

## **Notification on Change of Share Unit and Share Consolidation**

Haseko Corporation (the “Company”) announces that it made a resolution at its Board of Directors meeting held today to submit a proposal for changing its share unit and consolidating the shares to the 96th Ordinary General Meeting of Shareholders to be held on June 27, 2013, as described below. With regard to the share consolidation, the Company also resolved to submit the proposal to the Class Meeting of Ordinary Shareholders and the Class Meeting of Preferred Shareholders, respectively.

### Details

#### I. Change of Share Unit

##### 1. Purpose of Change of Share Unit

The Japanese stock exchanges have announced the “Action Plan Toward the Unification of Trading Units,” which eventually aims to unify the minimum trading units of shares of all listed domestic corporations to 100 shares. In order to implement the Plan, the stock exchanges have decided to unify the current minimum trading units to either 100 shares or 1,000 shares by April 1, 2014 as the first step, and unify the minimum trading units of shares that are traded at minimum units other than 1,000 shares to 100 shares.

In order to set its minimum trading unit at 100 shares in accordance with this decision, the Company will, as a listed corporation, change its share unit (which constitutes a voting right) from 500 shares to 100 shares.

In addition, along with the change of the share unit, the Company will also consolidate its common shares (at a consolidation rate of 1 share for every 5 shares) in order to allow the share price to be at a level set forth by the Tokyo Stock Exchange in the Securities Listing Regulations (50,000 yen or more and less than 500,000 yen) as a desirable level for an investment unit, even after the change of the share unit, while allowing the shareholders of current share units maintain the number of their share units.

With regard to the Class B I Preferred Shares, the Company will also change the share unit (changed from 500 shares to 100 shares) and consolidate them (at a consolidation rate of 1 share for every 5 shares) in order not to cause any change to the rights they represent.

##### 2. Details of Change of Share Unit

The Company will change the share unit from 500 shares to 100 shares both for its common shares and the Class B I Preferred Shares.

##### 3. Conditions for Change of Share Unit

The change of the Share unit is subject to the approval at the Company’s 96th Ordinary General Meeting of Shareholders to be held on June 27, 2013 of the proposal to partially amend its Articles of Incorporation, including the change of the share unit, and to the approval at the said Ordinary General Meeting of Shareholders, the Class Meeting of Ordinary Shareholders and the Class Meeting of Preferred Shareholders, respectively, of the proposal on share consolidation.

## II. Share Consolidation

### 1. Purpose of Share Consolidation

As described in 1.1. Purpose of Change of the Share Unit, the share consolidation is aimed at keeping the share price at a desirable level for an investment unit set forth in the Securities Listing Regulations, even after the change of the share unit, while allowing the shareholders of current share units maintain the number of their share units.

### 2. Overview of Share Consolidation

#### (1) Details of share consolidation

- 1) Type of shares to be consolidated: Common shares and the Class B I Preferred Shares
- 2) Consolidation ratio: Consolidates every 5 shares to 1 share
- 3) Decrease in number of shares

Number of outstanding shares before consolidation	Common shares	1,503,971,989
	Class B I Preferred Shares	70,000,000
Decrease in number of shares due to consolidation	Common shares	1,203,177,592
	Class B I Preferred Shares	56,000,000
Number of outstanding shares after consolidation	Common shares	300,794,397
	Class B I Preferred Shares	14,000,000

(Note) The Decrease in number of shares due to consolidation is a theoretical value obtained by multiplying the number of outstanding shares before consolidation by the consolidation ratio of shares.

#### 4) Impact of share consolidation

The share consolidation will reduce the number of outstanding shares to one fifth but, as there will be no change in net assets, etc., the net assets per share will become five times as large as before the consolidation.

Moreover, simultaneously with the share consolidation, the share unit will be changed from 500 shares to 100 shares, which will also reduce the minimum trading unit to a fifth, or 100 shares. Accordingly, there will occur no change in the opportunities to trade the Company's shares or the voting rights of the shareholders, etc. before and after the share consolidation.

#### (2) Handling of fractional shares of less than one share

If any fractional shares of less than one share are created due to the share consolidation, such shares will be sold or bought in a lump (when there is any fractional shares of less than one share, they will be rounded down) pursuant to Articles 235 and 234 of the Companies Act. The proceeds from the sale will be distributed to the shareholders who hold the fractional shares in proportion to the number of their fractional shares.

Moreover, although the shareholders who presently hold less than five shares will lose their shareholding opportunity due to the share consolidation, they can apply in advance for the procedure to additionally purchase fractional shares of less than the new share unit (or have their fractional shares of less than the new share unit purchased). They are advised to contact the securities firms they do business with or the administrator of the Company's shareholder registry for the application period, the procedure

and other information.

(3) Decrease in number of shareholders due to share consolidation

Number of shareholders and number of shares outstanding		Number of shareholders (ratio)	Number of shares outstanding (ratio)
All shareholders	Common shares	76,825 (100%)	1,503,971,989 shares (100%)
	Class B I Preferred Shares	3 (100%)	70,000,000 shares (100%)
Shareholders holding less than 5 shares (1 to 4 shares)	Common shares	997 (1.3%)	1,986 shares (0.0001%)
	Class B I Preferred Shares	—	—
Shareholders holding 5 shares or more	Common shares	75,828 (98.7%)	1,503,970,003 shares (99.9999%)
	Class B I Preferred Shares	3 (100%)	70,000,000 shares (100%)

3. Conditions for Share Consolidation

The share consolidation is subject to the approval at the Company's 96th Ordinary General Meeting of Shareholders to be held on June 27, 2013, the Class Meeting of Ordinary Shareholders and the Class Meeting of Preferred Shareholders, respectively, of the proposal on share consolidation, and to the approval at the said Ordinary General Meeting of Shareholders of the proposal to partially amend its Articles of Incorporation, including the change of the share unit.

III. Schedule of Change of Share Unit and Share Consolidation

- May 9, 2013 (Thursday): Resolution by the Board of Directors meeting
- June 26, 2013 (Wednesday): Resolution at the Class Meeting of Preferred Shareholders holding Class B I Preferred Shares (planned)
- June 27, 2013 (Thursday): Resolution at the Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders (planned)
- October 1, 2013 (Tuesday): Effective date of the share consolidation (planned)
- October 1, 2013 (Tuesday): Effective date of the change of share unit (planned)

(Reference)

1. As indicated above, the change of share unit and the share consolidation will become effective on October 1, 2013 (Tuesday). Please note, however, that the practical handling will be made as follows due to the transfer procedures after stock trading:

- September 25, 2013 (Wednesday): Final day of transaction of the Company's shares with the present share unit (500 shares).
- September 26, 2013 (Thursday): The minimum trading unit of the Company's shares will be changed from 500 shares to 100 shares.  
The share consolidation will be reflected on the share price.
- October 1, 2013 (Tuesday): The change of share unit and the share consolidation will become effective.

2. Related to this notification, the Company today separately released the "Notification on Partial Amendments of

Articles of Incorporation” including the change of share unit, a decrease in the number of authorized shares (a decrease in proportion to the consolidation rate for common shares, and a decrease to the number of outstanding shares after the share consolidation for the Preferred Shares), and modifications to prevent any change occurring to the rights of the Class B I Preferred Shares.

3. For the Preferred Shares, the Company plans to make adjustments by the resolution of the Board of Directors to the conversion conditions (the lower limit of the initial conversion price) and other matters in accordance with the consolidation rate, aside from those through the above-mentioned amendments to the Articles of Incorporation, on the condition that the change of the share unit and the share consolidation become effective.

**Attachment**

Reference: Questions and Answers Concerning the Change of Share Unit and the Share Consolidation

Reference:

## **Questions and Answers Concerning the Change of Share Unit and the Share Consolidation**

### **Q1. What do you mean by the change of share unit and the share consolidation?**

A share unit means the number of shares that constitutes a voting right at the general meeting of shareholders, stipulated in the Companies Act. At the stock exchanges, it means the minimum number of units of trading shares. At present, the Company's share unit is 500 shares. With the proposed change of the share unit, the number will be changed to 100 shares.

The Japanese stock exchanges have announced the "Action Plan Toward the Unification of Trading Units," and requested the domestic listed companies to eventually set their share units to 100 shares, with an aim to unify the minimum trading unit to 100 shares. In order to unify the minimum trading units to either 100 shares or 1,000 shares by April 1, 2014 as the first step, they have decided to unify the minimum trading units of shares that are traded at minimum units other than 1,000 shares to 100 shares. As a listed corporation, the Company has decided to change the share unit in response to the decision of the stock exchanges.

On the other hand, the Tokyo Stock Exchange has set a desirable investment unit at 50,000 yen or more and less than 500,000 yen in Article 445 of its Securities Listing Regulations. If the Company conducts the change of share unit alone, the investment unit of the Company's shares will fall below that level.

Taking into account these situations, the Company has decided to conduct the share consolidation simultaneously with the change of share unit with the purpose of setting its investment unit at an appropriate level. A share consolidation is a procedure to consolidate multiple shares outstanding into a smaller number of shares. In order to maintain the number of the share units held by the shareholders under the current share unit, the Company will consolidate its shares at a rate of every 5 shares into 1 share along with changing the share unit from 500 shares to 100 shares.

### **Q2. What will become of the Company's Preferred Shares?**

The Company has issued both common shares and the Class B I Preferred Shares. Along with the change of the share unit and the share consolidation for common shares, the Company will do the same for the Preferred Shares. This is intended to avoid any change in the rights of shareholders holding respective shares resulting from the change of share unit and the share consolidation.

Furthermore, the Company will make changes in which the issue price per share and the price for redemption requesting or mandatory redemption per share (500 yen) will become fivefold (2,500 yen) in line with the consolidation rate, on the condition that the consolidation of the common shares and the Class B I Preferred Shares (at a rate of every 5 shares to 1 share) becomes effective. As for the rights for conversion to common shares granted to the Preferred Shares, the initial conversion price shall be calculated with the market price on the date a year prior to the conversion start date (October 1, 2015), and is not determined at present. As the lower limit (72 yen) has been set to the initial conversion price, the Company will make an adjustment to

make it fivefold (360 yen).

**Q3. Why are you going to change the share unit to 100 shares, not 1,000 shares?**

Domestic listed corporations are requested to unify their share units to either 100 shares or 1,000 shares by April 1, 2014. However, the provisions of Article 427-2-2 of the Securities Listing Regulations of the Tokyo Stock Exchange request that, when changing the share unit, it shall be 100 shares and do not approve a change to 1,000 shares. Accordingly, the Company will change its share unit to 100 shares pursuant to the provisions.

**Q4. Why have you decided to conduct the change of share unit and the share consolidation now?**

As explained in Q1., the Company as a listed corporation is required to change its share unit to 100 shares by April 1, 2014 in response to the decision made by the Japanese stock exchanges. Meanwhile, if the Company conducts only the change of its share unit, the investment unit of the Company's shares will fall below the desirable level set forth by the Tokyo Stock Exchange. Due to this, the Company needs to conduct both the share consolidation and the change of share unit simultaneously.

In order to conduct the share consolidation, the Company needs to have a resolution at its general meeting of shareholders. In order to complete the share consolidation by April 1, 2014 with a resolution of an ordinary general meeting of shareholders, it requires a resolution made at the 96th Ordinary General Meeting of Shareholders to be held on June 27, 2013. This is why the Company has made the decision now.

**Q5. Will the share consolidation give no impact on the asset value of the shares?**

Theoretically speaking, since there is no change in the Company's assets and paid-in capital before and after the share consolidation, there should be no change in the asset value of the shares held by the shareholders except for other factors such as the trends in the stock market. This is because the number of shares held will be reduced to one fifth (for example, shareholders currently holding 1,000 shares will have 200 shares) but the net asset value per share will become fivefold. (In addition, the stock price will also be five times higher than the current value, theoretically speaking.)

**Q6. What will become of the number of shares and the voting rights of the shareholders?**

The number of shares held by the shareholders after the share consolidation will be obtained by multiplying the number of the shares recorded on the shareholder registry as of September 30, 2013 by one fifth. The number of the Company's shares recorded on the accounts opened by the shareholders at securities firms, etc. will be changed to the number after the share consolidation as of October 1, 2013.

If a single shareholder has opened multiple accounts at securities firms, etc., similar changes will be made to the number of the Company's shares for each of the accounts at securities firms, etc. as a rule. For more details, please contact the securities firms, etc. you do business with.

As the Company conducts the share consolidation together with the change of share unit, the number of the voting rights will remain unchanged although the number of shares held will be reduced. Specifically, the number of shares held and the number of the voting rights held before and after the change of share unit and the share consolidation becoming effective will be as follows:

	Before becoming effective		After becoming effective		
	Number of shares held	Number of voting rights	Number of shares held	Number of voting rights	Fraction of shares less than one share
Ex.1	3,000 shares	6	600	6	None
Ex.2	700 shares	1	140	1	None
Ex.3	502 shares	1	100	1	0.4
Ex.4	123 shares	None	24	None	0.6
Ex.5	4 shares	None	None	None	0.8

If any fractional shares of less than one share are created due to the share consolidation (the “fractional shares”), the Company will dispose (sell, purchase, etc.) all the fractional shares in a lump sum, and refund the proceeds from the disposition to the shareholders in proportion to the number of their fractional shares.

As in the case of Ex. 5, the share consolidation may make all shares held fractional, depending on the number of shares held by the shareholders. We regretfully apologize for having such shareholders lose their shareholding opportunities, and would like to ask their understanding for this situation.

- Shareholders falling under the category of Ex. 1 will need to take no particular procedures.
- Shareholders falling under the category of Ex. 2 will need to take no particular procedures. If they wish, they can claim for purchase of the fractional shares by the Company (the Company purchasing 40 shares after the consolidation) or additional acquisition (the shareholders buying 60 shares from the treasury shares of the Company so that the 40 shares after the consolidation will increase to 100 shares).
- For shareholders falling under the categories of Ex. 3, 4 and 5, the Company will dispose the generated fractional shares in a lump sum, and refund the proceeds from the disposition to respective shareholders in proportion to the fractional shares they hold. The shareholders need to take no particular procedures.
- Shareholders falling under the categories of Ex. 3, 4 and 5 may avoid the disposition of their fractional shares by utilizing the system to have the Company purchase the shares less than the share unit or to additionally acquire shares before the share consolidation is implemented.

	Number of shares held	Purchase by the Company	Additional acquisition
Ex. 3	502 shares	Sell 2 shares	Purchase 498 shares
Ex. 4	123 shares	Sell 123 shares	Purchase 377 shares
Ex. 5	4 shares	Sell 4 shares	Purchase 496 shares

For specific procedures, please contact the securities firms, etc. you do business with (or the administrator of the Company’s shareholder registry indicated below (\*) if you have no accounts at securities firms, etc.)

As for the deadline when procedures must be taken to avoid disposition of the fractional shares, please contact the securities firms, etc. you do business with or the administrator of the Company's shareholder registry indicated below (\*), as it depends on the details of the procedures.

**Q7. Will there be any impact on the minimum investment amount?**

As an example, let us take the 149 yen which was the closing price of the Company's share at the Tokyo Stock Exchange on May 8, 2013 before the share consolidation. Theoretically, the unit price per share unit shall be as follow as a result of consolidating every 5 shares into 1 share, so that there should be no impact on the minimum investment amount or the minimum sale amount before and after the consolidation:

Before the share consolidation:  $149 \text{ yen per share} \times 500 \text{ shares} = 74,500 \text{ yen}$

After the share consolidation:  $745 \text{ yen per share} \times 100 \text{ shares} = 74,500 \text{ yen}$

**Q8. Will there be any impact on the variation of the share price (per bid and ask price) in trading?**

Practically, the variation in the share price fluctuations will become finer. In the case of a share listed on the Tokyo Stock Exchange, the bid and ask price must be set on a one yen basis for a share at 3,000 yen or less. On the premise of the recent price levels of the Company's shares, we believe the share consolidation will lead to smoother price fluctuations of the Company's shares, anticipated to further facilitate the share price formation on the market.

When taking the 149 yen which was the closing price of the Company's share at the Tokyo Stock Exchange on May 8, 2013 before the share consolidation as an example, the current variation of the Company's shares stands at 1 yen representing 0.67% of the share price. On the premise of this share price level, 1 yen will represent 0.13% of 745 yen, which is the share price after the share consolidation (a theoretical value reflecting the consolidation rate of every 5 shares to 1 share). This indicates that the variation will practically be finer.

**Q9. Will there be any impact on margin trading?**

General margin trading that is conducted between shareholders and securities firms on a negotiation basis will be handled differently by securities firms. For more details, please contact the securities firms, etc. you do business with.

**Q10. Will there be any period in which trading of your shares is suspended?**

There is no period in which trading is suspended. However, due to the number of days required for transferring the shares after trading and other factors, trading at the current minimum trading unit of 500 shares is possible until September 25, 2013. On September 26, 2013 and after, the minimum trading unit will be 100 shares, and the share price will reflect the share consolidation.

**Q11. Tell us the schedule of the share consolidation.**

The schedule is as follows:

- June 26, 2013 (Wednesday): Resolution at the Class Meeting of Preferred Shareholders holding Class B I Preferred Shares
- June 27, 2013 (Thursday): Resolution at the Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders (After the resolution is made, shareholders will be notified such.)
- September 25, 2013 (Wednesday): Final trading day with the current share unit (500 shares)
- September 26, 2013 (Thursday): The minimum trading unit of the Company's shares will be changed from 500 shares to 100 shares.  
The share price will reflect the share consolidation:
- October 1, 2013 (Tuesday): Effective date of the share consolidation
- October 1, 2013 (Tuesday): Effective date of the change of share unit  
Starting on this date, sale of shares, purchase of shares less than the share unit by the Company and additional purchase of shares by shareholders become possible.
- Early December 2013: The Company will send proceeds from disposing the fractional shares to shareholders eligible to receive them.

**Administrator of the Company's shareholder registry:**

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