aforementioned meeting of the Board of Directors from the standpoint of avoiding conflicts of interest. Of the corporate auditors of the Target Company including outside corporate auditors, excluding Yuji Fujimura, absent because of serving concurrently as standing corporate auditor of the Bidder, and Jun Murai, absent for personal reasons, Standing Corporate Auditor Nobuhiko Higashino gave views at a meeting of the Board of Directors of the Target Company to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB (please note that, according to the Target Company, the Board of Directors of the Target Company also received from Corporate Auditor Murai, who was absent from the Board of Directors meeting, his views to the purport that he had no objection to the expression of an opinion of approval for the TOB by the Board of Directors of the Target Company and an opinion of recommendation to the shareholders of the Target Company for the tendering of their shares for the TOB).

4) Advice from a law office

According to the Target Company, in the study and decision making process by the aforementioned special committee and the Board of Directors of the Target Company, KUBOI & PARTNERS LAW OFFICE was selected as legal advisor independent from the Bidder and provided legal advice on factors such as the method and processes of decision making by the Board of Directors, including various procedures for the TOB, to the Board of Directors of the Target Company and the special committee.

5) Period of purchase, etc. set relatively long

The Bidder set the TOB Period as 30 business days, which is relatively long, to ensure for the shareholders of the Target Company, opportunities to properly decide whether to tender their shares for the TOB, and for other purchasers, opportunities of purchase, etc., thus securing appropriateness of the TOB Price.

(4) Other information deemed necessary for investors to decide whether to tender their shares for purchase, etc.

1) Likelihood of delisting and its reason

The shares of the common stock of the Target Company are currently listed on the Nagoya Stock Exchange Second Section. The Bidder has not set the maximum or minimum limit of the number of share certificates, etc. to be purchased in the TOB and will purchase all of tendered share certificates, etc. Therefore, depending on the result of the TOB, there is a possibility that the shares of the Target Company might be delisted in accordance with prescribed procedures, if the shares of the Target Company fall under the Delisting Criteria. Even if the result as of the time of the completion of the TOB does not fall under the Delisting Criteria, because the Bidder plans to hold all the issued shares of the Target Company (excluding treasury shares of the Target Company) by executing each procedure explained in "(4) Policy on organizational restructuring, etc. after the TOB (matters related to the so-called two-step acquisition)" of "1. Purpose of purchase, etc.," mentioned above, in that case, the shares of the Target Company will likely be delisted. Once delisted, the shares of the Target Company cannot be traded on the Nagoya Stock Exchange Second Section.

2) Matters relating to significant agreements on the tendering of shares for the TOB between the Bidder and the Target Company

The Bidder executed the Tendering Agreement dated January 29, 2010 with its consolidated subsidiary, and shareholder of the Target Company, Katokichi Suisan (number of shares held: 400,000 shares; common stock issued by the Target Company (accounting for 27.97% (rounded off to two decimal places) of the total number of issued shares as of September 30, 2009, entered in the Quarterly Securities Report for the second quarter of the 38th term, submitted by the Target Company on November 11, 2009), and obtained its approval on the tendering of all the shares held by the company for the TOB.

3) Other information deemed necessary for investors to decide whether to tender their shares for purchase, etc.

(i) Non-consolidated financial results for the nine months of the fiscal year ending March 31, 2010 (the 38th term)

The Target Company has today announced its non-consolidated results for the nine months of the fiscal year ending March 31, 2010 at the Nagoya Stock Exchange Second Section. Based on this announcement, the income status, etc. of the Target Company (non-consolidated basis) is as follows.

[Income Status]

(Thousands of yen)

	Nine months of the fiscal year ending March 31, 2010 (the 38th term)
Net sales	8,133,205
Cost of sales	6,137,289
Selling, general and administrative expenses	1,636,566
Non-operating income	4,150
Non-operating expenses	28,523
Net income	157,956

Note: The above was extracted from the non-consolidated financial results for the nine months of the fiscal year ending March 31, 2010 of the Target Company.

[Per share information]

(Yen)

	Nine months of the fiscal year ending March 31, 2010 (the 38th term)
Net income per share	110.46
Net assets per share	1,422.56

Note: The above was extracted from the non-consolidated financial results for the nine months of the fiscal year ending March 31, 2010 of the Target Company.

(ii) Revision of dividend forecast and termination of Shareholder Special Benefit Plan

According to “Notice Regarding Revision of the Dividend Forecast for the Year Ending March 31, 2010 and Termination of Shareholder Special Benefit Plan” from the Target Company dated January 29, 2010, the Board of Directors of the Target Company, as a prerequisite to the completion of the TOB, resolved, at its meeting held January 29, 2010, to (i) revise the dividend forecast for the year ending March 31, 2010 not to carry out the distribution of surplus (term-end dividend) for the year ending March 31, 2010, and (ii) terminate the Shareholder Special Benefit Plan.

Appendix

＜Profile of the Bidder: TableMark Co., Ltd.＞

Location of Head Office:	18-37 Sakamoto-cho 5-chome, Kanonji-shi, Kagawa
Name of Representative:	Ryoichi Yamada President, Chief Executive Officer and Representative Director
Date of Establishment:	September 1, 1956
Stated Capital:	¥47,502,630,000 (as of January 29, 2010)
Principal Business:	Manufacturing and sales of frozen foods, frozen marine products and other food products

Note: The Bidder has changed its trading name from Katokichi Co., Ltd. to TableMark Co., Ltd. as of January 1, 2010.

＜Profile of the Target Company: KS Frozen Foods Co., Ltd.＞

Location of Head Office:	29-2 Sumiyoshi-cho, Izumisano-shi, Osaka
Name of Representative:	Kenichi Nagata President and Representative Director
Date of Establishment:	December 4, 1972
Stated Capital:	¥856,400,000 (as of December 31, 2009)
Principal Business:	Processing and sales of foods