

November 15, 2007

Notification on Absorption of Consolidated Subsidiaries

The Board of Directors meeting held on November 15, 2007 decided to absorb the following wholly owned subsidiaries through a simple merger procedure: Haseko Real Estate Inc., Haseko Development Inc., Haseko Finance Inc. and Noda Kaihatsu Co., Ltd.

1. Reasons for Merger

As a result of changes in the business environment the roles of Haseko Real Estate Inc., Haseko Development Inc., Haseko Finance Inc. and Noda Kaihatsu Co., Ltd. within the management of the Haseko Group has ended. The absorption of these companies is being conducted to improve the operating efficiency, reduce expenses, improve management efficiency of owned assets and improve the efficiency of the disposal of these assets.

2. Summary of Mergers

(1) Merger Schedules

Board of Directors Meeting Approving Merger Agreements: November 15, 2007

Signing of Merger Agreements: January 7, 2008

General Shareholders Meeting Approving Merger Agreements

Haseko Corporation not holding a general shareholders meeting based on regulations of Article 796-3 of the Company Law.

Haseko Real Estate Inc. not holding a general shareholders meeting based on regulations of Article 784-1 of the Company Law.

Haseko Development Inc. not holding a general shareholders meeting based on regulations of Article 784-1 of the Company Law.

Haseko Finance Inc. not holding a general shareholders meeting based on regulations of Article 784-1 of the Company Law.

Noda Kaihatsu Co., Ltd. not holding a general shareholders meeting based on regulations of Article 784-1 of the Company Law.

Merger date: March 1, 2008

Merger registration: Early March 2008

(2) Merger Method

Haseko will employ an absorption method in which it is the surviving company and the following companies are dissolved: Haseko Real Estate Inc., Haseko Development Inc., Haseko Finance Inc. and Noda Kaihatsu Co., Ltd.

(3) Merger Ratios

Haseko owns all of the outstanding stocks in Haseko Real Estate Inc., Haseko Development Inc., Haseko Finance Inc. and Noda Kaihatsu Co., Ltd. and there will be no issuance of new stocks or increase in capital stock through the merger.

3. Overview of Companies in Mergers

Trade name	Business description	Date established	Head office address	Representative	Capital stock
Haseko Corporation (Surviving company)	General construction	August 22, 1946	32-1 Shiba 2-chome, Minato-ku, Tokyo	President Takashi Iwao	¥50,000 million
Haseko Real Estate Inc. (Absorbed company)	Real estate	November 24, 1926	15-14 Shiba 1-chome, Minato-ku, Tokyo	President Koji Kato	¥10 million
Haseko Development Inc. (Absorbed company)	Real estate	June 21, 1971	5-7 Hiranomachi 1-chome, Chuo-ku, Osaka	President Koji Kato	¥100 million
Haseko Finance Inc. (Absorbed company)	Other financial services	November 6, 1987	32-1 Shiba 2-chome, Minato-ku, Tokyo	President Yuhei Imanaka	¥10 million
Noda Kaihatsu Co., Ltd. (Absorbed company)	Real estate	November 15, 1984	32-1 Shiba 2-chome, Minato-ku, Tokyo	President Koji Kato	¥100 million

Trading name	Number of outstanding stocks	Net assets (Note)	Total assets	Fiscal year period	Major shareholders and stock ownership rate
Haseko Corporation (Surviving company)	1,054,580 thousand	¥83,332 million	¥444,513 million	March 31	The Master Trust Bank of Japan, Ltd. 7.66% Japan Trustee Service Bank, Ltd. 5.47% Bank of New York GCM Client Accounts EISG 5.32%
Haseko Real Estate Inc. (Absorbed company)	10,760 thousand	¥13,614 million	¥5,210 million	March 31	Haseko Corporation 100%
Haseko Development Inc. (Absorbed company)	200 thousand	¥16,099 million	¥3,776 million	March 31	Haseko Corporation 100%
Haseko Finance Inc. (Absorbed company)	281 thousand	¥(26,402) million	¥16,751 million	March 31	Haseko Corporation 100%
Noda Kaihatsu Co., Ltd. (Absorbed company)	2 thousand	¥(16,956) million	¥8,333 million	March 31	Haseko Corporation 100%

(Note) Haseko plans to increase the capital in Haseko Real Estate Inc., Haseko Development Inc., Haseko Finance Inc. and Noda Kaihatsu Co., Ltd. by the merger date by completely underwriting the capital increase and using the increased capital to eliminate excessive debt.

4. Conditions after the Merger

After the merger, the trade name, business description, head office address, representative, capital stock and fiscal year of Haseko Corporation will all remain as before the merger. As for the excessive debt of the companies being absorbed, Haseko has already set aside allowance for doubtful accounts concerning loans to each of the companies being absorbed and so the impact on the non-consolidated performance of this merger is minimal and there is no impact on the consolidated performance since these are mergers with consolidated subsidiaries.