



November 14th, 2011

Company name: Fukuda Denshi Co., Ltd.
Representative: Kotaro Fukuda, President & CEO
JASDAQ code no.: 6960
Inquiries: Junzo Fujiwara, Senior Managing Director
Telephone: +81-3-5684-1558

Notice for Acquisition of Treasury Stock and Tender Offer

Fukuda Denshi (hereinafter, "The Company") hereby announces that at a meeting convened on November 14th, 2011 the Board of Directors issued a resolution regarding acquisition of treasury stock and tender offer of treasury stock pursuant to the provisions of Article 156 of the Companies Act interpreted and applied on the basis of Article 165-3 of the said act and regarding the specific method of acquisition.

1. Reason for acquiring treasury stock

The Company has traditionally regarded returning profits to shareholders as a top management priority. It has established a basic policy of continually engaging in competitive business development and providing stable returns to shareholders by strengthening and enhancing corporate health while securing required internal reserves.

The Company appropriately considers acquisition of treasury stocks to enable a flexible capital policy in line with operating conditions, improve capital efficiency and return profits to shareholders, and has acquired treasury shares based on resolutions of the Board of Directors.

Under this policy, the Company was contacted around September 2011 by Atomic Sangyo Co., Ltd., the Company's largest shareholder and its major shareholder (hereinafter, "Atomic Sangyo"; It holds 2,486,696 shares in the Company as of the date of this notice, which represents 12.69% of the 19,588,000 total shares outstanding (decimals rounded to the second decimal place; this applies to all calculations of percentages of total shares outstanding that follow)), regarding its intention to sell a portion of its shareholdings. Atomic Sangyo is a company in which Kotaro Fukuda, the Company's president, and close relatives directly own 100% of voting rights

Given this fact, the Company judged that it would be appropriate to purchase the shares for treasury stock, considering the impact that would be exerted on the liquidity and market price of the Company's common shares by a large number of shares being temporarily released on the market, and from the standpoint of maintaining a stable composition of shareholders. Regarding the specific method used to acquire treasury stock, the tender offer method was judged to be appropriate after considering the matter from the perspective of shareholder equality and transactional transparency.

Accordingly, at a meeting convened on November 14th, 2011 the Board of Directors, the Company decided to effect a tender offer of treasury stock under the provisions of Article 156 of the Companies Act interpreted and applied on the basis of Article 165-3 of the said act and regarding the specific method of acquisition. Kotaro Fukuda, the Company's president, is Atomic Sangyo's major shareholder, and in order to avoid a conflict of interest and ensure a fair transaction, he did not participate in prior deliberations or negotiations with Atomic Sangyo from the Company's standpoint and did not participate in the deliberations or resolution of the Board of Directors regarding the tender offer in question.

Regarding the process for determining the buying price, etc. for the tender offer (hereinafter, "buying price"), the Company thought that objectivity should be emphasized and that the market price should be given priority as the appropriate price for the Company's common stock, which was the basis. In addition, it was judged that the acquisition should be conducted at a price that incorporated a certain amount of discount on the market price in order to limit the outflow of assets to the extent possible, from the perspective of respecting the interests of shareholders not subscribing the tender offer and continuing to hold shares of the Company's common stock. Moreover, an upper limit of 1,400,000 shares (7.15% of total shares outstanding) was set for the planned number of shares to be purchased, from the standpoint of also providing shareholders other than Atomic Sangyo with the opportunity to subscribe the offer.

The company has received a notification of an application to tender shares into the tender offer from Atomic Sangyo, for a portion of the common stock (800,000 shares; 4.08% of the total number of shares in issue) owned by Atomic Sangyo.

How shares acquired through the tender offer will be disposed, etc. has not been determined as of the present.

2. Details of board resolution regarding acquisition of treasury stock

(1) Details of board resolution

- ① Class of shares to be acquired: Common Stock
- ② Number of shares to be acquired: Up to 1,400,000 shares
- ③ Aggregate purchase price of shares: ¥2,954,000,000
- ④ Period of acquisition: from November 15th, 2011 to January 31st, 2012

(Note 1) Number of outstanding shares: 19,588,000 shares

(Note 2) Ratio to the total number of outstanding shares: 7.15% (decimals rounded to the second decimal place)

(Note 3) The total number of shares to be acquired is the maximum number of the total number of shares to be acquired based on the resolution by the Board of Directors.

(Note 4) The total share acquisition price is the upper limit of the total share acquisition price based on the resolution by the Board of Directors.

(2) Listed shares, etc. related to treasury shares already acquired based on the resolution:

Not applicable.

3. Outline of tender offer etc.

(1) Tender offer period etc.

- ① Board resolution: November 14th, 2011
- ② Public notice for commencing tender offer: November 15th, 2011
*Through EDINET (URL: <http://info.edinet-fsa.go.jp/>) and Nikkei Newspaper.
- ③ Tender offer notification: November 15th, 2011
- ④ Period of tender offer: from November 15th, 2011 to December 13th, 2011(20 business days)

(2) Purchase price

¥2,110 per share

(3) Calculation basis for purchase price

① Calculation basis

Regarding calculation of the buying price, considerations were made on the basis of the market price for the Company's common stock, while taking into account the fact that the Company's common stock is listed and that acquisition of treasury stock by listed companies is generally conducted by purchasing shares on a financial instruments exchange. Regarding the decision on the buying price, to determine an appropriate market value for the Company's common stock, the basis of the buying price, in light of market price fluctuations, stock price trends over a fixed period in the past were first considered, and then reference was made to the average closing price of ¥2,223 for the Company's common stock on the business day (November 11th, 2011) prior to November 14th, 2011, the date the Board of Directors convened and resolved to conduct the tender offer in question, the average closing price of ¥2,289 (fractions of one yen truncated) for the Company's common stock over the most recent one-month period (October 12th, 2011 to November 11th, 2011), and the average closing price of ¥2,291 (fractions of one yen truncated) for the Company's common stock over the most recent three-month period (August 12th, 2011 to November 11th, 2011) on the JASDAQ market of Osaka Securities Exchange Co., Ltd. (hereinafter, "Osaka Securities Exchange").

At the same time, in order to give consideration to the interests of shareholders continuing to hold the Company's common stock and limit asset outflows to the extent possible, it was determined that the acquisition would be at a price that incorporated a certain discount on the market price of the Company's common stock.

Regarding the discount rate, reference was made to past examples of acquisition of treasury stock via tender offer, and it was determined that a discount rate of 5% be applied to the closing price of ¥2,223 for the Company's common stock on the business day (November 11th, 2011) prior to November 14th, 2011, the date of the meeting of the Board of Directors, and that a buying price of ¥2,110 (amounts less than ¥10 truncated) be set on November 14th, 2011.

The buying price of ¥2,110 represents a discount rate of 5.1% (rounded to the first decimal place) on the closing price of ¥2,223 for the Company's common stock on the Osaka Securities Exchange's JASDAQ market on the business day (November 11th, 2011) prior to November 14th, 2011, the date the Board of Directors convened and passed the resolution on executing the tender

offer in question, a discount rate of 7.8% (rounded to the first decimal place) on the average close price of ¥2,289 (fractions of one yen truncated) for the Company's common stock over the most recent one-month period, and a discount rate of 7.9% (rounded to the first decimal place) on the average closing price of ¥2,291 (fractions of one yen truncated) for the Company's common stock over the most recent three-month period.

② Background of calculation

The Company has traditionally regarded returning profits to shareholders as a top management priority. It has established a basic policy of continually engaging in competitive business development and providing stable returns to shareholders by strengthening and enhancing corporate health while securing required internal reserves.

The Company appropriately considers acquisition of treasury stocks to enable a flexible capital policy in line with operating conditions, improve capital efficiency and return profits to shareholders, and has acquired treasury shares based on resolutions of the Board of Directors.

Under this policy, the Company was contacted around September 2011 by Atomic Sangyo, the Company's largest shareholder and its major shareholder (It holds 2,486,696 shares in the Company as of the date of this notice, which represents 12.69% of the total shares outstanding), regarding its intention to sell a portion of its shareholdings.

Given this fact, the Company judged that it would be appropriate to purchase the shares for treasury stock, considering the impact that would be exerted on the liquidity and market price of the Company's common shares by a large number of shares being temporarily released on the market, and from the standpoint of maintaining a stable composition of shareholders. Regarding the specific method used to acquire treasury stock, the tender offer method was judged to be appropriate after considering the matter from the perspective of shareholder equality and transactional transparency.

Accordingly, at a meeting convened on November 14th, 2011 the Board of Directors, the Company decided to effect a tender offer of treasury stock under the provisions of Article 156 of the Companies Act interpreted and applied on the basis of Article 165-3 of the said act and regarding the specific method of acquisition. Kotaro Fukuda, the Company's president, is Atomic Sangyo's major shareholder, and in order to avoid a conflict of interest and ensure a fair transaction, he did not participate in prior deliberations or negotiations with Atomic Sangyo from the Company's standpoint and did not participate in the deliberations or resolution of the Board of Directors regarding the tender offer in question. Regarding calculation of the buying price, considerations were made on the basis of the market price for the Company's common stock, while taking into account the fact that the Company's common stock is listed and that acquisition of treasury stock by listed companies is generally conducted by purchasing shares on a financial instruments exchange. Regarding the decision on the buying price, to determine an appropriate market value for the Company's common stock, the basis of the buying price, in light of market price fluctuations, stock price trends over a fixed period in the past were first considered, and then reference was made to the average closing price of ¥2,223 for the Company's common stock on the business day (November 11th, 2011) prior to November 14th, 2011, the date the Board of Directors convened and

resolved to conduct the tender offer in question, the average closing price of ¥2,289 (fractions of one yen truncated) for the Company's common stock over the most recent one-month period (October 12th, 2011 to November 11th, 2011), and the average closing price of ¥2,291 (fractions of one yen truncated) for the Company's common stock over the most recent three-month period (August 12th, 2011 to November 11th, 2011) on the JASDAQ market of Osaka Securities Exchange.

At the same time, in order to give consideration to the interests of shareholders continuing to hold the Company's common stock and limit asset outflows to the extent possible, it was determined that the acquisition would be at a price that incorporated a certain discount on the market price of the Company's common stock.

Regarding the discount rate, reference was made to past examples of acquisition of treasury stock via tender offer, and it was determined that a discount rate of 5% be applied to the closing price of ¥2,223 for the Company's common stock on the business day (November 11th, 2011) prior to November 14th, 2011, the date of the meeting of the Board of Directors, and that a buying price of ¥2,110 (amounts less than ¥10 truncated) be set on November 14th, 2011.

(4) Number of shares planned to be acquired

- ① Class of shares to be acquired: Common Stock
- ② Number of shares to be acquired: Up to 1,400,000 shares

(Note 1) If the total number of tendered shares does not exceed the number of shares planned to be acquired (1,400,000 shares), all of the tendered shares will be acquired. If the total number of listed shares subscribed exceeds the planned number to be acquired (1,400,000 shares), the excess portion shall not be bought via tender offer either in full or in part, and transfer or other settlement procedures for the purchase of listed shares, etc. will be conducted by the proportional distribution method stipulated in Article 27.13.5 of the Financial Instruments and Exchange Act (1948 Act No. 25; including subsequent amendments; hereinafter the "Act"), as applied mutatis mutandis pursuant to Article 27.22.2.2 of the Act, and in Article 21 of the Cabinet Office Ordinance concerning the Disclosure of Tender Offers for Listed Shares and Other Securities by the Issuer (1994 the Finance Ministry Ordinance No. 95; including subsequent amendments).

(Note 2) Shares numbering less than the trading unit shall be subject to this tender offer.

(5) Funds required for purchase

¥2,976,000,000

(Note) Total of purchase outlays (¥2,954,000,000) and estimates of related commissions, printing fees for public notices regarding the tender offer, tender offer guide, and other required documents, and other related expenses.

(6) Commencement date and method of settlement

- ① Name and address of Tender Offer Agent:
SMBC Nikko Securities Inc. 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo
- ② Commencement date of settlement: January 10th, 2012
- ③ Method of settlement:

When the tender offer period ends, the Company will promptly send notification regarding

purchase, etc. via the tender offer to addresses of parties that approved the application for purchase, etc. of listed shares, etc. or that applied to sell, etc. in connection with this tender offer (hereinafter, "subscribing shareholders, etc.") (standing proxies in the case of foreign shareholders, etc.).

The purchase will be conducted in cash. A payment amount net of applicable withholding tax (Note) will be promptly remitted from the tender offer agent to subscribing shareholders, etc. (standing proxies in the case of foreign shareholders, etc.) starting on the settlement commencement date.

(Note) Regarding taxes on stock purchased via tender offer

(i) Individuals residing in Japan

If the monetary amount to be received via this tender offer exceeds the portion of the Company's capital stock, etc. (if a consolidated corporation, the amount of consolidated capital stock, etc.) corresponding to the stock that initiated the payment, the excess amount is taxed as dividend income and is subject to income tax withholding of 7% of the amount of dividend income and inhabitant tax withholding of 3% of the amount of dividend income. In the case of large shareholders, etc. pursuant to Article 4.6.12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation, income tax withholding is 20% of the amount of dividend income (inhabitant tax is not withheld).

Amounts to be received other than the above are considered income from stock transfers, etc. and differences from acquisition costs, etc. are subject to separate taxation filing.

(ii) Corporate shareholders

If the monetary amount to be received via this tender offer exceeds the portion of the Company's capital stock, etc. (if a consolidated corporation, the amount of consolidated capital stock, etc.) corresponding to the stock that initiated the payment, the excess amount is regarded as dividends, and, in principle, is subject to income tax withholding of 7% of the corresponding amount.

In this case, foreign shareholders, etc. that wish to have income tax on the corresponding dividend amount reduced or exempted on the basis of applicable tax treaties should inform the tender offer agent by December 13th, 2011 that a notification regarding tax treaties will be submitted and submit the notification to the tender offer agent by the business day (January 6th, 2012) prior to the settlement commencement date.

*For specific tax questions, etc., please consult with a certified public accountant or other tax professional and make your own judgment.

(7) Other

- ① This tender offer is not conducted in the United State or for the United States, either directly or indirectly, is not conducted for United States mail, other interstate commerce or the United States, is not conducted by means of United States mail or other interstate commerce or international commerce method or means (including, but not limited to, facsimile, electronic mail, Internet communications, telex, and telephone), and moreover is not conducted through any securities exchange facility of the United States. This tender offer may not be subscribed through any of the

aforementioned methods or means, or through the aforementioned facilities, or from within the United States.

Additionally, tender offer notifications and related documents are not sent or distributed to the United States or from the United States by means of any mail or other methods, and corresponding mailings and distributions cannot be conducted. The Company will not accept subscriptions to this tender offer that directly or indirectly violate the aforementioned restrictions.

Subscribing shareholders, etc. (standing proxies in the case of foreign shareholders, etc.) are required to make the following declarations and guarantees:

That subscribing shareholders, etc. are not in the United States when they subscribe and when they submit the tender offer subscription, that subscribing shareholders, etc. do not receive or send any information on the tender offer or documents on the tender offer within the United States or to the United States or from the United States, that in signing or delivering the offer or tender offer subscription form, the United States mail or other interstate or international commerce methods or means (including, but not limited to, facsimile, electronic mail, Internet communication, telex and telephone) are not used nor are securities exchange facilities in the United States, and that subscribing shareholders, etc. do not act as another party's agent without discretionary power or a trustee or mandatary (excludes cases in which the corresponding other party gives all instructions related to the tender offer from outside the United States.)

- ② The Company has received a notification of an application to tender shares into the tender offer from its largest shareholder, Atomic Sangyo (the number of shares held by Atomic Sangyo: 2,486,696 shares; shareholding ratio to the total number of shares in issue: 12.69%), for a portion of the common stock (800,000 shares; 4.08% of the total number of shares in issue) owned by Atomic Sangyo.

(Note) Number of shares of treasury stock as of November 14th, 2011

Number of outstanding shares(exclude treasury stock) : 17,196,605 shares

Number of shares of treasury stock: 2,391,395 shares