

KITZ CORPORATION

1-10-1, Nakase, Mihama-ku,
Chiba, 261-8577, Japan

News Release

August 11, 2014

Declaration of an Extraordinary Profit Resulted by Transfer of an Affiliate's Shares

This informs you that the board meeting of KITZ Corporation held on August 11, 2014 passed a resolution of full transfer of the outstanding shares of its fully owned KITZ Wellness Co., Ltd. ("KITZ Wellness" in short below) to Dunlop Sports Co., Ltd. ("Dunlop Sports" in short below) as detailed below. This share transfer is expected to result in declaration of an extraordinary profit in the third quarter of Fiscal 2014.

1. Purpose of the share transfer

Since established in 1990 for implementation of our business diversification policy, KITZ Wellness has been successful in operation and management of comprehensive health club business at 14 workout gyms, 4 commissioned spa gyms, 2 nursing care facilities and one each of posture-modofocation and acupuncture-moxibustion-therapy clinics mainly in Tokyo Metropolitan area. Its annual income is ranked 16th in Japan, sharing 1.4% of the total national market.

KITZ Corporation had been negotiating for long with Dunlop Sports, collaboration with which seemed to have a potential of synergistic effect to this type of business, and after all, we concluded that full transfer of our shares of KITZ Wellness would make a way to its further expansion and growth in the future. On the other hand, we thought that this transaction would enable us to furthermore specialize ourselves in valve business, which is the core of KITZ group operations, and reallocate our management resources so that we could make an advance to "maximization of corporate value", a target of our long-term management plan. Thus, our management has reached this determination.

2. Summary of the Relevant Affiliate of KITZ Corporation:

- (1) Corporate name: KITZ Wellness Co., Ltd.
- (2) Location: 1-10-1 Nakase, Mihama-ku, Chiba, Chiba Prefecture
- (3) Representative person: Akira Tabata, President and CEO
- (4) Business lineup:
 - ① Comprehensive health club business including workout gyms and various sporting facilities
 - ② Posture-modification and acupuncture-moxibustion-therapy clinics
 - ③ Nursing care facilities based on Long-Term Care Insurance Act of Japan
 - ④ Health-food stores
- (5) Capital stock: ¥300 million
- (6) Foundation: November 30, 1990
- (7) Share-holder: KITZ Corporation (100%)
- (8) Corporate structure of KITZ Wellness:
 - ① Relationship with KITZ Corporation: A fully owned and consolidated affiliate
 - ② Concurrently assigned executives: A director and an executive officer of KITZ Corporation assigned as directors of KITZ Wellness. An auditor and an executive officer of KITZ Corporation assigned as auditors of KITZ Wellness.
 - ③ Business relation: Short-term loan and guarantee of liabilities are facilitated by KITZ Corporation to KITZ Wellness.

(9) Management performance and financial condition for the last 3 years:

(Units: Millions of yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013
Net Assets	1,613	1,725	1,845
Total Assets	3,974	3,732	3,556
Net Assets per Share (Yen)	268,952	287,579	307,660
Net Sales	5,569	5,599	5,513
Operating Income	313	305	326
Ordinary Income	317	292	312
Net Income	153	171	180
Net Income per Share (Yen)	25,583	28,604	30,077
Dividends per Share (Yen)	10,000	10,000	-

3. Summary of Dunlop Sports:

- (1) Corporate name: Dunlop Sports Co., Ltd.
- (2) Location: 3-6-9 Wakinohama-cho, Chuo-ku, Kobe, Hyogo Prefecture
- (3) Representative person: Yasushi Nojiri, President and CEO
- (4) Summary of operations (Including subsidiary companies):
 - ① Manufacture and sale of products for use in golf and tennis, including (but not limited to) golf clubs, golf balls, golf bags, golf shoes, tennis rackets, tennis balls, and tennis shoes.
 - ② Golf tournaments operations.
 - ③ Golf and tennis school management.
 - ④ Golf course management.
 - ⑤ License Operations.
- (5) Capital Stock: ¥9,207.5 million
- (6) Foundation: July 1, 2003
- (7) Shareholders:
 - ① Sumitomo Rubber Industries, Ltd. (60.38%)
 - ② Togo Sangyo Co., Ltd. (2.78%)
 - ③ The Master Trust Bank of Japan, Ltd. (trust account) (2.30%)
 - ④ Japan Trustee Services Bank, Ltd. (trust account) (1.20 %)
 - ⑤ CREDIT SUISSE SECURITIES(EUROPE) LIMITED PB OMNIBUS CLIENT ACCOUNT (0.97%)
 - ⑥ STATE STREET BANK AND TRUST COMPANY 505223 (0.96%)
 - ⑦ DUNLOPSPORTS Employees' Stockholding Association. (0.72%)
 - ⑧ Japan Trustee Services Bank, Ltd. (trust account 9) (0.43 %)
 - ⑨ Japan Trustee Services Bank, Ltd.(trust account 5) (0.40%)
 - ⑩ Japan Trustee Services Bank, Ltd. (trust account 1) (0.39%)
- (8) Current relationship with KITZ Wellness:

There are no capital, private, or business relationships that must be indicated with persons or companies associated with KITZ Wellness or KITZ Corporation.

4. Detailed Numbers and Values of the Relevant Shares before and after Transfer:

- (1) Number of shares before transfer: 6,000 shares with 6,000 voting rights
(100% owned by KITZ Corporation)
- (2) Number of shares to transfer: 6,000 shares with 6,000 voting rights
- (3) Total share value for transfer: ¥4,200 million
- (4) Number of shares after transfer: 0 shares with 0 voting rights

5. Implementation Program of Share Transfer:

- (1) Resolution by board meeting of KITZ Corporation: August 11, 2014
- (2) Conclusion of the relevant contract: August 12, 2014 (Scheduled)
- (3) The relevant share transfer: October 1, 2014 (Scheduled)

6. Declaration of an Extraordinary Profit:

We expect the relevant share transfer will result in declaration of the following extraordinary profit in the third quarter of Fiscal 2014:

Approx. ¥2,187 million (in our group consolidated statement)

Approx. ¥1,905 million (in the statement of KITZ Corporation)

7. Future Outlook:

Please note that, while all related factors are still under our closer investigation, the amount of our expected extraordinary profit introduced here might be subject to revision if needed. Should it become necessary, we will lose no time to disclose such a revision.

8. Legal Issues:

The relevant transfer shall be subject to the satisfactory review by Japan Fair Trade Commission according to Article 10 Section 2 of Anti-Monopoly Act of Japan.

(Reference) Consolidated Financial Forecasts for the current term and the results of the previous term of KITZ group companies. (The figures forecasted for Fiscal 2014 were announced on May 14, 2014.)

(Units: Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2014 (Planned)	122,000	8,200	8,000	5,000
Fiscal 2013 (Results)	117,355	6,470	6,501	3,564