

September 19, 2008

To Our valued shareholders

Termination of Business and Capital Alliance with Tungaloy

OSG Corporation (hereafter OSG) and Tungaloy Corporation (hereafter Tungaloy) announced today that we have reached an agreement to terminate our Business and Capital Alliance based on the assumption of Tungaloy's buy-back of 67,500 shares which OSG holds. Although OSG and Tungaloy both recognized some positive results since entering into a Business and Capital Alliance on July 25, 2006, the overall effectiveness of our alliance has not met our expectations.

The 67,500 shares are to be bought back by Tungaloy at 205,000 yen per share in November upon approval of their extraordinary shareholders' meeting.

The transaction of the buy-back of shares is expected to bring in approximately 1.7 billion yen of additional net profit in fiscal year ending November 30, 2008.

OSG will enter into a New Strategic Business Alliance with Tungaloy in order to build upon mutually beneficial opportunities.

The cancellation of Capital Alliance will result in a financially stronger position for OSG.

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