

May 30, 2011

Press release

Company name: Kokuyo Co., Ltd.
Stock listings: Tokyo (First Section), Osaka (First Section),
Nagoya (First Section)
Stock code: 7984
Representative: Akihiro Kuroda, President
For further information, please contact:
Yasunori Kawata, Division Manager, Finance Division
Telephone: +81-6-6976-1221

Agreement on Acquisition of Camlin (India) and Commencement of Share Acquisition Procedures

On May 30, 2011, Kokuyo S&T Co., Ltd. ("**Kokuyo S&T**"), a consolidated subsidiary of Kokuyo Co., Ltd. ("**Kokuyo**"), entered into an agreement with Camlin Limited and its shareholders to purchase a majority of Camlin shares (the "**Transaction**"). Camlin Limited is a major manufacturer of stationery and color products located in Mumbai, Republic of India (established in 1931 and listed on the Bombay Stock Exchange and the National Stock Exchange. Hereinafter referred to as "**Camlin**").

We commenced business partnership with Camlin last year, co-operating in the sale of notebooks, and this Transaction is a friendly acquisition, made on the footing of a mutual understanding of the corporate cultures and transaction objectives. Hence, the business will be launched as a joint venture (hereinafter "**New Camlin**" (the name of company to be decided)) between Kokuyo S&T and Camlin and we will accelerate our business expansion in the rapidly growing stationery market of India.

The founding family of Camlin will continue in New Camlin to hold 13.34% of the shares (fully diluted basis) and two directors from the founding family will continue to participate in the joint efforts with Kokuyo S&T to expand the business in India.

1. Background of the Transaction

Kokuyo Group is currently aiming at sustained growth in the stationery business, office furniture business, retail business and mail-order business in Japan and overseas. Especially in respect of the stationery business and office furniture business, the core businesses of Kokuyo Group, we focus on targeted customer value propositions, in each targeted market, which we deliver through our strong and cohesive value chain from product development, manufacturing to sales. . In Asia, our common

strategy in each targeted market is to build our own value chain to win the growing domestic demand of each market. Further, our goal in the future is to develop into an Asian corporation where products on each value chain in each country merge into each other through our distribution network across Asia. As a result, we are targeting 30% or more from overseas in our total sales in ten years.

Under such a strategy, in Vietnam, Kokuyo Group has built its own full value chain from manufacturing to sales, and has started full-scale sale of notebooks from the beginning of this business year. For India and China, where we expect continuous growth in the future, we have been seeking out opportunities to enter into the stationery market and form our value chain.

Camlin, which we will acquire in this Transaction, has an 80 year history, and produces many high quality products, such as pencils, inks, pens, math sets and pastel colors, which have the top level share in the market, and is a well known brand in India, having distribution networks throughout the country. Having said that, through growing competition in Indian market by entering of capital rich companies and foreign branded manufacturers, Camlin's areas to improve have also emerged, such as new product development and design capability in office stationery market. Hence, the New Camlin will take advantage of Camlin's brand and distribution capacity; the Kokuyo Group will contribute our notebooks, paper products, files and writing goods areas in which we excel in advanced Japan market, as well as our product development capability which created many of our value added products, design ability, manufacturing technology, and distribution infrastructure system. As such, we believe that we can expand our business in the Indian stationery market which has maintained very high growth. Our further development as Kokuyo, in sales, we intend to sell Camlin's existing products and the products developed by New Camlin throughout Kokuyo Group's distribution channels in Asia. In manufacturing and procurement, we intend to improve competitiveness through lowering costs and improvements to our manufacturing portfolio, and we aim to expand our total earnings not only in the Indian market, but also in Japan, Vietnam, China and other Asian countries.

2. Purpose of this Transaction

In addition to our full scale entrance into the Indian stationery market which is expected to maintain a high growth rate, the details of our major investment thesis as New Camlin to achieve higher growth are as follows:

(1) Acquisition of National Distribution Channel and Brand in India

Camlin has approximately 300 thousand distribution outlets in India, approximately 150 thousand of which Camlin has direct relationship with, and holds distribution channels throughout India which were developed over the 80 years of Camlin's history. Since April 2011, Kokuyo S&T and

Camlin have jointly worked on the test marketing of notebooks through which we realized the strong distribution power of Camlin. In addition to sales of Kokuyo Group's notebooks and files, we intend to consider selling the products of European, American, Japanese and Chinese stationery manufacturers that do not have access to distribution channels in India by actively using Camlin's channels as "distribution hub" for such manufacturers.

The Camlin brand has taken root throughout India with the expansion of its distribution channels, and is widely recognized by Indian customers. We intend to take advantage of Camlin's brand power while we increase the exposure of the Kokuyo brand in part.

(2) Joint Development of Products

By bringing the respective strength of both companies (know-how in development and design of paper products such as notebooks and high value added products produced by Kokuyo S&T, and excellent manufacturing technology in paints, inks, markers, etc., markets in which Camlin holds top shares (four plants in India)), we will develop new products and new design materials with originality and ingenuity with a leading edge that meets the needs of the Indian market.

(3) Sales of Camlin and New Camlin Products in other Asian Regions

Kokuyo Group has one of the largest distribution channels of stationery products in Japan through stationery outlets and a mail-order system. Currently, it is expanding its stationery outlets and mail order distribution channels in China and bookstores and stationery outlets in Vietnam. We plan to sell Camlin's existing products and products developed by New Camlin through Kokuyo Group's Asian distribution channels in various forms (NB, PB, OEM, etc.) by taking advantage of its competitiveness in cost and quality.

(4) Introduction of Kokuyo S&T's Management System Developed in Japan

We plan to improve the operating margin of Camlin's existing business which is currently around 6% and decrease the inventory ratio, by introducing a series of advanced management systems (including IT infrastructure and distribution outlet system), such as product management, manufacturing management, distribution management and logistics, which supports the stationery business infrastructure of Kokuyo Group in Japan, to New Camlin in the Indian market, which still has room for improvement.

(5) Other Business Developments

Also, with respect to the office mail order business known as "Kaunet" in Japan and "Easy Buy" in China, and the office furniture business using the distribution network developed through Kokuyo Group's stationery business in Japan, we may, from time to time, consider business opportunities depending on the characteristics, purchasing powers and state of infrastructure of future B-to-B channels among educational institution clients and corporate clients of New Camlin.

3. Name and Other Details of the Subsidiary Acquiring Interest in Camlin:

- (i) Trade name: Kokuyo S&T Co., Ltd.
- (ii) Address of head office: 1-1 Oizumizato Minami 6-chome, Higashinariku, Osaka-shi
- (iii) Representative: Takuya Morikawa
- (iv) Business: Manufacture, purchase and sale of paper products (notebooks, ledgers, files, etc.) stationery (metal stationery, writing instruments, etc.) and PC-related products (paper for inkjet printers, mouses, etc.), and provision of total solutions for document and information management.

4. Outline of the Acquisition of Camlin Shares

Kokuyo S&T will acquire Camlin shares through the purchasing of shares held by the founding family, the preferential allotment and the mandatory open offer such that the shareholding ratio will be more than a majority of the total voting rights of Camlin (50.3%, fully diluted basis).

The purchase price of the shares in the Transaction ("Purchase Price") is expected to be 105 Indian Rupee (Rs.) on average acquisition cost per one Camlin share. The Purchase Price was determined to be appropriate based on the information including the opinions of third party professionals and information that Camlin is required to disclose as a listed company. The aggregate acquisition price of shares of the Transaction is expected to be Rs. 3,658,634,200 (JPY 6,768 million, converted by the rate of 1 Rs. = JPY 1.85) including the purchasing of shares held by the founding family and acquisition of shares pursuant to preferential allotment and the mandatory open offer.

The Transaction will be completed by the end of FY 2011, but is conditional on the approval of Camlin's general meeting of shareholders, the approval of regulatory authorities and the satisfaction of other required conditions, and the number of shares acquired and the timing of completion of this Transaction are subject to change depending on whether or not approval is obtained and the timing of such approval, and the number of shares offered for sale in the open offer. We plan to execute the Transaction promptly after the required conditions, including obtaining the approvals from Camlin's general meeting of shareholders and the regulatory authorities, are met.

* Number of shares to be acquired, the purchase price and the status of shares held before and after the Transaction

(1) Number of shares held before the Transaction: 0 shares (Holding ratio: 0%)

(2) Number of shares to be acquired: 34,836,220 shares (Expected purchase price: 3,658,634,200 Rs. (JPY 6,768 million, converted by the rate of 1 Rs. = JPY 1.85))

(i) Shares purchased from the Promoter family: 14,044,850 shares

(ii) Shares acquired pursuant to the preferential allotment: 6,934,000 shares

(iii) Shares acquired through the mandatory open offer: 13,857,370 shares (the maximum number of shares allowed for an open offer)

(3) Number of shares held after the Transaction: 34,836,220 shares (Total shareholding ratio: 50.3%, fully diluted basis)

5. Fund Procurement

Funds to be used for this Transaction shall be allotted from cash reserves.

6. Timelines

Meeting of the board of directors for approval of the Transaction and signing of the agreement: May 30, 2011

Acquisition of shares from the Promoter family: According to applicable regulations, the acquisition is to be officially completed around September of this year, after completion of the open offer

Open offer procedures: Beginning of June to the end of August (tentative)

Preferential allotment: Beginning of July

7. Future business operation

Four directors (three full time, one part time) will be appointed by Kokuyo S&T. The Promoter family of Camlin will continue to hold 13.34% of the shares (fully diluted basis) and two directors (namely, Dilip Dandekar (Chairman and Managing Director) and Shriram Dandekar (Executive Director)) will continue to contribute to the expansion of New Camlin business jointly with us.

8. Outline of Camlin (as of March 31, 2011)

| | |
|------------------------------|--|
| (1) Trade name | Camlin Limited |
| (2) Representative | Dilip Dandekar |
| (3) Location | Mumbai, India |
| (4) Date of establishment | 1931 |
| (5) Main business activities | Manufacture and sale of art material, school and office stationery |
| (6) Accounting Term | March |
| (7) Number of Employees | 950 |

| | | |
|--|--|---|
| (8) Major business locations | Mumbai, Pune, Delhi, Bangalore, Chennai, Calcutta etc. | |
| (9) Capital | 61.1 million Rs. | |
| (10) Total number of shares issued | 61,064,537 shares as of March 31, 2011 (excluding residual securities) | |
| (11) Major shareholders | Promoter (founding family) group: 38.13% | |
| (12) Relationships between Kokuyo and Camlin | Capital relationship | Kokuyo and Camlin have no capital relationship which needs to be disclosed. Also, there is no significant capital relationship between the affiliated persons and affiliated companies of Kokuyo, and the affiliated persons and affiliated companies of Camlin. |
| | Personal relationship | Kokuyo and Camlin have no personal relationship which needs to be disclosed. Also, there is no significant personal relationship between the affiliated persons and affiliated companies of Kokuyo, and the affiliated persons and affiliated companies of Camlin. |
| | Business relationship | There is a distributorship agreement concerning the sales of notebooks between Kokuyo S&T (subsidiary of Kokuyo) and Camlin. There is no significant business relationship between the affiliated persons and affiliated companies of Kokuyo and the affiliated persons and affiliated companies of Camlin. |

Results of Business for the Last Three Years

(in million Rs.)

| Accounting Term | March 2009 | March 2010 | March 2011 |
|----------------------|------------|------------|------------|
| Total Income | 2,837 | 3,310 | 3,592 |
| EBITDA | 209 | 287 | 263 |
| Profit after Tax | 61 | 116 | 85 |
| Earning per share | 1.02 Rs. | 1.93 Rs. | 1.50 Rs. |
| Total assets | 940 | 1,058 | 1,151 |
| Net worth | 535 | 617 | 701 |
| Book Value per share | 8.91 | 10.25 | 12.88 |
| Dividend per share | 0.3 Rs. | 0.5 Rs. | 0.25 Rs. |

Note1: the financial result of the company in the year ended March 31, 2009 is based on a standalone basis.

Note2: during the year ended March 31, 2009; the company sub-divided the face value of the shares from Rs.10.0 to Rs.1.0 per share. The EPS and Book Value per share for FY2008 have been recalculated to reflect the pro forma effect of such sub-division

9. Impact on the Business Results

With this capital participation, Camlin will become our consolidated subsidiary from the third quarter which ends in December 2011. The impact on the results for the period ending in December 2011 will be disclosed as it becomes apparent. At this moment, we believe that the impact on the business results for the current fiscal year will not be significant as the balance sheet and the profit and loss statement will be consolidated and incorporated from the third quarter and the fourth quarter,

respectively.

<Note>

This press release was intended to serve the purpose of disclosing the acquisition of Camlin shares through the open offer, etc., by Kokuyo and is not intended for the purpose of soliciting investors who hold Camlin shares to sell their shares or to apply for the tender offer, etc.