

**[Translation for Reference and Convenience Only]**

Please note that the following is an unofficial English translation of the Japanese Notice of Convocation of the 96th Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders of HASEKO Corporation (the “Company”). The Company provides this translation for reference and convenience only and without any warranty as to its accuracy or otherwise. In the case of any discrepancies between the translation and the Japanese original, the latter shall prevail.

Securities Code 1808

June 4, 2013

To Our Shareholders:

**HASEKO Corporation**  
2-32-1 Shiba, Minato-ku, Tokyo  
Ikuo Oguri  
Representative Director and President

**NOTICE OF CONVOCATION OF THE 96th ORDINARY GENERAL  
MEETING OF SHAREHOLDERS AND THE CLASS MEETING OF  
ORDINARY SHAREHOLDERS**

I extend my warmest gratitude to all of you for the good offices that you have always graciously bestowed upon us.

You are hereby invited to attend the 96th Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders of HASEKO Corporation (the “Company”), which will be held as indicated below:

**If you are unable to attend the meeting, after reviewing the “Reference Documents for the General Meeting of Shareholders” attached hereto, please exercise your voting rights at your earliest possible convenience on the proposals listed below by using the Voting Rights Exercise Form or via electronic means (via the Internet).**

- 1. Date and Time:** Thursday, June 27, 2013, at 10:00 a.m.  
(Doors open at 9:00 a.m.)
- 2. Place:** Head Office Hall of HASEKO Corporation  
2-32-1 Shiba, Minato-ku, Tokyo, Japan
- 3. Agenda:**
- Matters to be Reported:** Reports on the Business Report, Non-Consolidated Financial Statements, and Consolidated Financial Statements for the 96th Fiscal Year (from April 1, 2012 to March 31, 2013) and the Audit Results by the Accounting Auditor and the Board of Corporate Auditors for the Consolidated Statutory Reports
- Matters to be Resolved:**
- Proposal No. 1** Distribution of Surplus  
**Proposal No. 2** Share Consolidation  
**Proposal No. 3** Partial Change of the Articles of Incorporation  
**Proposal No. 4** Election of Eight (8) Directors  
**Proposal No. 5** Election of One (1) Corporate Auditor
- Proposal No. 2 is also a matter to be resolved by the Class Meeting of Ordinary Shareholders.
- 4. Decision Items Pertaining to Convocation:**  
(See the “Guide to the Exercise of Voting Rights” on page 3.)

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If attending the meeting, we kindly ask that you submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting hall.

Should any circumstances arise that require revisions of the Reference Materials for the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, and the Consolidate Financial Statements in addition to what has been announced in this convocation, revised items will be posted on the Company’s website (<http://www.haseko.co.jp/>).

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**Resolution at the Class Meeting of Ordinary Shareholders**

Proposal No. 2 of the Ordinary General Meeting of Shareholders also needs to be resolved at the Class Meeting of Ordinary Shareholders, pursuant to the provisions of Article 322, Paragraph 1 of the Companies Act. Since shareholders who are entitled to vote at the Ordinary General Meeting of Shareholders and the Class Meeting of Ordinary Shareholders are the same, we would like to make this proposal a matter also to be resolved at the Class Meeting of Ordinary Shareholders.

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**[Guide to the Exercise of Voting Rights]**

(1) Exercise of Voting Rights by Proxy

If you are unable to attend the General Meeting of Shareholders in person, you may assign **one (1) other shareholder** with voting rights as your representative to attend the meeting in your place. Please have your representative submit the document certifying power of proxy at the reception desk.

(2) Guide to Deadlines for Exercise of Voting Rights

1. In the event that you are exercising your voting rights by mail, the voting deadline in all circumstances is 5:00 p.m. Japan time on the day preceding the General Meeting of Shareholders (Wednesday, June 26, 2013), so please indicate your acceptance or rejection of the proposals mentioned on the enclosed Voting Rights Exercise Form and be sure to return the form to us by the voting cutoff date mentioned above.
2. In the event that you are exercising your voting rights via the Internet, the deadline for submission is 6:00 p.m. on the day preceding the General Meeting of Shareholders (Wednesday, June 26, 2013). See the “(5) Guide to Exercise of Voting Rights via the Internet” below.

(3) Handling of Duplicate Votes Occurring by Mail and via the Internet

**If voting rights have been exercised in duplicate, both via postal mail and via the Internet, the vote submitted via the Internet shall be considered valid.**

(4) Handling of Duplicate Votes Occurring via the Internet

**If voting rights have been exercised multiple times via the Internet, the vote submitted last shall be considered valid.**

(5) Guide to Exercise of Voting Rights via the Internet

1. Website for Exercise of Voting Rights
  - a. Exercise of voting rights via the Internet is only possible by accessing and using the Company’s designated voting website (<http://www.evotep.jp/>) from a personal computer, smartphone or mobile phone (i-mode, EZ Web, Yahoo!; please note that this service is unavailable from 2:00 a.m. to 5:00 a.m. every day). (“i-mode” is a registered trademark of NTT DoCoMo Corporation, “EZ Web” is a registered trademark of KDDI Corporation, and “Yahoo!” is a registered trademark of Yahoo! Inc. [US].)
  - b. In the event of exercising voting rights via personal computer or smartphone, please be aware that, depending on the environment the shareholders use the Internet, it may not be possible to vote via the Internet on the Company’s voting website if the Internet connection is using, for example, firewall, antivirus software, or proxy server.
  - c. Exercise of voting rights that use a mobile phone requires access to services such as i-mode, EZ Web, or Yahoo! Mobile. Please be aware that the Company’s voting website, for security reasons, only supports mobile devices that are capable of encrypted (SSL) communication and mobile phone data transmissions, so you may not be able to exercise your voting rights via the Internet, even if you have access to one of these services.

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**2. How to Exercise Voting Rights via the Internet**

- a. Use the login ID and temporary password enclosed in the Voting Rights Exercise Form on the Company’s voting website (<http://www.evvote.jp/>), and follow the website’s onscreen instructions to accept or reject proposals.
- b. Please be aware that shareholders that use the Company’s voting website may be asked to change their temporary password in order to prevent unauthorized access by non-shareholders (identity fraud) and alteration of voting contents.
- c. You will be provided with a new login ID and temporary password for each Convocation of the General Meeting of Shareholders. Furthermore, shareholders who agree to have the Notice of Convocation of the General Meeting of Shareholders sent to their personal computer or smartphone via e-mail will continue to use their password until they change it themselves, so please take proper care in managing this password.

**3. Costs Incurred by Accessing the Company’s Voting Website**

The shareholder shall be responsible for any costs (internet connection charges, telephone charges, and so forth) incurred by accessing the Company’s voting website. Furthermore, although packet communication and other charges are required for use of mobile phone, these shall also be the shareholder’s responsibilities.

**4. Means of Receiving the Notice of Convocation**

Shareholders may receive the Notice of Convocation via e-mail, if they like, from the next General Meeting of Shareholders onward by completing the procedure on the Company’s voting website via personal computer or smartphone. (The procedure cannot be completed via mobile phone. Please also be aware that a mobile phone cannot be specified as an e-mail address.)

Direct all inquiries related to the voting system to:  
Corporate Agency Division Help Desk  
Mitsubishi UFJ Trust and Banking Corporation  
Telephone: +81-120-173-027 (toll free in Japan, 9:00 a.m. to 9:00 p.m.)

Management trust banks and other nominee shareholders (including standing proxies) who send in applications in advance to use the Electronic Voting Platform managed by ICJ, Inc. (established as a joint venture company by the Tokyo Stock Exchange, Inc.) can use this platform as an alternative method of electronic voting at the Company’s General Meeting of Shareholders instead of the method of voting via the Internet described above.

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## **Reference Materials for the General Meeting of Shareholders**

### **Proposals and Reference Matters**

#### **Proposal No. 1            Distribution of Surplus**

HASEKO CORPORATION (“HASEKO” or “the Company”) announced its Medium-term Business Plan, “PLAN for NEXT (Plan 4N),” in February 2012. In it, the Company aims for mandatory redemption (the Company’s acquisition of preferred shares owned by preferred shareholders in exchange for monetary consideration in accordance with the Articles of Incorporation) of all the existing Class B I Preferred Shares with the corresponding profit for the period. It hopes to do so by the time these shares are converted into common shares starting from October 2015, in order to avoid dilution (decline in value per share due to an increase in the number of outstanding shares) of common shares by the conversion of Class B I Preferred Shares into common shares. For the fiscal year ended March 31, 2013, the Company has decided to retain the amount as funds for mandatory redemption of preferred shares in accordance with the plan. Consequently, we sincerely apologize to all holders of the common shares for being unable to distribute dividends for the fiscal year under review. Dividends will be distributed to shareholders of Class B I Preferred Shares as per the calculation procedure specified upon the issuance of such shares.

#### **Matters Regarding the Year-end Distribution**

(1) Type of Dividend Property:

Cash

(2) Matters Concerning Distribution of Dividend Property and Total Amounts:

¥7.17 per share for Class B I Preferred Shares

Total dividends of ¥501,900,000

(3) Effective Date for Distribution of Surplus:

June 28, 2013

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**Proposal No. 2 Share Consolidation**

**1. Reason for share consolidation**

National stock exchanges announced the “Action Plan toward the Unification of Trading Units” for the ultimate purpose of unifying trading units of all listed domestic companies to 100 shares of common stocks. And with a view to advancing the said action plan, they decided to first consolidate the trading units that are other than 1,000 shares to 100 shares by April 1, 2014.

Since we are a listed company and need to change the trading units to 100 shares in accordance with the said decision, we propose a partial revision to the Articles of Incorporation in Proposal No. 3, including a change in share unit (from 500 shares to 100 shares).

Following the change in share unit, we wish to implement a share consolidation of common stocks (consolidation ratio: 5 shares to 1 share) so that the number of share units held by shareholders who currently own one share unit or more would remain unchanged, while the amount of investment unit is brought to the preferred level (50,000 yen or more but less than 500,000 yen) as stipulated in the “Securities Listing Rules” of the Tokyo Stock Exchange. We would also like to implement the same change in the share unit (from 500 shares to 100 shares) and a share consolidation (consolidation ratio: 5 shares to 1 share) to Class B I Preferred Shares, so that the rights inherent to the said shares would remain unchanged.

This proposal is subject to the approval of Proposal No. 3.

**2. Details of share consolidation**

**(1) Type of shares to be consolidated**

Common shares

Class B I Preferred Shares

**(2) Ratio of share consolidation**

We propose to consolidate our common shares and Class B I Preferred Shares at the ratio of 5 shares to 1 share.

If fractions of less than one share occur as a result of the said share consolidation, the Company will collectively sell or purchase the shares in a number corresponding to the total number of fractions (any fraction of such total number shall be rounded down to the nearest whole share) pursuant to Article 235 and Article 234 of the Companies Act. The proceeds from the sales will be distributed to shareholders holding the fractions based on the percentage of the fractions they hold.

**(3) Effective date of share consolidation**

October 1, 2013

**(4) It is also proposed that the other necessary matters be entrusted to the Board of Directors.**

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**Proposal No. 3** Partial Amendments to the Articles of Incorporation

1. Reason for change

(1) Change in Share Unit and Total Number of Authorized Shares

In order to consolidate trading units that are other than 1,000 shares to 100 shares in accordance with the decision made by national stock exchanges, we, as a listed company, propose to revise the existing Article 6 (Share Unit) of the Articles of Incorporation to change share unit from 500 shares to 100 shares. We would also like to change the number of share unit of Class B I Preferred Shares from 500 shares to 100 shares so that the rights inherent to the said shares would remain unaffected. Since the total number of authorized shares will decrease after the share consolidation in the preceding proposal is approved and becomes effective following the change in share unit, we propose to revise the existing Article 5 (Total Number of Authorized Shares) and reduce the total number of authorized shares of common shares to one-fifth in accordance with the ratio of the share consolidation. We will also reduce the total number of authorized shares of preferred shares to one-fifth of the current level (Class B I Preferred Shares: 70 million shares) in accordance with the ratio of the share consolidation.

(2) Change in terms related to Class B I Preferred Shares

The Company proposes to revise the existing Article 16 (Acquisition of Class B I Preferred Shares Categorized as Shares with Put Option [Call for Redemption]) and the existing Article 17 (Acquisition of the Class B I Preferred Shares Categorized as Shares Subject to Call [Mandatory Redemption]) so that the rights inherent to Class B I Preferred Shares would not be affected by the share consolidation and the change in share unit.

(3) Deletion of unnecessary statements

Since all Class A Preferred Shares have been either converted to common shares or redeemed, the Company proposes to revise the existing Article 5 (Total Number of Authorized Shares) and the existing Article 13 (Preferred Dividends) and delete the statements related to Class A Preferred Shares. The Company also proposes to delete other unnecessary statements and modify article numbers as required.

(4) Establishment of Supplementary Provisions

The Company proposes to establish a supplementary provision to provide that changes (1) and (2) shall be effective on the effective date of the share consolidation and that the said supplementary provision shall be deleted with the elapse of the effective date of the share consolidation.

These partial amendments to the Articles of Incorporation are subject to the approval of Proposal No. 2.

2. Details of Change

Details of the change to be made are as follows.

(The underlined portions indicate the proposed amendments.)

Current Articles of Incorporation	Proposed Amendment
(Total Number of Authorized Shares) Article 5 The total number of authorized shares of the Company shall be <u>two billion three hundred forty-six million (2,346,000,000) shares,</u>	(Total Number of Authorized Shares) Article 5 The total number of authorized shares of the Company shall be <u>four hundred and thirty-four million (434,000,000) shares, consisting</u>

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Current Articles of Incorporation	Proposed Amendment
<p>consisting of <u>two billion one hundred million (2,100,000,000) common shares and two hundred forty-six million (246,000,000) preferred shares. The preferred shares shall consist of one hundred and fifty-six million (156,000,000) Class A Preferred Shares and ninety million (90,000,000) Class B Preferred Shares.</u></p>	<p>of <u>four hundred and twenty million (420,000,000) common shares and fourteen million (14,000,000) Class B Preferred Shares.</u></p>
<p>(Share Unit) Article 6 The share unit of the Company shall be <u>five hundred (500) shares</u> for all class of shares.</p>	<p>(Share Unit) Article 6 The share unit of the Company shall be <u>one hundred (100) shares</u> for all class of shares.</p>
<p>(Preferred Dividends) Article 13 In the event of payment of dividends from surplus provided for in Article <u>51</u>, the Company shall distribute cash dividends in the amount to be determined by the resolution of the Board of Directors adopted at the time of issuance of the shares (hereinafter referred to as “Preferred Dividend”), up to <u>the amount derived by multiplying 2/100 by the issue price per preferred share until the 92nd fiscal year and the amount derived by multiplying 10/100 by the issue price from the 93rd fiscal year</u>, to the Preferred Shareholders or registered share pledgees who hold pledges over preferred shares (hereinafter referred to as the “Registered Preferred Share Pledgees”), with priority over the holders of common shares (hereinafter referred to as the “Common Shareholders”) or registered share pledgees who hold pledges over common shares (hereinafter referred to as the “Registered Common Share Pledgees”); provided, however, that in the event that the Preferred Interim Dividends provided for in the next Article hereof have been paid in the relevant fiscal year, the amount so paid shall be deducted accordingly from the amount of the Preferred Dividends.</p> <p><u>2. If the aggregate amount paid to the holders of Class A Preferred Shares (hereinafter referred to as the “Class A Shareholders”) or registered share pledgees who hold pledges over Class A Preferred Shares (hereinafter referred to as the “Registered Class A Share Pledgees”) as cash dividends in each fiscal year is less than the prescribed amount of the relevant Preferred Dividends, the unpaid amount shall not</u></p>	<p>(Preferred Dividends) Article 13 In the event of payment of dividends from surplus provided for in Article <u>50</u>, the Company shall distribute cash dividends in the amount to be determined by the resolution of the Board of Directors adopted at the time of issuance of the shares (hereinafter referred to as “Preferred Dividend”), up to the amount derived by multiplying 10/100 by the issue price, <u>in the relevant fiscal year</u>, to the Preferred Shareholders or registered share pledgees who hold pledges over preferred shares (hereinafter referred to as the “Registered Preferred Share Pledgees”), with priority over the holders of common shares (hereinafter referred to as the “Common Shareholders”) or registered share pledgees who hold pledges over common shares (hereinafter referred to as the “Registered Common Share Pledgees”); provided, however, that in the event that the Preferred Interim Dividends provided for in the next Article hereof have been paid in the relevant fiscal year, the amount so paid shall be deducted accordingly from the amount of the Preferred Dividends.</p> <p>(Deleted)</p>

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Current Articles of Incorporation	Proposed Amendment
<p><u>be carried over to or accumulated in subsequent fiscal years.</u></p> <p><u>3.</u> If the aggregate amount paid to the holders of Class B Preferred Shares (hereinafter referred to as the “Class B Shareholders”) or registered share pledgees who hold pledges over Class B Preferred Shares (hereinafter referred to as the “Registered Class B Share Pledgees”), starting from the 93rd fiscal year, as cash dividends is less than the prescribed amount of the relevant Preferred Dividends, the unpaid amount <u>shall not be carried over or accumulated in subsequent fiscal years up until the 92nd fiscal year, but the unpaid amount shall be accumulated to the next fiscal year</u> (hereinafter referred to as the “Class B Cumulative Accrued Dividends”), and the Company shall pay the Class B Cumulative Accrued Dividends with priority over the dividends to be paid to Common Shareholders and Registered Common Share Pledgees, and Preferred Shareholders Registered Preferred Share Pledgees.</p> <p><u>4.</u> <u>The Company shall not distribute any dividends to any Class A Shareholders or Class A Share Pledgees in excess of the prescribed amount of the relevant Preferred Dividends.</u></p> <p><u>5.</u> The Company shall not distribute any dividends to any Class B Shareholders or Class B Share Pledgees in excess of the prescribed amount of the relevant Preferred Dividends; provided, however, that in the event that the dividends paid to the Common Shareholders or Registered Common Share Pledgees provided for in Article <u>51</u> (including the interim dividends provided for in Article <u>52</u>) exceed the Preferred Dividends (including the Preferred Interim Dividends), the Company shall pay the same amount to the Class B Shareholders and Class B Share Pledgees from the 93rd fiscal year and onward.</p>	<p><u>2.</u> If the aggregate amount paid to the holders of Class B Preferred Shares (hereinafter referred to as the “Class B Shareholders”) or registered share pledgees who hold pledges over Class B Preferred Shares (hereinafter referred to as the “Registered Class B Share Pledgees”), starting from the 93rd fiscal year, as cash dividends is less than the prescribed amount of the relevant Preferred Dividends, the unpaid amount <u>shall be accumulated only in the next fiscal year</u> (hereinafter referred to as the “Class B Cumulative Accrued Dividends”), and the Company shall pay the Class B Cumulative Accrued Dividends with priority over the dividends to be paid to Common Shareholders and Registered Common Share Pledgees, and Preferred Shareholders and Registered Preferred Share Pledgees.</p> <p>(Deleted)</p> <p><u>3.</u> The Company shall not distribute any dividends to any Class B Shareholders or Class B Share Pledgees in excess of the prescribed amount of the relevant Preferred Dividends; provided, however, that in the event that the dividends paid to the Common Shareholders or Registered Common Share Pledgees provided for in Article <u>50</u> (including the interim dividends provided for in Article <u>51</u>) exceed the Preferred Dividends (including the Preferred Interim Dividends), the Company shall pay the same amount to the Class B Shareholders and Class B Share Pledgees from the 93rd fiscal year and onward.</p>

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<p>(Preferred Interim Dividends) Article 14 In the event of payment of Interim Dividends provided for in Article 52, the Company shall pay cash dividends to the Preferred Shareholders or Registered Preferred Share Pledges with priority over the Common Shareholders or Registered Common Share Pledges in the amount to be determined by the resolution of the Board of Directors, up to 1/2 of the maximum amount of the Preferred Dividends per preferred share (hereinafter referred to as the “Preferred Interim Dividends”).</p>	<p>(Preferred Interim Dividends) Article 14 In the event of payment of Interim Dividends provided for in Article 51, the company shall pay cash dividends to the Preferred Shareholders or Registered Preferred Share Pledges with priority over the Common Shareholders or Registered Common Share Pledges in the amount to be determined by the resolution of the Board of Directors, up to 1/2 of the maximum amount of the Preferred Dividends per preferred share (hereinafter referred to as the “Preferred Interim Dividends”).</p>
<p>(Acquisition of Class B I Preferred Shares Categorized as Shares with Put Option [Call for Redemption]) Article 16 If the amount of accumulated earned surplus carried forward as of the end of the preceding fiscal year exceeds ten billion yen (¥10,000,000,000), at any time during each period starting on July 1 and ending on July 31 of the 93rd fiscal year to the 116th fiscal year (hereinafter referred to as the “B I Callable Period”), shareholders holding the first Class B Preferred Shares (hereinafter referred to as the “Class B I Preferred Shareholders” and the “B I Preferred Shares,” respectively) may claim redemption of all or a part of their B I Preferred Shares, within the limit (hereinafter referred to as the “Limit of Call for B I Redemption”) calculated as the accumulated earned surplus carried forward plus other capital surplus and the amount of interim dividends paid in the preceding fiscal year, if any, less an amount equivalent to twice the total amount of interim dividends and dividends of surplus paid in respect of the preceding fiscal year or nine billion yen (¥9,000,000,000), whichever is larger, less the total amount of the consideration of the B I Preferred Shares which have already been subjected to acquisition (including exercise of the Call for Redemption or decision on the Mandatory Redemption [for the purpose of these Articles of Incorporation, “Mandatory Redemption” means acquisition by the Company of all or a part of the shares owned by shareholders in exchange for monetary consideration, executed in accordance with the provisions of these Articles of Incorporation]) or for which acquisition has</p>	<p>(Acquisition of Class B I Preferred Shares Categorized as Shares with Put Option [Call for Redemption]) Article 16 If the amount of accumulated earned surplus carried forward as of the end of the preceding fiscal year exceeds ten billion yen (¥10,000,000,000), at any time during each period starting on July 1 and ending on July 31 of the 93rd fiscal year to the 116th fiscal year (hereinafter referred to as the “B I Callable Period”), shareholders holding the first Class B Preferred Shares (hereinafter referred to as the “Class B I Preferred Shareholders” and the “B I Preferred Shares,” respectively) may claim redemption of all or a part of their B I Preferred Shares, within the limit (hereinafter referred to as the “Limit of Call for B I Redemption”) calculated as the accumulated earned surplus carried forward plus other capital surplus and the amount of interim dividends paid in the preceding fiscal year, if any, less an amount equivalent to twice the total amount of interim dividends and dividends of surplus paid in respect of the preceding fiscal year or nine billion yen (¥9,000,000,000), whichever is larger, less the total amount of the consideration of the B I Preferred Shares which have already been subjected to acquisition (including exercise of the Call for Redemption or decision on the Mandatory Redemption) (for the purpose of these Articles of Incorporation, “Mandatory Redemption” means acquisition by the Company of all or a part of the shares owned by shareholders in exchange for monetary consideration, executed in accordance with the provisions of these Articles of Incorporation) or for which acquisition has</p>

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Current Articles of Incorporation	Proposed Amendment
<p>been decided in the fiscal year in which the Call for Redemption (for the purpose of these Articles of Incorporation, “Call for Redemption” means a claim from a shareholder to the Company for acquisition by the Company of all or a part of the shares owned by such shareholder in exchange for monetary consideration, made in accordance with the provisions of these Articles of Incorporation) is made; <u>provided that the total number of B I Preferred Shares callable during the B I Callable Period (hereinafter referred to as the “Number of B I Callable Shares”) shall be as follows:</u></p> <p>(1) <u>From July 1 to July 31 of the 93rd fiscal year</u>  <u>Any number of shares so long as such number does not exceed the number calculated as the total number of the B I Preferred Shares issued and outstanding as at the beginning of the B I Callable Period of the year, less the number of the B I Preferred Shares decided to be subjected to the Mandatory Redemption on or after the start of the B I Callable Period of the year plus 60,000,000 shares.</u></p> <p>(2) <u>From July 1 to July 31 of the 94th fiscal year</u>  <u>Any number of shares so long as such number does not exceed the number calculated as the total number of the B I Preferred Shares issued and outstanding as at the beginning of the B I Callable Period of the year, less the number of the B I Preferred Shares decided to be subjected to the Mandatory Redemption on or after the start of the B I Callable Period of the year plus 30,000,000 shares.</u></p> <p>2. (Text omitted)  3. (Text omitted)  4. The Company shall pay the B I Preferred Shareholders or the Registered Pledgeses of the B I Preferred Shares (the “B I Pledgeses”) <u>five hundred yen (¥500) plus Class B Cumulative Accrued Dividends and an amount equivalent to the accrued dividends specified in the following</u></p>	<p>been decided in the fiscal year in which the Call for Redemption (for the purpose of these Articles of Incorporation, “Call for Redemption” means a claim from a shareholder to the Company for acquisition by the Company of all or a part of the shares owned by such shareholder in exchange for monetary consideration, made in accordance with the provisions of these Articles of Incorporation) is made.</p> <p>2. (Text unchanged)  3. (Text unchanged)  4. The Company shall pay the B I Preferred Shareholders or the Registered Pledgeses of the B I Preferred Shares (the “B I Pledgeses”) <u>two thousand and five hundred yen (¥2,500) plus Class B Cumulative Accrued Dividends and an</u></p>

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Current Articles of Incorporation	Proposed Amendment
<p>paragraph for each share to be redeemed as the consideration of redemption.</p> <p>5. (Text omitted)</p>	<p>amount equivalent to the accrued dividends specified in the following paragraph for each share to be redeemed as the consideration of redemption.</p> <p>5. (Text unchanged)</p>
<p>(Acquisition of Class B I Preferred Shares Categorized as Shares Subject to Call (Mandatory Redemption))</p> <p>Article 17 (Text omitted)</p> <p>2. (Text omitted)</p> <p>3. The Company shall pay the B I Preferred Shareholders or the B I Pledgees <u>five hundred yen (¥500)</u> plus the Class B Cumulative Accrued Dividends and an amount equivalent to the accrued dividends specified in the following paragraph for each share to be redeemed as the consideration of redemption. However, the amount of preferred interim dividends, if paid, shall be deducted from the amount of consideration.</p> <p>4. (Text omitted)</p>	<p>(Acquisition of Class B I Preferred Shares Categorized as Shares Subject to Call (Mandatory Redemption))</p> <p>Article 17 (Text unchanged)</p> <p>2. (Text unchanged)</p> <p>3. The Company shall pay the B I Preferred Shareholders or the B I Pledgees <u>two thousand five hundred yen (¥2,500)</u> plus the Class B Cumulative Accrued Dividends and an amount equivalent to the accrued dividends specified in the following paragraph for each share to be redeemed as the consideration of redemption. However, the amount of preferred interim dividends, if paid, shall be deducted from the amount of consideration.</p> <p>4. (Text unchanged)</p>
<p>(Acquisition of Preferred Shares Categorized as Shares with Put Option [Right to Request Conversion])</p> <p>Article 19 (Text omitted)</p> <p>2. The conversion provided for in the preceding paragraph shall be contingent upon the delivery of such number of common shares as shall be calculated by dividing the total amount <u>paid in per share</u> of the preferred shares subject to the conversion request by the conversion price. With respect to the conversion price, the initial conversion price shall be determined by the resolution of the Board of Directors upon issuance using the market price of the Company’s common share, and the method to reset and adjust the conversion price may be determined by the said Board of Directors. In the calculation of the number of common shares to be delivered through conversion, if any number less than one (1) share is yielded, such fractions shall be rounded off, and the Company shall not deliver the amount of cash as provided for in Article 167, Paragraph 3 of the Companies Act.</p>	<p>(Acquisition of Preferred Shares Categorized as Shares with Put Option [Right to Request Conversion])</p> <p>Article 19 (Text unchanged)</p> <p>2. The conversion provided for in the preceding paragraph shall be contingent upon the delivery of such number of common shares as shall be calculated by dividing the total amount <u>of issue price</u> of the preferred shares subject to the conversion request by the conversion price. With respect to the conversion price, the initial conversion price shall be determined by the resolution of the Board of Directors upon issuance using the market price of the Company’s common share, and the method to reset and adjust the conversion price may be determined by the said Board of Directors. In the calculation of the number of common shares to be delivered through conversion, if any number less than one (1) share is yielded, such fractions shall be rounded off, and the Company shall not deliver the amount of cash as provided for in Article 167, Paragraph 3 of the Companies Act.</p>

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Current Articles of Incorporation	Proposed Amendment
<p>(Order of Priority)  <u>Article 21</u>  <u>All classes of preferred shares shall rank pari passu with each other in respect of the payment of Preferred Dividends and Preferred Interim Dividends and the distribution of residual assets, excluding the Class B Cumulative Accrued Dividend.</u></p>	<p>(Deleted)</p>
<p>Article <u>22</u> (Text omitted)  to  Article <u>26</u></p>	<p>Article <u>21</u> (Text unchanged)  to  Article <u>25</u></p>
<p>(General Meetings of Holders of Classes of Shares)  Article <u>27</u>  The provisions of Articles <u>23</u> and <u>26</u> shall apply <i>mutatis mutandis</i> to general meetings of holders of classes of shares.  2. (Text omitted)  3. The provision of Article <u>25</u> shall apply <i>mutatis mutandis</i> to the resolutions of general meetings of holders of classes of shares made pursuant to Article 324, Paragraph 2 of the Companies Act.</p>	<p>(General Meetings of Holders of Classes of Shares)  Article <u>26</u>  The provisions of Articles <u>22</u> and <u>25</u> shall apply <i>mutatis mutandis</i> to general meetings of holders of classes of shares.  2. (Text unchanged)  3. The provision of Article <u>24</u> shall apply <i>mutatis mutandis</i> to the resolutions of general meetings of holders of classes of shares made pursuant to Article 324, Paragraph 2 of the Companies Act.</p>
<p>Article <u>28</u> (Text omitted)  to  Article <u>53</u></p>	<p>Article <u>27</u> (Text unchanged)  to  Article <u>52</u></p>
<p>(Newly established)</p>	<p>Supplementary Provision  <u>Article 1</u>  <u>(Effective Date of Partial Amendments to the Articles of Incorporation)</u>  <u>The amendments to Article 5, Article 6, Article 16, Paragraph 4 and Article 17, Paragraph 3 shall be effective from October 1, 2013. This Article 1 of the Supplementary Provision shall be deleted after October 1, 2013.</u></p>

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**Proposal No. 4** Election of Eight (8) Directors

The terms of office of seven (7) directors—Ikuo Oguri, Noriaki Tsuji, Atsushi Hasegawa, Shosuke Muratsuka, Yuhei Imanaka, Kazuo Ikegami, Hiroo Kinoshita—will expire at the conclusion of this General Meeting of Shareholders. In order to further enhance the corporate governance, the Company proposes to increase the number of Outside Directors by one (1) and to elect eight (8) Directors including two (2) Outside Directors.

The candidates for Director are as follows:

No.	Name (Date of Birth)	Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Company Shares Owned
1	Ikuo Oguri (May 11, 1950)	March 1974      Joined HASEKO Corporation October 1989    General Manager of Urban Environmental Designing Dept. of Architecture & Engineering Div. July 1998       Deputy General Manager of Architecture & Engineering Div. April 2001      General Manager of Architecture & Engineering Div. June 2001      Director, General Manager of Architecture & Engineering Div. June 2004      Managing Director, General Manager of Architecture & Engineering Div. April 2005      Director, Executive Operating Officer, In Charge of Architecture & Engineering Div. and Kansai Architecture & Engineering Div. July 2006      Representative Director, Executive Operating Officer, In Charge of Technological Div. April 2010      Representative Director and President (to the present)	Common Stock 214,100

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No.	Name (Date of Birth)	Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Company Shares Owned
2	Noriaki Tsuji (December 10, 1952)	<p>April 1975      Joined HASEKO Corporation  December 1987    Kita-Osaka Branch Manager of Osaka  Contractor Business Div.  November 1995    General Manager of Land Use Consulting I of  Business Promotion Div.  July 1998        Deputy General Manager of Business  Promotion Div. I  June 1999        Director, General Manager of Business  Promotion Div. I  April 2003        Managing Director, Responsible for Kansai  Business Promotion Div., Life Support Project  Div. and Shirokane Project  April 2005        Representative Director, Executive Operating  Officer, Chief Officer of Kansai Region and In  Charge of Kansai Urban Revitalization Project  Div.  April 2007        Representative Director, Executive Operating  Officer, In Charge of Business Div.  April 2010        Representative Director, Executive Vice  President, Assistant to the President and In  Charge of Business Promotion Div.  April 2012        Representative Director, Executive Vice  President, Assistant to the President  (to the present)</p> <p>[Significant Positions Concurrently Held]  Representative Director and President, Haseko Anesis  Corporation  Director, Haseko Reform Inc.</p>	Common Stock 294,720
3	Atsushi Hasegawa (April 5, 1948)	<p>March 1971      Joined HASEKO Corporation  June 1986        General Manager of Purchasing Dept. of Osaka  Branch  July 1995        General Manager of Kansai Area Network  Promotion Dept. of Business Promotion Div.  June 1999        Responsible for Purchasing Dept. of Kansai  Cost Control Office  June 2003        Director, Responsible for Kansai Construction  Div.  April 2005        Director, Senior Operating Officer, In Charge  of Kansai Construction Div.  April 2008        Representative Director, Senior Operating  Officer, Kansai Representative  April 2010        Representative Director, Executive Operating  Officer, Kansai Representative  (to the present)</p>	Common Stock 140,000

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No.	Name (Date of Birth)	Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Company Shares Owned
4	Shosuke Muratsuka (September 8, 1953)	<p>April 1977      Joined HASEKO Corporation</p> <p>September 1994      General Manager of Condominium Project Dept. III of Kansai Branch</p> <p>April 2001      General Manager of Kansai Condominium Project Div. I</p> <p>April 2005      Operating Officer, Responsible for Kansai Business Promotion Div.</p> <p>June 2005      Director, Operating Officer, Responsible for Kansai Business Promotion Div.</p> <p>April 2008      Director, Senior Operating Officer, In Charge of Kansai Business Promotion Div., Kansai Project Promotion Div. and Kansai Urban Development Div.</p> <p>April 2010      Director, Senior Operating Officer, In Charge of Business Promotion Div. and Project Promotion Div.</p> <p>April 2013      Director, Executive Operating Officer, In Charge of Business Promotion Div., Project Promotion Div. and Kansai Business Div. (to the present)</p> <p>[Significant Positions Concurrently Held] Director, Haseko Urbest, Inc. Director, Shinnihon Commercial Development Co., Ltd.</p>	Common Stock 103,100
5	Yuhei Imanaka (July 9, 1952)	<p>April 1976      Joined HASEKO Corporation</p> <p>July 1995      General Manager of Finance and Accounting Dept.</p> <p>June 1999      General Manager of Finance Dept.</p> <p>April 2005      Operating Officer, Responsible for Finance Dept.</p> <p>June 2007      Director, Operating Officer, Responsible for Accounting Dept. and Finance Dept.</p> <p>April 2008      Director, Senior Operating Officer, Responsible for Finance and Accounting Dept. and Osaka Accounting Dept.</p> <p>April 2010      Director, Senior Operating Officer, Responsible for Accounting Dept., Budget Dept., Osaka Accounting Dept., Finance Dept. and Fund Administration Dept.</p> <p>April 2011      Director, Senior Operating Officer, Responsible for Accounting Dept., Budget Dept. and Osaka Accounting Dept., In Charge of Finance Dept. and Fund Administration Dept. (to the present)</p>	Common Stock 47,000

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No.	Name (Date of Birth)	Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Company Shares Owned
6	Kazuo Ikegami (July 21, 1957)	<p>March 1980      Joined HASEKO Corporation</p> <p>April 1999      General Manager of Design Dept., Design Office I, Architecture &amp; Engineering Div.</p> <p>April 2001      General Manager of Design Office III, Architecture &amp; Engineering Div.</p> <p>April 2005      Deputy General Manager of Architecture &amp; Engineering Div.</p> <p>April 2008      Operating Officer and Deputy General Manager of Architecture &amp; Engineering Div.</p> <p>April 2009      Operating Officer and General Manager of Architecture &amp; Engineering Div.</p> <p>June 2011      Director, and Operating Officer and General Manager of Architecture and Engineering Div. (to the present)</p> <p>[Significant Positions Concurrently Held] Director, Foris Corporation Director, Haseko Sekkei, Inc.</p>	Common Stock 51,500
7	*Masataka Yamamoto (October 11, 1943)	<p>April 1968      Joined the Ministry of Construction</p> <p>June 1995      Assistant Vice-Minister of the Ministry of Construction (In charge of construction industry)</p> <p>July 1996      Deputy Director-General, Land Bureau, National Land Agency</p> <p>June 1998      Head of City Bureau, the Ministry of Construction</p> <p>January 2001    Director-General for Policy Planning, the Ministry of Land, Infrastructure, Transport and Tourism</p> <p>July 2001      Retired from the Ministry of Land, Infrastructure, Transport and Tourism</p> <p>August 2001    Director, Japan Highway Public Corporation</p> <p>October 2005    Executive Director, West Nippon Expressway Company Limited</p> <p>June 2010      Retired from West Nippon Expressway Company Limited</p> <p>October 2011    Chairman of Bicycle Parking Facilities Provision Foundation (public interest incorporated foundation) (to the present)</p> <p>[Significant Positions Concurrently Held] Chairman, Bicycle Parking Facilities Provision Foundation (public interest incorporated foundation)</p>	Common Stock —

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No.	Name (Date of Birth)	Personal History, Positions, and Responsibilities in the Company (Significant Positions Concurrently Held)	Number of Company Shares Owned
8	*Kohei Amano (September 17, 1948)	<p>March 1972      Joined Mitsukoshi, Ltd.</p> <p>March 1998      General Manager responsible for administration, Accounting Department, Headquarters</p> <p>February 2000    General Manager responsible for administration, Accounting Department, Headquarters, Director of Mitsukoshi Sogo Building Management Ltd. Director of Mitsukoshi Fudosan Ltd.</p> <p>September 2002    General Manager of Real Estate Management Division</p> <p>March 2004      Executive Officer, General Manager of Administration Department</p> <p>May 2005        Director, Senior Executive Officer, General Manager of Corporate Planning Division</p> <p>February 2007    Director, Senior Managing Executive Officer, General Manager of Department Store Business Headquarters</p> <p>June 2007        Representative Director, Senior Managing Executive Officer, General Manager of Department Store Business Headquarters</p> <p>March 2008      Chairman, Representative Director</p> <p>April 2008      Chairman, Representative Director of Mitsukoshi Ltd. and Director of Isetan Mitsukoshi Holdings Ltd.</p> <p>March 2010      Adviser of Mitsukoshi, Ltd.</p> <p>June 2010        Retired from Isetan Mitsukoshi Holdings Ltd.</p> <p>March 2011      Retired from Mitsukoshi Ltd.</p>	Common Stock —

Notes:

1. The persons denoted with an asterisk (\*) are new candidates.
2. Masataka Yamamoto (Candidate No. 7) and Kohei Amano (Candidate No. 8) are the candidates for Outside Directors stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. Masataka Yamamoto is from the Ministry of Land, Infrastructure, Transport and Tourism where he worked as an Assistant Vice-Minister in charge of Construction Industry and Director-General for Policy Planning. He has abundant knowledge about construction and real estate and extensive experience in supervising the industry. In addition, he was also engaged in the management of a privatized highway company, West Nippon Expressway Company Limited, as an Executive Director and gained abundant experience and excellent track record in company management. For such reasons, the Company believes that his appointment as an Outside Director will make a positive contribution to the Company’s management and therefore has chosen him as a candidate for Outside Director.
4. Kohei Amano served as a Director at Mitsukoshi Ltd. and Isetan Mitsukoshi Holdings Ltd. and has abundant experience and excellent track record in the management of a consumer business. For such reason, the Company believes that his appointment as an Outside Director will make a great contribution to the Company’s management policy to strengthen its stock business and therefore has chosen him as a candidate for Outside Director.
5. The Company will notify both the Tokyo Stock Exchange and the Osaka Securities Exchange of the proposal to elect Masataka Yamamoto and Kohei Amano as independent directors in

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accordance with the listing rules of each exchange.

6. In the event that Masataka Yamamoto and Kohei Amano are elected as Outside Directors, the Company will enter into a limited liability agreement with them in accordance with the Articles of Incorporation. Brief details are presented as follows.

**Contracts for Limitation of Liability with Outside Officers**

Effective after entering into an agreement for limiting liability, should an Outside Director bear any liability with respect to his or her responsibilities prescribed under Article 423, Paragraph 1 of the Companies Act, where such Outside Director performed his or her duties in good faith and without gross negligence, his or her liabilities shall be limited to an amount stipulated under Article 425, Paragraph 1 of the Companies Act.

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**Proposal No. 5 Election of One (1) Corporate Auditor**

Since Haruo Akimine will retire at the conclusion of this General Meeting of Shareholders, the Company proposes election of one (1) Corporate Auditor.

The candidate for the position of Corporate Auditor is as follows. The Board of Auditors has approved this proposal.

Name (Date of Birth)	Personal History and Positions (Significant Positions Concurrently Held)	Number of Company Shares Owned
*Katsuhiko Kamijo (September 17, 1951)	April 1978	Common Stock —
	June 1985	
	July 1986	
	July 1997	
	July 2001	
	July 2005	
	July 2006	
	July 2008	
	July 2009	
	July 2011	
September 2011	Professor, Faculty of Law, Teikyo University (to the present)	
	[Significant Positions Concurrently Held] Professor, Teikyo University	

Notes:

1. The person denoted with an asterisk (\*) is a new candidate.
2. Katsuhiko Kamijo is a candidate for Outside Corporate Auditor stipulated in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
3. Katsuhiko Kamijo is qualified as a tax accountant. Since he has abundant knowledge about finance and accounting and is expected to perform duties as Corporate Auditor from a technical perspective, the Company chose him as a candidate for Outside Corporate Auditor. Although he has no experience being directly engaged in company management, the Company believes that he will be able to adequately perform duties as an Outside Corporate Auditor based on the above reasons.
4. The Company will notify both the Tokyo Stock Exchange and the Osaka Securities Exchange of the proposal to elect Katsuhiko Kamijo as an independent director in accordance with the listing rules of each exchange.
5. In the event that Katsuhiko Kajimo is elected as an Outside Corporate Auditor, the Company will enter into a limited liability agreement with him in accordance with the Articles of Incorporation. Brief details are presented as follows.

Contracts for Limitation of Liability with Outside Officers

Effective after entering into an agreement for limiting liability, should an Outside Auditor bear any liability with respect to his or her responsibilities prescribed under Article 423, Paragraph 1 of the Companies Act, where such Outside Auditor performed his or her duties in good faith and without gross negligence, his or her liabilities shall be limited to an amount stipulated under Article 425, Paragraph 1 of the Companies Act.

Consolidated Balance Sheet  
(As of March 31, 2013)

(millions of yen)

Account Item	Amount	Account Item	Amount
(Assets)		(Liabilities)	
I. Current assets	352,624	I. Current liabilities	215,044
Cash and bank deposits	118,589	Notes and accounts payable	112,888
Notes and accounts receivable, trade	95,136	Short-term borrowings	57,900
Costs on uncompleted construction contracts	7,945	Income taxes payable	819
Real estate for sale	26,522	Advances received on uncompleted contracts	12,498
Costs and advances for real estate operations	48,620	Advances received for real estate sales	6,520
Real estate for development projects	37,600	Warranty reserve	2,581
Deferred tax assets	7,691	Reserve for loss on construction contracts	42
Other current assets	10,823	Accrued bonuses	1,887
Allowance for doubtful accounts	(302)	Other current liabilities	19,909
II. Fixed assets	108,241	II. Long-term liabilities	132,015
1 Property and equipment	66,007	Long-term debt	123,944
Buildings and structures	32,998	Reserve for employees' retirement benefits	1,966
Machinery, vehicle, equipment and furniture	1,784	Other long-term liabilities	6,105
Land	30,707		
Construction in progress	518	Total liabilities	347,059
2 Intangible fixed assets	5,140	(Net assets)	
Land leasehold rights	1,594	I. Shareholders' equity	124,481
Goodwill	3,082	1 Capital stock	57,500
Other intangible fixed assets	464	2 Additional paid-in capital	7,500
3 Investments and other assets	37,095	3 Retained earnings	59,605
Investment securities	8,378	4 Treasury stock	(123)
Long-term loans	1,489	II. Valuation and translation adjustments	(10,848)
Long-term deferred tax assets	16,656	1 Valuation adjustments on other investment securities	2,225
Other assets	11,667	2 Foreign currency translation adjustments	(13,073)
Allowance for doubtful accounts	(1,095)	III. Minority interests	172
		Total net assets	113,805
Total assets	460,864	Total liabilities and net assets	460,864

## Consolidated Statement of Income

(For the period from April 1, 2012 to March 31, 2013)

(millions of yen)

Account Item	Amount	
I. Net sales		558,919
II. Cost of sales		505,460
Gross profit		53,459
III. Selling, general and administrative expenses		29,130
Operating income		24,329
IV. Non-operating income		
Interest and dividend income	592	
Equity in earnings of affiliates	73	
Insurance income	160	
Other non-operating income	619	1,444
V. Non-operating expenses		
Interest expenses	3,579	
Loan incidental expenses	1,955	
Other non-operating expenses	264	5,797
Ordinary income		19,976
VI. Special income		
Gain on sale of fixed assets	7	7
VII. Special losses		
Loss on disposal of fixed assets	128	
Impairment loss on fixed assets	436	
Loss on liquidation of hotel business	7,715	8,280
Income before income taxes and minority interests		11,704
Income taxes – current	985	
Income taxes – deferred	(2,369)	(1,384)
Income before minority interests		13,088
Minority interests		24
Net income		13,064

## Consolidated Statement of Change in Net Assets

(For the period from April 1, 2012 to March 31, 2013)

(millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Additional paid-in capital	Retained earnings	Treasury stock	
Balance as of April 1, 2012	57,500	7,500	52,074	(123)	116,952
Changes during the consolidated fiscal year					
Net income for the fiscal year ended March 31, 2013			13,064		13,064
Dividends of surplus			(578)		(578)
Purchase of treasury stock				(5,021)	(5,021)
Disposal of treasury stock		(0)		0	0
Cancellation of treasury stock		(5,021)		5,021	—
Appropriation of retained earnings for additional paid-in capital		5,021	(5,021)		—
Change of scope of consolidation			65		65
Net changes of items other than shareholders' equity during the consolidated fiscal year					
Total of changes during the consolidated fiscal year	—	—	7,531	(1)	7,530
Balance as of March 31, 2013	57,500	7,500	59,605	(123)	124,481

(millions of yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Valuation adjustments on other investment securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of April 1, 2012	1,101	(16,207)	(15,106)	150	101,996
Changes during the consolidated fiscal year					
Net income for the fiscal year ended March 31, 2013					13,064
Dividends of surplus					(578)
Purchase of treasury stock					(5,021)
Disposal of treasury stock					0
Cancellation of treasury stock					—
Appropriation of retained earnings for capital surplus					—
Change of scope of consolidation					65
Net changes of items other than shareholders' equity during the consolidated fiscal year	1,124	3,134	4,257	21	4,279
Total of changes during the consolidated fiscal year	1,124	3,134	4,257	21	11,809
Balance as of March 31, 2013	2,225	(13,073)	(10,848)	172	113,805

## Non-consolidated Balance Sheet

(As of March 31, 2013)

(millions of yen)

Account Item	Amount	Account Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>I. Current assets</b>	260,602	<b>I. Current liabilities</b>	170,736
Cash and bank deposit	89,729	Notes payable	58,388
Notes receivable	16,006	Accounts payable on construction contracts	36,111
Accounts receivable on construction contracts	46,550	Accounts payable on real estate operations	3,069
Accounts receivable on real estate operations	3,355	Short-term borrowings	47,912
Costs on uncompleted construction contracts	5,991	Lease liabilities	22
Real estate for sale	25,495	Income taxes payable	20
Costs and advances for real estate operations	48,653	Advances received on uncompleted contracts	10,742
Real estate for development projects	8,849	Advances received for real estate operations	6,500
Deferred tax assets	7,090	Deposits received	2,519
Other current assets	9,035	Warranty reserve	2,233
Allowance for doubtful accounts	(150)	Reserve for loss on construction contracts	42
<b>II. Fixed assets</b>	125,433	Accrued bonuses	861
<b>1. Property and equipment</b>	19,384	Other current liabilities	2,316
Buildings and structures	11,042	<b>II. Long-term liabilities</b>	108,051
Machinery	209	Long-term debt	105,697
Equipment and furniture	125	Leased liabilities	38
Land	7,795	Security deposit	260
Leased assets	55	Reserve for employees' retirement benefits	1,492
Construction in progress	158	Asset retirement obligations	82
<b>2. Intangible fixed assets</b>	917	Other long-term liabilities	482
Land leasehold rights	905	<b>Total liabilities</b>	<b>278,787</b>
Other intangible fixed assets	12	<b>(Net assets)</b>	
<b>3. Investments and other assets</b>	105,132	<b>I. Shareholders' equity</b>	105,231
Investment securities	4,324	<b>1. Capital stock</b>	57,500
Shares of affiliate companies	51,177	<b>2. Additional paid-in capital</b>	7,500
Other investment securities of affiliates	12,010	Capital legal reserves	7,500
Long-term loans	14,568	<b>3. Retained earnings</b>	40,355
Bankruptcy claim, reorganization claim	821	Earned surplus reserve	775
Long-term prepaid expenses	131	Other retained earnings	39,579
Long-term deferred tax assets	16,001	Earned surplus carried forward	39,579
Other assets	7,172	<b>4. Treasury stock</b>	(123)
Allowance for doubtful accounts	(1,070)	<b>II. Valuation and translation adjustments</b>	2,017
		Valuation adjustments on other investment securities	2,017
		<b>Total net assets</b>	<b>107,248</b>
<b>Total assets</b>	<b>386,035</b>	<b>Total liabilities and net assets</b>	<b>386,035</b>

## Non-consolidated Statement of Income

(For the period from April 1, 2012 to March 31, 2013)

(millions of yen)

Account Item	Amount	
I. Net sales		
Construction contracts	278,334	
Commissioned work	5,316	
Design and supervision	8,118	
Lease rentals of buildings	2,772	
Real estate sales	116,896	411,436
II. Cost of sales		
Construction contracts	258,965	
Commissioned work	1,934	
Design and supervision	3,461	
Lease rentals of buildings	1,849	
Real estate sales	114,308	380,516
Gross profit (loss) on net sales		
Construction contracts	19,369	
Commissioned work	3,382	
Design and supervision	4,657	
Lease rentals of buildings	923	
Real estate sales	2,589	30,920
III. Selling, general and administrative expenses		14,258
Operating income		16,662
IV. Non-operating income		
Interest and dividend income	2,463	
Other non-operating income	541	3,004
V. Non-operating expenses		
Interest paid	3,033	
Loan incidental expenses	1,935	
Other non-operating expenses	158	5,125
Ordinary income		14,540
VI. Special income		
Gain on sale of fixed assets	2	2
VII. Special losses		
Loss on retirement of intangible assets	50	
Impairment loss on fixed assets	0	
Loss on liquidation of hotel business	3,695	3,745
Income before income taxes		10,798
Income taxes - current	(2,099)	
Income taxes - deferred	(3,056)	(5,155)
Net income		15,953

## Non-consolidated Statement of Change in Net Assets

(For the period from April 1, 2012 to March 31, 2013)

(millions of yen)

	Shareholders' equity						
	Capital stock	Additional paid-in capital			Retained earnings		
		Capital legal reserves	Other capital surplus	Total additional paid-in capital	Earned surplus reserve	Other retained earnings Earned surplus carried forward	Total retained earnings
Balance as of April 1, 2012	57,500	7,500	—	7,500	718	29,284	30,001
Changes during the fiscal year							
Net income for the fiscal year ended March 31, 2013						15,953	15,953
Dividends of surplus						(578)	(578)
Reserves due to dividends of surplus					58	(58)	—
Purchase of treasury stock							
Disposal of treasury stock			(0)	(0)			
Cancellation of treasury stock			(5,021)	(5,021)			
Appropriation of retained earnings for other capital surplus			5,021	5,021		(5,021)	(5,021)
Net changes of items other than shareholders' equity during the fiscal year							
Total of changes during the fiscal year	—	—	—	—	58	10,296	10,353
Balance as of March 31, 2013	57,500	7,500	—	7,500	775	39,579	40,355

	Shareholders' equity	Total shareholders' equity	Valuation and translation adjustments	Total net assets
	Treasury stock		Valuation adjustments on other investment securities	
Balance as of April 1, 2012	(123)	94,879	936	95,815
Changes during the fiscal year				
Net income for the fiscal year ended March 31, 2013		15,953		15,953
Dividends of surplus		(578)		(578)
Reserves due to dividends of surplus		—		—
Purchase of treasury stock	(5,021)	(5,021)		(5,021)
Disposal of treasury stock	0	0		0
Cancellation of treasury stock	5,021	—		—
Appropriation of retained earnings for other capital surplus		—		—
Net changes of items other than shareholders' equity during the fiscal year			1,081	1,081
Total of changes during the fiscal year	(1)	10,353	1,081	11,433
Balance as of March 31, 2013	(123)	105,231	2,017	107,248