

April 17, 2017

To whom it may concern

Company Name	Takihyo Co., Ltd.
Representative	Kazuo Taki, Representative Director, Chief Executive Officer (Code No. 9982 TSE/NSE 1st Section)
Contact	Atsushi Muto, Director, Senior Managing Executive Officer in charge of the Administrative Division (TEL. +81-52-587-7111)

**Notice regarding a change in share unit number, consolidation of shares,
partial changes to the Articles of Incorporation
and changes to the shareholder special benefit plan**

Takihyo Co., Ltd. ("Takihyo") hereby announces that at the Board of Directors' Meeting held today, it resolved on a change in the share unit number, partial changes to the Articles of Incorporation and changes to the shareholder special benefit plan pursuant to Article 195, Clause 1 of the Companies Act, and it also resolved that the agenda item regarding the consolidation of shares be submitted to the 106th Annual General Meeting of Shareholders (hereinafter referred to as this "General Meeting of Shareholders") which is scheduled to be held on May 24, 2017 as below.

1. Change in share unit number

(1) Reasons for the change

The Nationwide stock exchanges announced the "Action Plan for Consolidating Trading Units" and aim to consolidate all common shares of domestic listed companies on stock exchanges to 100 share trading units by October 1, 2018.

Takihyo, as a listed company on the Tokyo Stock Exchange and Nagoya Stock Exchange, respects this intent and has decided to change our share trading units (share unit number) from 1,000 shares at present to 100 shares.

(2) Content of change

Our share unit number shall be changed from 1,000 shares to 100 shares.

(3) Scheduled date of change

September 1, 2017

(Reference) However, in view of the transfer procedures of shares after they are bought and sold, the scheduled date of changing the share trading units to 100 shares at the Tokyo Stock Exchange and Nagoya Stock Exchange is August 29, 2017.

(4) Terms and conditions of change

Although a partial change to the Articles of Incorporation pertaining to this matter shall be made by a resolution of the Board of Directors pursuant to the Companies Act, the partial changes to the Articles of Incorporation shall be made on condition that the agenda item regarding "2.Consolidation of shares" stated below is passed and approved as drafted in this General Meeting of Shareholders.

2. Consolidation of shares

(1) Purpose of consolidation

As stated in "1.Change in share unit number" above, when changing our share unit number from 1,000 shares to 100 shares, in order to adjust our share investment unit to the standard investment unit (between 50,000 yen or more and less than 500,000 yen) that nationwide stock changes deem desirable, a consolidation of shares (five shares shall

be consolidated to one share) shall be effected.

(2) Content of consolidation

- ① The type of shares to be consolidated: Common shares
- ② Method/proportion for consolidation: On September 1, 2017, the shares shall be consolidated at a rate of one share per five shares owned by the shareholder as recorded in the last shareholder registry as on August 31, 2017.
- ③ Number of shares decreased by consolidation:
Total number of issued shares before consolidation of shares (as of February 28, 2017): 48,000,000
Number of shares decreased by consolidation: 38,400,000
Total number of issued shares after consolidation of shares: 9,600,000
(Note) "Number of shares decreased by consolidation" and "Total number of issued shares after consolidation of shares" are theoretical values calculated based on the total number of issued shares before consolidation of shares and the consolidation rate.

(3) Number of shareholders decreased by consolidation:

The shareholder composition based on the shareholder registry as of February 28, 2017 is as follows:

	Number of shareholders (Rate)	Number of shares owned (Rate)
Total number of shareholders	5,323 persons (100.0%)	48,000,000 shares (100.0%)
Less than 5 shares	312 persons (5.9%)	345 shares (0.00%)
5 or more shares	5,011 persons (94.1%)	47,999,655 shares (100.0%)

(Note) With the above shareholder composition taken as a premise for the consolidation of shares, 321 shareholders who own less than five shares will lose their status as shareholders. However, procedures for "Adding to Holdings of Shares Less Than One Unit" or "Demand for Purchase of Holder of Shares Less Than One Unit" can be taken; please contact the securities companies you deal with or our shareholder registry administrator.

(4) Disposition in cases of fractions of less than one share

In cases of any fraction less than one share being produced as a result of the consolidation of shares, pursuant to Article 235 of the Companies Act, they are disposed of in a lump and we shall deliver the disposition price according to proportions of the fractions to the shareholders for whom the fractions were produced.

(5) Total number of authorized shares on the effective date of consolidation of shares

24 million shares (120 million shares before consolidation)

Furthermore, pursuant to Article 182, Clause 2 of the Companies Act, the provision of the Articles of Incorporation that stipulates the total number of authorized shares shall be deemed to be changed as above on the effective date of the consolidation of shares (September 1, 2017).

(6) Terms and conditions of consolidation

It shall be effected on condition that the agenda item regarding this consolidation of shares is passed and approved as drafted in this General Meeting of Shareholders.

3. Partial changes to Articles of Incorporation

On condition that the agenda item regarding "2. Consolidation of shares" is passed and approved as drafted in this General Meeting of Shareholders, our Articles of Incorporation shall be changed as follows on September 1, 2017.

(The underlined parts are changes.)

Before change	After change
(Total number of authorized shares) Article 6: The total number of authorized shares for the company shall be <u>120,000,000 shares</u> .	(Total number of authorized shares) Article 6: The total number of authorized shares for the company shall be <u>24,000,000 shares</u> .
(Share unit number) Article 8: The share unit number for the company shall be <u>1,000 shares</u> .	(Share unit number) Article 8: The share unit number for the company shall be <u>100 shares</u> .

4. Schedule

Date of resolution of the Board of Directors: April 17, 2017

Date of holding the Annual General Meeting of Shareholders: May 24, 2017 (Scheduled)

Last trading day for the unit of 1,000 shares: August 28, 2017 (Scheduled)

First trading day for the unit of 100 shares: August 29, 2017 (Scheduled)

Effective date of the change in share unit number, consolidation of shares and partial changes to the Articles of Incorporation: September 1, 2017 (Scheduled)

5. Changes to shareholder special benefit plan

The shareholder special benefit plan is currently carried out for the shareholders with 1,000 shareholdings or more, and the standard of shareholdings will be changed to 200 or more after the change of the share unit number.

(Attached document)

[Reference] Q & A regarding the change in the share unit number and consolidation of shares

**[Reference] Q & A regarding the change in the share unit number
and consolidation of shares**

Q1. What is a change in the share unit number?

A1. To change the share unit number is to change the voting right unit number at shareholders' meetings and the share trading unit number at stock exchanges. Our share unit number is being changed from 1,000 shares to 100 shares this time.

Q2. What is consolidation of shares?

A2. To consolidate shares is to consolidate shares in order to make fewer shares. Takihyo is consolidating five shares to one share this time.

Q3. What is the purpose of changing the share unit number and consolidating shares?

A3. Nationwide stock exchanges announced the "Action Plan for Consolidating Trading Units" and aim to consolidate all common shares of the domestic listed companies on stock exchanges to 100 share trading units by October 1, 2018. Takihyo, as a listed company on the Tokyo Stock Exchange and Nagoya Stock Exchange, respects this intent and has decided to change our share trading units (share unit number) from 1,000 shares at present to 100 shares.

In addition, while considering medium- and long-term variation of the stock price for our shares, Takihyo has decided to effect the consolidation of shares (five shares are consolidated to one share) in order to adjust our share investment unit to the proper standard.

Q4. What will happen to the numbers of shares owned by a shareholder and voting rights?

A4. The number of shares owned by a shareholder after the consolidation of shares will become that of the shares obtained by multiplying the number of the owned shares recorded in the last shareholder registry as on August 31, 2017 by one-fifth (In cases of any fraction of less than one, it shall be rounded down). Furthermore, the number of voting rights becomes one (1) per 100 shares owned after consolidation of shares. Specifically, the numbers of shares owned and voting rights before and after the effective date of the change of the share unit number and consolidation of shares are as follows:

	Before the effectuation		After the effectuation		
	Number of shares owned	Number of voting rights	Number of shares owned	Number of voting rights	Number of fractional shares
Example ①	1,000 shares	1 vote	200 shares	2 votes	None
Example ②	758 shares	None	151 shares	1 vote	0.6 shares
Example ③	4 shares	None	0 shares	No	0.8 shares

- In cases of the shareholders applicable to Example ①, there is no special procedure.
- For the shares less than one unit in Example ② (51 shares in case of Example ② after effectuation), the system of "Adding to Holdings of Shares Less Than One Unit" or "Demand for Purchase of Holder of Shares Less Than One Unit" can be used at the shareholder's request as in the past.
- For any fraction less than one share produced in Examples ② and ③, pursuant to Article 235 of the Companies Act, Takihyo will dispose of all the fractions of less than one share in a lump and deliver the disposition price according to proportions of the fractions to the shareholders for whom the fractions were produced. This payment (disposition price of fractions less than one share) is scheduled to be made around late October, 2017.
- For the shareholders in Example ③, all the shares owned will become a fraction less than one share and the shareholders will lose their status as shareholders. We would appreciate your understanding.

Q5. The number of shares owned decreases owing to the consolidation of shares. Does it exercise any effect on asset value?

A5. This consolidation of shares makes the number of shares owned by the shareholders

one-fifth. However, asset value per one share is increased five-fold because the property and capital status of the company before and after consolidation of shares remain unchanged.

Therefore, excluding other factors such as stock market fluctuation, the asset value of Takihyo shares owned by the shareholders is not affected by the consolidation of shares.

Besides this, the stock price after the consolidation of shares will in theory increase five-fold from that before the consolidation of shares.

Q6. The number of shares owned decreases owing to the consolidation of shares. Does it exercise any effect on the dividend received?

A6. This consolidation of shares makes the number of shares owned by the shareholders one-fifth. However, excluding other factors such as business result fluctuation, the total amounts of dividend received by the shareholders are not affected by the consolidation of shares because the dividend per share is determined by taking into consideration the consolidation rate after the consolidation of shares comes into effect.

However, with regard to fractions less than one share, a dividend pertaining to such a fraction is not provided.

Q7. Shares less than one unit are produced by the consolidation of shares. Will Takihyo purchase these after consolidation?

A7. Yes. The system for Demand for Purchase of Holder of Shares Less Than One Unit can be used. For specific procedures, please make an inquiry to the securities companies you deal with or below-mentioned [Contact details].

Q8. Is there any case where shareholder special benefits are no longer provided?

A8. Shareholder beneficial commodities are scheduled to be sent in late February and late August every year after the implementation of the consolidation to shareholders owning 200 shares so that application of the shareholder special benefit plan so far is not affected by the implementation of the consolidation of shares.

Q9. What is the detailed future schedule?

A9. Our schedule is as follows.

May 24, 2017: The 106th Annual General Meeting of Shareholders

August 28, 2017: Last trading day for the unit of 1,000 shares

August 29, 2017: First trading day for the unit of 100 shares

September 1, 2017: Effective date of the change in share unit number, consolidation of shares and change in the total number of authorized shares

Q10. Are there any necessary procedures accompanying the consolidation of shares?

A10. There are no special procedures necessary.

[Contact details]

If you are still unsure of the change in share unit number and consolidation of shares, please make an inquiry to the securities companies you deal with or our shareholder registry administrator.

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