

FOR IMMEDIATE RELEASE

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Acquisition of Assets of Premium Threading Business

Kanematsu Corporation (“Kanematsu”) announced that it was resolved at a meeting of the Board of Directors on Oct.23,2012 that 100%-owned subsidiary, Kanematsu USA Inc. (Head office: New York, USA, President: Katsuhiko Kumagai, hereafter “Kanematsu USA”) will acquire the premium threading business and the related assets of Benoit Machine LLC (hereafter “Benoit”) located in USA through a holding company jointly established with JFE Steel Corporation (Head office: Chiyoda-ku, Tokyo, President and CEO: Eiji Hayashida, hereafter “JFE Steel”).

1. Reasons for the Acquisition

In the United States, the exploration and production of energy resources is expected to grow over the medium- to long-term. As a result of the continued development of shale oil and shale gas as well as deepwater production in the Gulf of Mexico, we expect the demand for oilfield tubing to be robust.

Benoit is a Louisiana-based company that provides premium threading services for oilfield tubing as well as a full line of downhole accessories. Benoit’s proprietary premium connection, the Benoit Two-Step (BTS), has been relied upon by major oil companies for over 30 years and has helped Benoit maintain a large market share.

Through this acquisition, Kanematsu and JFE Steel will establish a complete supply chain in the manufacturing, threading, and distribution of oilfield tubing and downhole accessories. This will enable Kanematsu and JFE Steel to meet the diversified needs of the oil and gas industry and the future growth of oilfield tubing demand.

2. Outline of the Acquisition

(1) Details of Business

The threading business operated by Benoit and the related businesses and assets

(2) Sales volume

Fiscal year 2010 sales: US\$34,769,000 (approximately ¥2,782 million)

Fiscal year 2011 sales: US\$39,151,000 (approximately ¥3,132 million)

(3) Purchase price

US\$91,500,000 (approximately ¥7,320 million)

3. Outline of Operating Company

(1)	Company name	Benoit Premium Threading, LLC.	
(2)	Location	Houma, Louisiana, USA	
(3)	CEO	Ronald L Pederson	
(4)	Details of business	Premium threading of oilfield tubing, manufacture and sale of downhole accessories	
(5)	Paid-in capital	US\$60,000,000	
(6)	Established	July24, 2012	
(7)	Major shareholders and ownership ratio	① Benoit Holding Company	54.0%
		② Kanematsu USA Inc.	12.7%
		③ Others	33.3%

4. Outline of Holding Company

(1)	Company name	Benoit Holding Company	
(2)	Location	Delaware, USA	
(3)	CEO	Katsuhiko Kumagai (President of Kanematsu USA)	
(4)	Details of business	Holding company to hold the shares of Benoit Premium Threading, LLC.	
(5)	Paid-in capital	US\$32,400,000	
(6)	Established	July24, 2012	
(7)	Major shareholders and ownership ratio	① Kanematsu USA Inc.	85.2%
		② JFE Steel Corporation	14.8%

5. Outline of Benoit Machine LLC

(1)	Company name	Benoit Machine LLC	
(2)	Location	Houma, Louisiana, USA	
(3)	CEO	Evelyn B. Benoit	
(4)	Details of business	Premium threading of oilfield tubing, manufacture and sale of downhole accessories	
(5)	Paid-in capital	US\$1,635,000	
(6)	Established	1943	
(7)	Major shareholders and ownership ratio	① Evelyn Benoit and the Benoit Family	89.2%
		② Others	10.8%

6. Future Schedule

Oct. 2012 Signing of asset purchase agreement

Nov. 2012 Closing of the acquisition

7. Future Forecasts

The business transfer will take place during the term but is expected to have only a minimal impact on consolidated business results for the year ending March 2013. There are no plans to provide revised consolidated business results forecasts as a result of this transaction.



Features of Benoit Two-Step (BTS) Connection

