

DAISHINKU CORP.

May 13, 2016

Notice regarding a Change in the Number of Shares Constituting One Unit, Consolidation of Shares, and Partial Amendments to the Articles of Incorporation

DAISHINKU CORP. (hereinafter, the “Company”) hereby announces as follows that it resolved at its Board of Directors’ meeting held on May 13, 2016 to change the number of shares constituting one trading unit, consolidation of shares, and partial amendments to the Articles of Incorporation, and that it will submit a proposal for such consolidation of shares and partial amendments to the Articles of Incorporation at the 53rd ordinary general meeting of shareholders (hereinafter, the “Ordinary General Meeting of Shareholders”) to be held on June 29, 2016.

1. Change in the Number of Shares Constituting One Unit

(1) Reason for change

Japanese stock exchanges have been working to promote standardization of one (1) trading unit to a unit consisting of one hundred (100) shares based on “The Action Plan for Consolidating Trading Units.”

In line with such purpose presented by the stock exchanges, the Company whose shares are listed on the Tokyo Stock Exchange plans to change the number of shares constituting one unit as one trading unit from one thousand (1,000) to one hundred (100).

(2) Details of change

The Company changes the number of shares constituting one unit from one thousand (1,000) to one hundred (100).

(3) Scheduled date of change

October 1, 2016

(4) Terms of change

The change shall be effective upon approval of the proposal “2. Consolidation of Shares” at the Ordinary General Meeting of Shareholders.

2. Consolidation of Shares

(1) Purpose of the consolidation

As stated in “1. Change in the Number of Shares Constituting One Unit” above, the Company has decided to implement consolidation of shares (consolidating five (5) shares into one (1) share) considering the investment unit level that Japanese stock exchanges deem desirable (from 50,000 yen to less than 500,000 yen) in line with the change of the number of shares constituting one unit from 1,000 shares to 100 shares.

(2) Details of the consolidation

(i) Type of shares subject to the consolidation:

Common stock

(ii) Ratio of the consolidation

The consolidation shall be executed on October 1, 2016 at a ratio of one share for each five shares owned by shareholders who are recorded in the shareholder register as of the close of September 30, 2016.

(iii) Number of shares reduced through the consolidation

Total number of issued shares before the consolidation	45,246,212
Number of shares to be reduced due to the consolidation	36,196,970
Total number of issued shares after the consolidation	9,049,242

Note: “Number of shares to be reduced due to the consolidation” and “Total number of issued shares after the consolidation” in the table above are theoretical values calculated by multiplying “Total number of issued shares before the consolidation” by the consolidation ratio.

(iv) Number of shareholders reduced through the consolidation

(As of March 31, 2016)

Number of shares owned	Number of shareholders (ratio)	Number of shares owned (ratio)
Total number of shareholders	6,116 (100.0%)	45,246,212 (100.0%)
Number of shareholders who own fewer than five shares	146 (2.4%)	167 (0.0%)
Number of shareholders who own five shares or more	5,970 (97.6%)	45,246,045 (100.0%)

Note: Due to the consolidation, the 146 shareholders who each own less than five shares (the total number of shares held by such shareholders is 167) would lose their status as shareholders. Please note that such shareholders may request the Company to purchase from them their shares before the effective date of the consolidation of shares.

(v) Influence of the consolidation

While the total number of issued Company shares will be decreased to one-fifth due to the consolidation, the amount of net assets will remain unchanged and net assets per share will increase by five times. Therefore, the asset value of Company shares will not be affected by the consolidation except for other factors such as stock market volatility.

(3) Treatment when there is less than one share

If fractional shares of less than one share arise because of the consolidation, such fractional shares shall be subject to a bulk sale in accordance with Articles 234 and 235 of the Companies Act. The proceeds of the said sale will be distributed to the relevant shareholders in proportion to their respective fractional shares.

(4) Terms of the consolidation

The implementation of the consolidation of shares shall be subject to approval of the proposal concerning this consolidation at the Ordinary General Meeting of Shareholders.

3. Partial Amendments to the Articles of Incorporation

(1) Purpose of the amendments

(i) As stated in “1. Change in the Number of Shares Constituting One Unit” and “2. Consolidation of Shares” above, the Company will amend Article 6 (Total Number of Authorized Shares) and Article 7 (Number of Shares Constituting One Unit). Please note that a supplementary provision will be provided to the effect that the amendments shall take effect on October 1, 2016, which is the effective date for the consolidation of shares, and such supplementary provision will be deleted on the effective date of the relevant consolidation of shares.

(ii) To ensure that directors and auditors can fulfill the duties expected of them, the Company proposes the establishment of Article 28 (Exemption of Directors’ Duties) to the effect that the Company may exempt liabilities within the scope set forth by laws and ordinances by a resolution of the Board of Directors, and in order to secure appropriate personnel as directors (other than those in executive officer positions) and auditors and facilitate them to fully fulfill the duties expected of them, the Company proposes the establishment of Article 36 (Exemption of Auditors’ Duties) to the effect that the Company may conclude a liability limitation agreement with directors (other than those in executive officer positions) and auditors. Please note that each auditor has given consent to the establishment of the new Article 28 (Exemption of Directors’ Duties).

(iii) As a result of establishing the above-mentioned new provision, the related Articles will be renumbered accordingly.

(2) Terms of the partial amendments to the Articles of Incorporation

The implementation of the partial amendments shall be subject to approval of the proposal “2. Consolidation of Shares” at the Ordinary General Meeting of Shareholders.

4. Schedule

Date of resolution of the Board of Directors	Friday, May 13, 2016
Date of resolution of the Ordinary General Meeting of Shareholders	Wednesday, June 29, 2016
Effective date of the partial amendments to the Articles of Incorporation (Except for Articles 6 and 7)	Wednesday, June 29, 2016
Effective date of the change in the number of shares constituting one unit	Saturday, October 1, 2016
Effective date of the consolidation of shares	Saturday, October 1, 2016
Effective date of the partial amendments to the Articles of Incorporation (Articles 6 and 7)	Saturday, October 1, 2016

* As stated above, the effective date of the consolidation of shares and the change in the number of shares constituting one unit is scheduled for October 1, 2016. It should be noted, however, that the date on which the number of shares constituting one unit will be changed from 1,000 to 100 will be September 28, 2016 for trading on the Tokyo Stock Exchange.

Attachment:

[For Reference] Q&A concerning the change in the number of shares constituting one unit and the consolidation of shares

[For Reference]

Q&A Concerning the Change in the Number of Shares Constituting One Unit and the Consolidation of Shares

Q1. What is meant by the “change in the number of shares constituting one unit” and “the consolidation of shares”?

A1. “Change in the number of shares constituting one unit” means the number of shares constituting one unit changed for voting rights as well as one unit for stock trading on stock exchanges. “Consolidation of shares” means a reduction of the number of shares by consolidating multiple shares.

The Company plans to change the number of shares constituting one unit from 1,000 to 100, and consolidate five shares into one.

Q2. What is the purpose of changing the number of shares constituting one unit and consolidating shares?

A2. Japanese stock exchanges have been working toward standardizing one (1) trading unit to a unit consisting of one hundred (100) shares based on “The Action Plan for Consolidating Trading Units.”

In line with such purpose presented by the stock exchanges, the Company, whose shares are listed on the Tokyo Stock Exchange, plans to change the number of shares constituting one unit as one trading unit from one thousand (1,000) shares to one hundred (100) shares. Concurrently, the Company has decided to implement the consolidation of shares (consolidating five [5] shares into one [1]) considering the investment unit level that the Japanese stock exchanges deem desirable (from 50,000 yen to less than 500,000 yen). (Considering that 100 shares after the consolidation are equivalent to 500 shares before the consolidation, the post-consolidation theoretical stock price will be five times higher than before the consolidation. It should be noted, however, that with the decreased number of shares constituting one unit to one tenth (from 1,000 to 100), each substantial investment unit will be a half the price before the consolidation.)

Q3. What will be the numbers of shares owned and voting rights of shareholders ?

A3. The number of shares held by a shareholder after the consolidation of shares will be calculated by multiplying the number of shares recorded in the shareholder register as of the close of September 30, 2016 by one fifth (any fractional shares less than one share will be rounded off.) The number of voting rights will be one vote per 100 shares held after the consolidation. Specifically, the changes in the number of shares owned and voting rights before and after the effective date of the consolidation are shown in the table below.

	Before the effective date		After the effective date		
	Number of shares owned	Number of voting rights	Number of shares owned	Number of voting rights	Number of fractional shares
Case 1	2,000	2	400	4	None
Case 2	1,100	1	220	2	None
Case 3	1,026	1	205	2	0.2
Case 4	500	0	100	1	None
Case 5	453	0	90	0	0.6
Case 6	4	0	0	0	0.8

If fractional shares of less than one share (hereinafter, “fractional shares”) arise (as in Cases 3, 5 and 6 above) as a result of the consolidation, such fractional shares will be subject to a bulk sale, and the proceeds of the said sale will be distributed to the relevant shareholders in proportion to their respective fractional shares.

Please note that before the effective date of the consolidation, shareholders may request the Company to sell additional shares to them so that they can hold one complete unit or to purchase from them their shares that are less than one unit in order to prevent the disposal of fractional shares. For specific procedures, please contact your securities company or the Company’s Administrator of Shareholder Registry as stated below.

Shareholders holding less than five shares before the effective date (as in Case 6 above) would lose their status as shareholders due to the consolidation because all shares held will become fractional shares.

Q4. Will the asset value be affected by the decrease in the number of shares due to the consolidation of shares?

A4. The consolidation of shares will not cause any changes in assets or capital of the Company. Therefore, the asset value of Company shares owned by shareholders will remain unchanged except due to other factors such as volatility in stock markets. This is because net assets per share will become five times higher in contrast to the decrease to one fifth in the number of shares owned by shareholders because of the consolidation. In addition, the stock price will theoretically become five times higher than before the consolidation.

Q5. Are there any procedures that shareholders need to take?

A5. There are no special procedures required. Please note, however, that as stated in Q3 above, the consolidation will generate fractional shares when there is less than five shares, and such fractional shares will be subject to a bulk sale by the Company, with the proceeds of the said

sale to be distributed to the relevant shareholders in proportion to their respective fractional shares. Shareholders who each own less than five shares before the consolidation would lose their status as shareholders.

Q6. Is it possible for shareholders to request that the Company sell them additional shares so that they can hold one complete unit, or to purchase from them their shares that are less than one unit even after the consolidation?

A6. As it was before the effective date of the consolidation, shareholders who own shares that do not constitute one trading unit (as in Cases 2, 3 and 5 in Q3 above) may request that the Company sell them additional shares or purchase such shares from them. For checking the specific procedures, please contact your securities company or the Company's Administrator of Shareholder Registry as stated below.

Q7. Will the dividend received be affected by these changes?

A7. Although the number of shares owned by shareholders will be reduced to one fifth due to the consolidation, the Company will decide the amount of dividend per share after the consolidation taking the ratio of consolidation into consideration. Therefore, the total amount of dividend to be received by shareholders will not change due to the consolidation, except due to other factors such as changes in operating performance. Please note, however, that a dividend will not be paid for fractional shares that result from the consolidation.

Q8. What will be the detailed future schedule?

A8. Our plan is shown as follows:

Friday, May 13, 2016:

Resolution by the Board of Directors

Wednesday, June 29, 2016:

Resolution at the Ordinary General Meeting of Shareholders

Tuesday, September 27, 2016:

Final date for trading in 1,000-share trading units

Wednesday, September 28, 2016:

First date for trading in 100-share trading units

Saturday, October 1, 2016:

Effective date of the change in the number of shares constituting one unit and the consolidation of shares

Late October 2016:

Notice of share allotment to be dispatched. (Scheduled)

Early December 2016:

Payment of the consideration for disposal of fractional shares (Scheduled)

(* Administrator of the shareholder registry of the Company:

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